

Ketchikan Comprehensive Housing Assessment Project (CHAP)

PREPARED FOR:

Ketchikan Gateway Borough

January 2019

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Introduction and Methodology

To better understand housing issues in the community, the Ketchikan Gateway Borough (KGB) contracted with McDowell Group and partner Millard + Associates to conduct a *Comprehensive Housing Assessment Project* (CHAP). The purpose of this study is to identify housing gaps and provide the Borough with options to address housing barriers.

This report is a compilation and analysis of a significant volume of primary and secondary data including:

- Secondary data compiled from local, state, and federal sources.
- Interviews conducted with community stakeholders.
- A broad overview of community infrastructure, facilities, services, recreation, and other assets.
- An overview of infrastructure, amenities, services, and other characteristics for six specific areas in the borough.
- An assessment of Ketchikan's economy and near-term trends.
- A review of land with the potential for residential housing development.
- A review of zoning and code regulations to identify barriers to increasing housing.
- A review of how other communities in Southeast and elsewhere in the U.S. are addressing similar housing issues.

Ketchikan faces a range of housing-related challenges; many of the same challenges experienced in other communities. These include unmet demand for lower-cost single-family homes, seasonal rental housing, year-round multi-family rental units, and low-income housing, as well as a growing need for senior and accessible housing.

Following are key findings from this study.

Ketchikan Housing Market Profile

Housing Inventory

- The federal government's estimate of Ketchikan's housing inventory includes a total 6,377 occupied and unoccupied units of all types.
- Based on federal estimates, the local housing inventory has increased by a total of approximately 200 units since 2010, growing at an average annual rate of 0.5 percent. That rate is consistent with population growth (0.3 percent) and employment growth (0.4 percent) over the same period.
- Ketchikan's housing inventory includes approximately 5,270 occupied units. Single-family units account for 61 percent of the occupied units, multi-family units account for 36 percent, and other housing (mobile homes, boats, and RVs) account for the remainder.
- Ketchikan's inventory of occupied rental units includes 1,362 units in multi-family structures and 600 single-family rentals (including detached and attached single-family units).

Housing Vacancy

- Housing vacancy rates vary widely over the course of the year. The most recent measured rate is for March 2018, when AHFC estimated rental unit vacancy at 11 percent. Seasonal demand primarily related to the visitor and seafood industries pushes vacancy rates to much lower levels during the summer.
- The March 2018 vacancy rate is above the 2016 and 2017 rates but about equal to the ten-year average rate of 10.8 percent. Over the 2010 to 2018 period, vacancy rates ranged from a low of 8.2 percent to a high of 13.3 percent, according to AHFC survey data.
- AHFC data suggests that approximately 250 rentals were vacant in March. This available capacity is insufficient to house Ketchikan's seasonal workforce (even after accounting for non-resident workers housed in group quarters).
- As measured by AHFC, Ketchikan's rental vacancy rate in March is consistently above Sitka and Juneau, communities with generally similar geographic, economic, and demographic profiles. All three communities have strong seasonal components to housing demand, marine-only surface transportation, aging populations, and limitations in developable land, among other common characteristics. Ketchikan's rental vacancy rate in March 2018 (10.8 percent) was well above that of Sitka and Juneau, at 5.8 percent and 4.2 percent, respectively.
- Ketchikan appears to be under-developed in its inventory of three- to nine-unit multi-family housing, which accounts for 33 percent of Ketchikan's total occupied multi-family housing, compared with 50 percent for both Sitka and Juneau.

Cost of Housing

- Based on March 2018 survey data, the average monthly rental rate for multi-family housing in Ketchikan was \$1,046, while the median rate was \$1,034. Including utilities, the average was \$1,164, and the median was \$1,125, according to AHFC data.
- Multi-family rental housing costs have been slowly trending up in Ketchikan over the past 10 years, increasing 29 percent between 2009 and 2018. When the cost of utilities is included, the increase has been slightly less, at about 20 percent over the 10-year period.
- Median rent in Ketchikan (\$1,034) is slightly higher than in Sitka (\$1,000) and slightly lower than in Juneau (\$1,100). Ketchikan's median rental housing rate has been rising faster than in Sitka and Juneau. The 10-year increase in Sitka was 12 percent, less than half of Ketchikan's 29 percent increase. Rents in Juneau increased 16 percent over the same period.
- The median monthly cost of home ownership in Ketchikan is approximately \$1,765, including mortgage payments, property taxes, insurance, and condo fees (where applicable). That median value does not include one-third of Ketchikan homeowners who do not have mortgages (their median cost is \$580 per month).
- Homeownership costs less in Ketchikan than in Sitka and Juneau, where median monthly costs are \$2,096 and \$2,135, respectively.

- In Ketchikan, 36 percent of homeowners have monthly costs of \$2,000, compared to Sitka's 54 percent and Juneau's 58 percent.
- The median value of owner-occupied housing in Ketchikan is \$265,700. That is well below Sitka (\$350,900) and Juneau (\$343,100).
- Over the past six years, single-family homes sales in Ketchikan have averaged approximately \$290,000. According to MLS data, in 2018 there were 106 single-family home sales in Ketchikan, with an average sales price of \$329,000. Average days on the market declined from 134 in 2017 to 110 in 2018. The number of annual sales has steadily increased over the last 6-years. Higher sales, increasing prices, and shorter time on the market indicate that demand for single family homes increased in 2018.

Housing Affordability

- Median rental rates have risen at a modest pace of about 2 percent annually over the last decade from \$800 in 2009 to a 2018 inflation adjusted value of \$960.
- A household is considered "very cost-burdened" if housing costs account for more than 35 percent of household income. The latest available data indicates that 41 percent of Ketchikan renters and 16 percent of owners pay 35 percent or more of their income for housing. In absolute numbers, this represents 827 renter households and 510 owner households.
- As would be expected, low-income households are most likely to be very cost-burdened. The majority of Ketchikan households with annual incomes under \$35,000 are very cost-burdened, including 68 percent of renters earning \$20,000 to \$35,000 annually and 80 percent of renters earning \$10,000 to \$20,000 annually.
- The percentage of Ketchikan renters who are very cost-burdened (41 percent) is well above Sitka and Juneau (31 percent and 28 percent, respectively).
- While median rental rates in Ketchikan are generally on par with Sitka and Juneau, median household income is higher in both communities. Median income in Sitka is about 5 percent higher than in Ketchikan and 35 percent higher in Juneau. The statewide median household median income is 13 percent above Ketchikan's.

Overcrowding

- "Overcrowded" housing is traditionally defined as housing units with more than one person per room. Ketchikan's overcrowding rate of 4 percent is about the same as in Sitka (3 percent) and Juneau (4 percent) and lower than the most recent statewide rate of 7 percent.

Demographic and Economic Trends

Demographics

- Ketchikan's population has been stable in recent years at around 13,800 residents. The only published forecast for the borough's population, prepared by the Alaska State Demographer, indicates Ketchikan's

population will decline slowly through 2035, shedding approximately 600 residents (a 4 percent overall decline).

- Ketchikan's population over 60 years of age increased 55 percent over the past ten years, substantially more than any other cohort (a trend that is not unique to Ketchikan). The over-60 population is the only cohort expected to grow in the near-term, according to the State's forecast.
- Ten years ago, residents over age 60 accounted for 16 percent of the borough's population. In 2017 it was 22 percent, and by 2035 will be 28 percent.

Economic Conditions

- By most measures Ketchikan's economy is stable, with little year-over-year growth or decline over the past five or six years.
- Wage and salary employment in Ketchikan have consistently ranged between 7,400 and 7,500 jobs over the past five years.
- Real (inflation-adjusted) personal income increased at an average annual rate of 1.3 percent over the past decade. Ketchikan residents had total personal income of \$900 million in 2017.
- Ketchikan's economy has a strong seasonal component. In 2017, wage and salary employment in July was 2,390 jobs above January employment, a 37 percent increase. Commercial fishing activity, which is not included in wage and salary employment, accounts for additional economic seasonality.
- The visitor industry generates strong seasonal employment (and seasonal demand for housing). Employment in visitor-affected sectors of the economy increases by 80 percent, from the January low to the summer peak.
- Unemployment in Ketchikan averaged 6.3 percent in 2017, the lowest annual rate since 2009. Through November 2018, the unemployment rate (6.2 percent) was lower than the same period in 2017.
- The 4.1 percent unemployment rate measured in August 2018 was the lowest monthly rate in 18 years. If the very low unemployment rate persists, it will create greater need for non-resident labor in the future.
- Non-resident workers from outside the State play an important role in the Ketchikan economy. Overall, they account for 28 percent of the workforce (though they take home only 15 percent of wages). When seasonal workers from other Alaska communities are included, a total of 36 percent of the Ketchikan's workforce comes from outside the community.
- Utilization of non-resident labor is highest in the third quarter of the year (July through September), when more than 2,200 non-residents are employed in Ketchikan, mainly in seafood processing and the visitor industry.

Economic Outlook

- The trajectory of Ketchikan economy overall will affect demand for housing, as will sector-specific growth. The State Demographer's population forecast for Ketchikan suggests a slow decline over the

next 15 years. However, that forecast does not consider certain foreseeable economic growth, such as that associated with the visitor industry.

- Hosting more than 1 million visitors annually, the visitor industry is a critical part of the Ketchikan economy, accounting for 1,750 jobs (annualized average) and \$76 million in annual wages.
- Ketchikan cruise visitation has been growing in recent years, with further growth expected in 2019 and 2020. Ketchikan is projected to host nearly 1.2 million cruisers in 2019 and nearly 1.3 million in 2020. This increase will drive up workforce requirements and add to seasonal housing demand.
- Other components of Ketchikan's economic base, including the seafood industry, USCG and other federal activity, and other basic sectors, will experience year-to-year variability, but overall are not expected to generate increased year-round or seasonal population. Housing needs related to shipbuilding/repair may decline with completion of the Alaska Class ferries.

Summary of Interviews

Interviews with more than 40 stakeholders or knowledgeable experts highlighted some of the key issues facing Ketchikan as it seeks to better match housing supply with demand. Key points are summarized below.

- Interviewees commonly regarded single-family homes intended for first-time homebuyers as the most sought-after type of housing in Ketchikan. Other types of housing considered in high demand by contacts include multi-family apartment units (1-,2-,3- and 4-bedroom); single occupancy units; single-family homes with accessory apartments; and duplex, 4-plex, and 6-plex units.
- Downtown is the area with the greatest need for housing, specifically for apartments and single-occupancy units.
- Seasonal workforce demand exceeds capacity, especially in the downtown area. Employers report that their employees have a difficult time finding adequate and affordable housing and feel that a lack of seasonal housing makes it difficult to retain staff.
- Three key issues were most often cited as barriers to housing development: lack of available and developable land, infrastructure development costs, and the cost of construction materials and freight. Need for improved and extended infrastructure was also mentioned, along with overly strict building codes.
- Growing need also exists for accessible housing, senior housing, and low-income housing.

KGB Housing Gaps

- **Single-family homes available for under \$300,000.** In Ketchikan and in many other Alaska communities there is demand for single-family detached homes available for less than \$300,000; however, the cost of site prep and construction severely constrains development of traditional housing at that price.
- **Apartments to meet Ketchikan resident demand:** Ketchikan renters are more cost-burdened than renters in other communities and have comparatively fewer multi-family housing options. Seasonal, non-resident demand may be pushing up rental costs for residents.

- **Seasonal workforce housing:** Rental vacancy rates are already very low during the summer, with employers reporting challenges finding suitable housing for their workers. Additional growth in the visitor industry may compound this problem.
- **Low-income housing:** Ketchikan’s most cost-burdened households are low-income families. While Ketchikan Indian Corporation Housing Authority (KICHA), Tlingit & Haida Regional Housing Authority (THRHA), and Saxman IRA have been successful in working with agencies, non-profits, and lending institutions to develop subsidized, low-income housing, there is need for additional housing of this type in Ketchikan.
- **Senior housing:** There are currently 12.8 senior citizens (residents 65 years of age and above) per licensed senior care facility bed in Ketchikan, slightly less than the statewide average of 14.7 seniors per bed. By 2035, Ketchikan’s population will include 3,100 residents over age 65, approximately 1,000 more than today. That number includes about 150 fewer residents aged 60 to 65 and almost 1,200 more residents age 70 and above. To maintain the current ratio of 12.8 seniors per licensed senior care facility bed, the community will need another 80 beds. Additional housing will be needed to support the full continuum of senior housing ranging from independent living (aging-in-place) to assisted living and full nursing care.
- **Homelessness:** Just over 300 people used homelessness services in Ketchikan in 2017. The disappearance of single-room occupancy residences in the downtown area has severely impacted low-income residents, leading to increased homelessness. Further, many small apartments in the downtown area that were located above retail stores have been converted to storage for the businesses below. These and other factors have pushed low-income residents out of the downtown area, into shelters, or onto the streets.

Housing Development Challenges

There are many challenges to increasing housing development in the borough, particularly “affordable” housing. Some challenges, such as construction materials cost and freight, cannot be addressed by the Borough. The Borough could assist with housing development by addressing regulations and through measured development of Borough lands. Existing challenges include:

- A lack of easily accessible land and costly road construction to access available land.
- Steep grades and muskeg that make construction challenging in many areas.
- A wet climate that requires higher-quality, more expensive construction than drier climates.
- Material costs, in particular the cost of wood and steel, that have spiked over the last few years.
- Increasing freight costs for shipping construction materials.
- Construction costs of \$150 to \$200 or more per square foot, placing the typical 2,000 square foot home at \$300,000 to \$400,000, on top of the land and site development costs that can run \$90,000 to \$180,000 or more per lot.
- Regulations that increase the overall cost of housing development (recognizing that regulations and codes are needed to guide responsible development).
- Zoning requirements that require larger lots, hindering the development of denser housing.

- Zoning that prohibits multi-family housing, restricting development in some areas otherwise suitable and desirable for multi-family construction.
- Lack of water and sewer on the northern-most section of North Tongass Highway, limiting housing growth in that area.
- Lack of developers with the financial backing to purchase land and develop infrastructure on larger parcels.
- Difficult economics associated with single-family home development, including little or no profit motive to build homes valued at less than \$300,000.
- Seasonality of rental housing demand, which leaves summer vacancy near zero and off-season vacancy at over 10 percent.
- Potentially inadequate return on investment in multi-family rental housing, if fully rented and occupied only half the year.
- Neighborhood resident resistance to denser housing.
- In addition to steep terrain that often requires stairs, many housing units in the borough are older and would require significant renovation (interior and exterior) to become accessible for disabled individuals.

KGB Options to Increase Housing Availability

Options presented are derived from secondary and primary data analysis, stakeholder interviews, an assessment of how other communities are dealing with similar issues, and the study teams knowledge of Ketchikan.

Role of the Borough in Addressing Housing Issues

- The Borough should raise awareness and acknowledge the local housing shortage and its negative impact on community development, Ketchikan's economy, and quality of life.
- The Borough should consider *any new housing development good for the economy and quality of life for the community*. Every new housing unit constructed – whether single-family, multi-family, or accessory unit – will, either in the near-term or the long-term, help alleviate Ketchikan's constrained housing options.
- Addressing the housing shortage will take time and effort. The Borough and the community must recognize that there is no single approach to increasing the availability and affordability of housing in the borough.
- Housing development is primarily a private sector activity. The Borough is somewhat limited in the tools available to assist the private sector to increase housing in the community. Options available to the Borough will require financial and staff resources and/or changes in zoning and regulation, some of which many not be supported by some segments of the community.
- The Borough could formally address the need for housing by creating a coalition or committee to pursue solutions that result in increased housing. CHAP is the first step in quantifying and prioritizing housing gaps in the community. This document should serve as the basis for further discussion with the Assembly, planners, developers, contractors, realtors, social service providers and the community at large.

- If the Borough does not invest in changing the way housing is developed in the community, the housing market is likely to continue growing at or near the recent pace, constraining community growth.
- Ketchikan's housing shortage is not solely the responsibility of the Borough. Housing demand should be a concern for the City of Ketchikan, businesses, and residents, as all are affected by housing shortages. The establishment of a formal coalition or committee of government officials, stakeholders, and other community members to refine options to address current and future housing issues in Ketchikan will allow for a broad range of public and private sector input.
- The Borough should develop and nurture partnerships with local landowners, Tribal organizations, social service agencies, and others concerned with housing development.
- With the Borough's new comprehensive plan and zoning regulation review well under way, the timing is good to use the results of this study (and other planning efforts) to formalize changes. The Borough, with significant input from a housing coalition and other partners, should formalize a strategic housing plan (and revised zoning regulations) in the new KGB Comprehensive Plan with a focus on affordable housing development.

Land in the Borough

- The total amount of land in the borough available for housing development is ultimately limited.
 - Among all landowners in the borough, there are a total of 1,864 parcels containing 4,157 acres currently zoned for residential housing.
 - The Borough currently owns 123 residentially zoned parcels totaling 1,008 acres. Of note is the small number of parcels and acreage zoned medium density (47 parcels/25 acres), high density (2 parcels/0.5 acres) and neighborhood residential (zero parcels).
 - The Borough also owns 30 parcels with a total of 7,634 acres designated for future development; however, much this land is not currently accessible by road, and much of it would be considered very remote for affordable housing development.
 - The Cities of Ketchikan and Saxman own a total of 102 residentially zoned parcels containing 96 acres.
 - Privately owned residentially zoned land includes 1,639 parcels with 3,052 acres. Many of these parcels are smaller than 5 acres.
- Even though there is a strong, current need for more land suitable for housing development, Borough-owned lands should be sold at a measured pace. In addition to the overall limit of Borough-owned lands, facilitating too much land development at one time could result in a negative effect on housing prices and values.
- All factors considered, affordable housing is more likely to be developed closer to town and where sewer and water systems are available.

- In consultation with Borough planning staff, 10 parcels have been identified as potential candidates for housing development, located at North Pt. Higgins, Mile 10 and Mile 13 North Tongass Highway, Whipple Creek, D-1 Loop, Bear Valley, and South Saxman.
- Although the Borough owns developable land on Gravina Island, the challenging access and lack of infrastructure makes affordable Gravina housing less feasible.
- The Borough should look at the potential of a development similar to the Waterfall Subdivision. This subdivision was developed by the Borough and now has 52 parcels on the tax roll valued at about \$3.3 million with appraised improvements of about \$6.4 million.

Single-Family Homes

- Site development and construction costs are high for all housing, especially for single-family homes. Construction costs can range from \$150 to \$200 sq. ft. depending on amenities. Land cost and site development can range from \$90,000 to more than \$180,000 depending on lot size and site characteristics. These costs result in a new, typical 2,000 sq. ft. home well above \$300,000, which is considered to be the high end of “affordable” by many in the community.
- Potential options for the Borough to influence the cost of site development include incentives, tax breaks, trades, and/or carrying the upfront cost of subdivision development like the Waterfall Subdivision development. The Waterfall Subdivision is considered a success by the private sector but less so by local government.
- The only practical way “affordable” single-family housing can be developed is to build smaller homes with fewer amenities on smaller lots. Increased housing density is key. There appears to be demand among residents for smaller, more affordable housing units including “tiny homes.” The Borough can impact this type of development through zoning regulation changes.
- Development of denser housing will need to be done with an understanding of neighborhood sentiments and input. Conversely, current homeowners will need to be somewhat flexible in allowing higher housing density.
- Minimum lot sizes should be reviewed for developed areas with utilities where smaller lot sizes would encourage smaller affordable homes. While it may not be financially feasible to build a 900-sf single family home on a 5,000-sq. ft. lot, it could be feasible on a 3,300-sq. ft. lot, for example. This would allow a developer or contractor to build three houses on what were two standard 5,000-sq. ft. lots.
- The existing KGB zoning has no minimum size limits for dwellings, so it is possible to construct a tiny home on any residential lot or as part of a Planned Unit Development or Cluster Subdivision within the borough. However, it is not cost-effective to construct a single tiny home on a large lot.
- Locations that would work well for smaller lots of ~2,500 sq. ft. for tiny homes should be identified and zoning revised to allow development. Tiny homes allowed on smaller lots like that of a twin house could provide much needed affordable housing options in the community.
- Encouraging development of twin house dwellings which are allowed on smaller lots would increase affordable options for first-time homebuyers and others.

Multi-Family Housing

- The most desirable location for multi-family units for residents and seasonal workers is within a reasonable distance of downtown with access to public utilities and public transit.
- Allowing for a variety of multi-family housing types in single-family neighborhoods including duplexes and small triplex units would increase housing density. This should be accomplished using zoning overlays or other appropriate regulations while maintaining neighborhood character.
- The Borough should consider adjusting zoning regulations to increase areas of medium and high-density residential development. The Borough might also define transitional zones between residential and commercial or industrial areas with access to public transportation that could be rezoned for higher density housing while still maintaining neighborhood character.
- KGB should promote family friendly rental housing – both affordable and at market rate – to increase the number of 2-, 3-, and 4-bedroom units in new multi-family projects. Incentives for constructing family friendly housing could include tax credits, adjusting zoning regulations to increase lot coverage, and increased building heights. Family-friendly housing should be prioritized adjacent to schools, parks, and open spaces, and along transit routes.

Accessory Units

- The Borough should encourage the development of accessory units to existing single-family homes and revise zoning to make this more viable. This would increase housing density in existing neighborhoods with minimal changes to neighborhood character. This approach is often called “gentle density zoning” and is used in many communities both large and small.
- Juneau has created an accessory dwelling rebate program for homeowners that has been successful in increasing the number of units.
- Allowing accessory units within existing homes can lead to rehabilitation of residential buildings by providing homeowners with the additional income to maintain their home.

Seasonal Housing

- The Borough should look for opportunities to support and incentivize development of group housing to alleviate seasonal housing shortages including micro-housing apartments, bunkhouses, and congregate residences. This should include identifying locations to increase high density zoning to allow for these types of housing.
- Increased seasonal housing development would likely result in freeing up other rental units, especially multi-family units, that could be occupied by year-round residents.
- The Borough could encourage the rezoning and repurposing of existing properties such as office buildings, churches, hotels, and other structures that are underutilized or no longer in use.
- As either a temporary or permanent measure, the Borough could define public and private properties that could be zoned to accommodate seasonal workers that wish to bring an RV to Ketchikan.

Senior and Accessible Housing

- Ketchikan’s capacity to meet senior housing needs will need to increase significantly if it is to retain its retiree population. Consideration should be given to a variety of housing types (small, affordable single-family and tiny homes, duplexes, twin homes and affordable multi-family apartments), providing for a full range of needs from independent living to congregate housing and assisted care facilities.
- Revised zoning will be needed to allow for more multi-family senior housing within the city limits where public transit and amenities are available to allow seniors to age in place.
- The Borough should work closely with entities such as Ketchikan Indian Community Housing Authority, Tlingit-Haida Regional Housing Authority, Rendezvous Senior Day Services, Pioneer Heights Senior Housing, The Manor and PeaceHealth Medical Center. These organizations provide senior housing and will be key in future developments. Borough options to facilities senior housing may include, low-cost land, subsidies, tax incentives and adjustment to zoning regulation that facilitate higher densities and locations for expansion or development of new facilities.
- Accessible housing is needed by seniors and others. Addressing housing access is a challenge due to steep terrain in many locations. The Borough should identify parcels or portions of parcels, that would allow construction of units with relatively flat access and prioritize development of accessible housing on these spaces.
- Adjusting regulations to require some measures to incorporate accessibility in new home construction would help. Many builders are already considering accessibility needs. One example would be reinforced bathroom walls that would allow for the installation of hand rails later. However, additional regulation comes at a cost and would likely increase the cost of new housing in an already expensive market.

Low income and Subsidized Housing

- As with other types of housing the Borough must rely on private developers to create additional low-income and subsidized housing. The Borough should create partnerships with Ketchikan Indian Community Housing Authority, Tlingit-Haida Regional Housing Authority, and other developers who are active in providing low-income and subsidized housing in the community. These organizations have the proven ability to access multiple sources of funding in a complex environment. Borough contributions may include making land available and tax incentives.
- The Borough also should consider zoning for affordable multi-family development that complements existing neighborhoods and leverages existing resources and infrastructure making development more affordable. New residential medium and high-density zones for low-income and subsidized housing should be prioritized in areas that create transitions between residential and mixed-use or commercial zones, along transit routes.

Rehabilitation of Housing Stock

- The Borough might consider providing tax credits to homeowners to rehabilitate their properties, such as no increases in property taxes on the improvements for five years. This may encourage improved maintenance of homes.
- The Borough may wish to consider the creation of a small-scale incentive or subsidy program such as the AHFC Weatherization Program aimed at preventing deterioration from the wet local climate to preserve existing housing stock and value.
- Efforts to provide homeowners with information on the types of materials and best building practices may encourage additional rehabilitation efforts by homeowners. This could be a web-based approach, trainings, or seminars.

Introduction and Methodology

Introduction

To better understand housing issues in the community, the Ketchikan Gateway Borough (KGB) contracted with McDowell Group and partner Millard + Associates to conduct a *Comprehensive Housing Assessment Project* (CHAP). Ketchikan has long been challenged by a lack of adequate housing, with a variety of factors contributing to the shortage: lack of available land, steep and challenging terrain, land development costs, and construction costs, among others. Particularly in demand are “affordable” single family residences under \$300,000, seasonal and year-round multi-family rental units, senior and accessible housing, and low-income housing.

While there is no easy or quick fix to Ketchikan’s housing challenges, CHAP is the first step in identifying both quantifiable and qualitative measures that define housing issues in the borough. This study will help the Borough and private developers better understand specific housing needs in the community and provide potential options for addressing barriers.

Methodology

This study is a compilation and analysis of a significant volume of primary and secondary data, described in the following tasks.

- Secondary data was compiled from a variety of local, state, and federal sources. Data collection included housing inventory, trends and characteristics as well as community demographics and economics, and an in-depth review of the KGB assessor’s database. A concise list of data sources will be provided to the KGB for future use in updating this document.
- More than 40 interviews were conducted with community stakeholders with knowledge of local housing issues. Stakeholder opinions and suggestion have been incorporated in the analysis of housing demand and potential solutions.
- The report includes a broad overview of community infrastructure, facilities, services, recreation, and other assets that can affect quality of life and housing demand in the community.
- Also included is an overview of six specific areas in the borough based on geography and commonly recognized neighborhoods: North Tongass, Downtown, Forest Park, City of Saxman, South Tongass, and Gravina and Pennock Islands. An overview of each area’s infrastructure, amenities, services, and other characteristics was combined with the results of an observational housing condition survey of 240 housing units.
- The study team conducted an assessment of Ketchikan’s economy and near-term trends. Key industries were reviewed including seafood harvest and processing, ship building/repair, local, state and federal government, and the visitor and healthcare industries.
- The study team conducted a review of selected KGB owned parcels to assess which parcels may be best suited for housing development.

- Specific zoning and code regulations were reviewed to identify barriers to increasing housing density and development.
- The report concludes with a review of how other communities in Southeast and elsewhere in the U.S. are addressing similar housing issues.

Document Presentation

This report is organized into the following chapters:

- Executive Summary
- Introduction and Methodology
- Ketchikan Housing Market Profile
- Stakeholder Interviews
- Ketchikan Economic Conditions and Outlook
- Housing Gap Analysis
- Potential Options to Address KGB Housing Issues
- Measurement, Housing Updates, and Additional Research

An Appendix, under separate cover, contains additional information on the community's infrastructure, facilities, and services; a detailed review of the community, organized by area; and a brief review of ways other communities address housing issues.

Ketchikan Housing Market Profile

A broad range of economic and demographic forces shape a community's housing market. Some of those forces may be external, and therefore beyond influence by the community. Other forces may be internal and somewhat controllable through public policy. This chapter presents a broad range of data reflecting housing market conditions in Ketchikan, including:

- Housing supply (number of units, by type, by location)
- Housing costs, as measured by average rental rates and homeowner costs
- Home sales activity, in terms of sales volume and value
- Housing affordability, reflecting the convergence of housing costs and household income
- Housing gaps, where there is imbalance in the supply and demand for particular types of housing.

A variety of data is available regarding housing market conditions in Ketchikan. Sources of data include:

- U.S. Census Bureau (USCB) American Community Survey (ACS)
- USCB Annual Estimates of Housing Units
- Alaska Housing Finance Corporation (AHFC) Annual Housing Assessment
- AHFC Housing Market Indicators Report (produced by Alaska Department of Labor and Workforce Development)
- ADOLWD Quarterly Survey of Lenders' Activity
- Consumer Financial Protection Bureau
- Ketchikan Multiple Listing Service
- Ketchikan Gateway Borough Assessor's Office

This detailed data analysis is the first step in identifying existing and/or potential future gaps in the community's housing market. This analysis, coupled with interviews and other primary research, provide the necessary foundation for mapping a housing strategy.

Housing Supply

Several estimates of the KGB housing inventory are available.

- USCB Annual Estimate of Housing placed KGB's housing inventory at a total of 6,377 units in 2017.
- The USCB ACS 2013-17 estimate was 6,310 total housing units, including 5,270 occupied units and 1,040 vacant units.
- The USCB ACS 2012-16 estimate was 6,254 units, including 5,209 occupied and 1,045 vacant.
- AHFC's 2017 Alaska Housing Assessment reported KGB's housing inventory at 6,260 housing units, including 5,305 occupied, 320 are for sale or rent, and 574 seasonal or otherwise vacant units.¹

¹ https://www.ahfc.us/application/files/8615/1510/4561/Final_-_Ketchikan_Gateway_Borough_Summary.pdf

These estimates are all survey-based estimates and include a margin of error. For example, the USCB ACS 2013-17 estimate for the total number of housing units in KGB (6,310 units) has an error margin of plus/minus 56 units.

Trends in Housing Supply

Based on USCB data, the local housing inventory has been growing slowly since 2010, adding an average of 29 units annually, a rate of 0.5 percent. Ketchikan’s slow rate of housing inventory growth is consistent with a generally stable resident population, which has increased by an annual average of 0.3 percent since 2010; and employment, which has increased by an annual average of 0.4 percent.

Table 1. Estimated Number of Housing Units, Population, and Employment, Ketchikan Gateway Borough, 2010-2017

Year	Housing Units	% Change	Population	% Change	Employment	% Change
2010	6,173	--	13,477	--	10,041	--
2011	6,192	+0.3%	13,720	+1.8%	10,088	+0.5%
2012	6,230	+0.6%	13,878	+1.2%	10,199	+1.1%
2013	6,250	+0.3%	13,826	-0.4%	10,374	+1.7%
2014	6,287	+0.6%	13,872	+0.3%	10,219	-1.5%
2015	6,321	+0.5%	13,813	-0.4%	10,246	+0.3%
2016	6,342	+0.3%	13,749	-0.5%	10,265	+0.2%
2017	6,377	+0.6%	13,754	0.0%	--	--
Annual Average Chg.		0.5%		0.3%		0.4%

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.

Housing Supply by Type of Housing

According to USCB data for the 2013-2017 period, there were 6,310 total housing units in KGB, including 5,270 occupied units and 1,040 vacant units. Single-family homes accounted for 61 percent of the occupied housing in KGB (3,191 single-family units), while multi-family units accounted for 36 percent (1,880 units). Other forms of housing, such as mobile homes, boats and RVs, accounted for the remainder (199 units). Comparison of 2012-16 and 2013-17 data indicates a slight increase in the share of single-family units in KGB’s housing inventory, rising from 59 percent to 61 percent, while the share of multi-family units decreased from 38 percent to 36 percent.

It is useful to compare Ketchikan to communities with similar geographic, economic, and demographic profiles, such as Sitka and Juneau. Both communities have strong seasonal components to housing demand, marine-only surface transportation, aging populations, and limitations in developable land, among other commonalities. In terms of housing inventory, Ketchikan appears to be under-developed in three to nine-unit multi-family housing. That type of multi-family housing accounts for 10 percent of Ketchikan’s total occupied housing, compared with 19 percent in Sitka and 14 percent in Juneau.

Table 2. Number of Occupied Housing Units by Type and Tenure, Ketchikan Gateway Borough, 2013-2017 Five-Year Estimates

Type of Housing Structure	Renter Households	Owner Households	Total	% of Total
Single-family, detached	492	2,447	2,939	56%
Single-family, attached	107	145	252	5%
Single-Family Total	599	2,592	3,191	61%
Duplex	439	235	674	13%
Three or four-plex	273	19	292	6%
Five to nine-unit complex	175	37	212	4%
Ten or more-unit complex	475	227	702	13%
Multi-Family Total	1,362	518	1,880	36%
Mobile Home	48	129	177	3%
Boat, RV, van, or other	0	22	22	<1%
Other Housing	48	151	199	4%
Total	2,009	3,261	5,270	100%

Source: U.S. Census Bureau, American Community Survey 2013-2017.

Note: Housing unit totals will not sum to annual estimate figures, as they are based on five-year samples.

Table 3. Number of Occupied Housing Units by Type and Tenure, City and Borough of Sitka, 2013-2017 Five-Year Estimates

Type of Housing Structure	Renter Households	Owner Households	Total	% of Total
Single-family, detached	265	1,388	1,653	47%
Single-family, attached	28	144	172	5%
Single-Family Total	293	1,532	1,825	52%
Duplex	415	116	531	15%
Three or four-plex	396	57	453	13%
Five to nine-unit complex	180	27	207	6%
Ten or more-unit complex	165	0	165	5%
Multi-Family Total	1,156	200	1,356	38%
Mobile Home	86	256	342	10%
Boat, RV, van, or other	2	20	22	<1%
Other Housing	88	276	364	10%
Total	1,537	2,008	3,545	100%

Source: U.S. Census Bureau, American Community Survey 2013-2017.

Note: Housing unit totals will not sum to annual estimate figures, as they are based on five-year samples.

Table 4. Number of Occupied Housing Units by Type and Tenure, City and Borough of Juneau, 2013-2017 Five-Year Estimates

Type of Housing Structure	Renter Households	Owner Households	Total	% of Total
Single-family, detached	719	5,450	6,169	50%
Single-family, attached	426	1,286	1,712	14%
Single-Family Total	1,145	6,736	7,881	64%
Duplex	350	153	503	4%
Three or four-plex	815	172	987	8%
Five to nine-unit complex	633	135	768	6%
Ten or more-unit complex	992	321	1,313	11%
Multi-Family Total	2,790	781	3,571	29%
Mobile Home	271	514	785	6%
Boat, RV, van, or other	34	2	36	<1%
Other Housing	305	516	821	7%
Total	4,240	8,033	12,273	100%

Source: U.S. Census Bureau, American Community Survey 2013-2017.

Note: Housing unit totals will not sum to annual estimate figures, as they are based on five-year samples.

Housing Units by Type and Location

The following analysis of key housing types by service area was drawn from the Borough Assessor's database.

Six types of housing units were reviewed: single-family homes, duplexes, condominiums, townhouses, cabins, and multi-family units. A total of 4,564 structures containing 5,986 units were reviewed. The most common types of housing units were single-family (51 percent), duplexes (21 percent), and multi-family (14 percent).

Table 5. Selected Key Housing Counts by Type of Structures, and Total Housing Units

	# of Structures	Housing Units	% of Housing Units
Single-family	2,943	3,054	51%
Duplex	615	1,230	21%
Multi-family	148	844	14%
Condominium	527	527	9%
Cabin	262	262	4%
Townhouse	69	69	1%
Total units	4,564	5,986	100%

Source: Ketchikan Gateway Borough Assessor's Database, December 2018, McDowell Group calculations.

Note: Total Units includes all units within each type of structure such as single family homes with apartments.

Single-Family

The assessor's database indicates a total of 2,943 single-family homes, including 111 with an identified apartment. Single-family units are most commonly located in the City of Ketchikan service area (42 percent), followed by North Tongass (34 percent), and South Tongass (12 percent).

Table 6. Single Family Housing Counts by Service Area

Service Area	Single-Family Units	Single-Family with Apt	Total Single-Family	% of Total by Service Area
City of Ketchikan	1,202	46	1,248	42%
North Tongass	958	44	1,002	34%
South Tongass	334	18	352	12%
Forest Park	106	2	108	4%
Saxman	99	0	99	3%
Borough (non-roaded)	48	0	48	2%
All other service areas	85	1	86	3%
Total	2,832	111	2,943	100%

Source: Ketchikan Gateway Borough Assessor's Database, December 2018, McDowell Group calculations. Includes manufactured housing.

Duplexes

The majority of duplex housing (65 percent) is concentrated in the City of Ketchikan. North Tongass and South Tongass have fewer duplex units at 15 percent and 13 percent, respectively. The Forest Park service area has 5 percent of total duplex units.

Table 7. Duplex Counts by Service Area

Service Area	Duplex	% of Total
City of Ketchikan	398	65%
North Tongass	95	15%
South Tongass	77	13%
Forest Park	33	5%
All other areas	12	2%
Total	615	100%

Source: Ketchikan Gateway Borough Assessor's Database, December 2018, McDowell Group calculations.

Multi-Family

Multi-family housing is defined as structures with three or more housing units. There are 148 multi-family facilities in the Borough with a total of 844 units. The vast majority (91 percent) are located within the City of Ketchikan.

Table 8. Size and Number of Multi-Family Facilities/Units

Size	# of Facilities	# of Units
More than 25 units	4	160
10 to 25 units	10	148
5 to 9 units	27	176
4 units	39	156
3 units	68	204
Total	148	844

Source: Ketchikan Gateway Borough Assessor's Database, December 2018, McDowell Group calculations.

Table 9. Multi-Family Housing Location

Service Area	# of Units	% of Units
City of Ketchikan	769	91%
South Tongass	47	6%
Saxman	19	2%
North Tongass	9	1%
Total	844	100%

Source: Ketchikan Gateway Borough Assessor's Database, December 2018, McDowell Group calculations.

Condominiums and Townhouses

All of the community's 527 condominiums and nearly all townhouse units (67 of 69) are located in the City of Ketchikan.

Cabins

There are 262 cabins scattered throughout the Borough, many in remote areas. Service areas with the highest concentration of cabins includes North Tongass (12 percent of total units), City of Ketchikan (5 percent), and South Tongass (5 percent).

Housing Age

Housing units in Ketchikan Gateway Borough have a median age of roughly 40 years. Over one-third (37 percent) of units were built before 1970.

Table 10. Year Structure Built and Median Structure Age, Ketchikan Gateway Borough, 2012-2016 Five-Year Estimates

Year Built	2012-2016 Estimate	% of Total
2010 or Later	111	2%
2000 to 2009	405	6%
1990 to 1999	903	14%
1980 to 1989	1,139	18%
1970 to 1979	1,352	22%
1969 or Earlier	2,344	37%
Total	6,254	100%
Median Structure Age	40 Years	

Source: U.S. Census Bureau, American Community Survey, 2012-2016.

Most of Ketchikan's existing, occupied housing units were built before 1980. At the time of the American Community Survey, just 6 percent of owner-occupied and 10 percent of renter-occupied housing units were built since 2000.

Table 11. Year Structure Built by Type of Housing Unit and Current Tenure, Ketchikan Gateway Borough, 2012-2016 Five-Year Estimates

	Single-Family	2 to 4 Units	5 to 19 Units	20 or More Units	Mobile Home, Boat, Van, etc.
Owner-Occupied	2,448	226	74	190	162
Built 2010 or later	22	-	-	5	-
Built 2000 to 2009	160	6	-	-	5
Built 1980 to 1999	983	40	35	26	52
Built 1979 or earlier	1,283	180	39	159	105
Renter-Occupied	604	790	351	327	37
Built 2010 or later	2	13	33	19	-
Built 2000 to 2009	54	75	1	23	-
Built 1980 to 1999	196	205	96	50	10
Built 1979 or earlier	352	497	221	235	27

Source: U.S. Census Bureau, American Community Survey, 2012-2016.

Note: Occupied housing units are shown.

Zoning Permit Trends

New construction in the Borough (including in the City of Ketchikan) requires a KGB zoning permit. The table below shows the annual number of permits issued by type of structure. It should be noted that the issuance of a permit does not always result in construction, and structures may not be completed in the year the permit was issued. Between 2011 and 2018 there were a total of 218 permits issued with a capacity of 299 units. The most common type of unit was single-family at 160 permits over the period, followed by duplex at 29 permits.

Table 12. Ketchikan Gateway Borough, New Residential Zoning Permit Activity, by Type, 2011 - 2018

Year	Single-Family	Twin Home	Duplex	Triplex	Fourplex	Multi-Unit	Cabin	Senior Housing	Total New Bldgs	Total New Units
2011	13	0	2	0	0	1	2	1	19	42
2012	21	0	3	0	0	0	2	0	26	29
2013	23	2	1	1	1	1	1	0	30	42
2014	27	0	4	1	0	0	1	0	33	39
2015	15	0	1	0	1	0	1	0	18	22
2016	22	1	4	0	1	0	3	0	31	42
2017	19	0	4	0	0	1	5	0	29	39
2018	20	0	10	1	0	0	1	0	32	44
Total	160	3	29	3	3	3	16	1	218	299

Source: Ketchikan Gateway Borough Department of Planning and Community Development.

Note: Total units includes total number of housing units contained in all buildings permitted each year. Not all permits may have resulted in construction.

Vacancy Rates

RENTAL VACANCY RATES

Housing vacant rates are a generally a good indicator of trends in supply and demand. AHFC’s most recent annual rental survey in Ketchikan measured a rental unit vacancy rate of 11 percent in March 2018. This includes single-family and multi-family rentals. The estimate is based on a survey of 383 units, of which 42 were vacant at the time of the survey. The 2018 rate is above the 2016 and 2017 rates but about equal to the ten-year average rate of 10.8 percent. Over the 2009 through 2018 period, vacancy rates ranged from a low of 8.2 percent to a high of 13.3 percent, according to AHFC survey data.

Caution is required in interpreting rental vacancy estimates, as annualized or point-in-time estimates can mask significant seasonal variation in rental vacancies. Based on interviews conducted for this study, the vacancy rate from late April through the end of September is estimated to be very low as a result of seasonal workforce demand, particularly in the Downtown area.

Table 13. Vacancy Rate in Rental Units, Ketchikan Gateway Borough, 2009-2018

Year	Vacancy Rate	Vacant Units	Surveyed Units
2009	12.8%	55	429
2010	12.0%	52	435
2011	11.5%	47	408
2012	8.2%	36	437
2013	9.8%	40	407
2014	10.4%	41	394
2015	13.3%	56	422
2016	9.3%	36	389
2017	9.9%	47	473
2018	11.0%	42	383

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

Over the last 10-year period, Ketchikan’s March rental vacancy rates have been well above those of Sitka and Juneau. For example, in March 2018, Ketchikan’s rental vacancy rate was 11.0 percent, compared with 5.8 percent in Sitka and 4.2 percent in Juneau.

Table 14. Vacancy Rate in Rental Units, Ketchikan, Juneau and Sitka, 2009-2018

Year	Ketchikan	Sitka	Juneau
2009	12.8%	8.9%	6.2%
2010	12.0%	7.8%	4.1%
2011	11.5%	8.2%	3.2%
2012	8.2%	7.7%	3.2%
2013	9.8%	8.4%	3.5%
2014	10.4%	7.2%	3.4%
2015	13.3%	8.7%	3.4%
2016	9.3%	8.3%	3.3%
2017	9.9%	7.5%	5.7%
2018	11.0%	5.8%	4.2%

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

The vacancy rate in single-family residences for rent (15.4 percent) was higher than the vacancy rate for multi-family (10.6 percent).

Table 15. Single-Family and Multi-Family Rental Vacancy Rates, 2018

Building Type	Vacancy Rate
Single-family residence	15.4%
Multi-family/apartment	10.6%
Total	11.0%

Source: Alaska Housing Finance Corporation, 2018 Rental Market Survey

Applying these vacancy rates to Ketchikan’s approximate inventory of 604 single-family rentals and 1,468 multi-family rentals (as measured in the 2013-2017 ACS) indicates 93 vacant single-family rentals and 156 vacant multi-family rentals, for a total of 249 vacant units, as of March. As described elsewhere in this report, seasonal demand from non-resident workers in the visitor and seafood industries would consume all, or nearly all, available rentals. Project-based rental housing demand, such as that associated with shipyard operations or a large highway construction project, would generate additional rental housing demand.

VACANCY BY TYPE OF HOUSING

USCB provides more detailed data on the inventory of vacant housing in Ketchikan, though less current than the AHFC data. According to 2013-17 ACS estimates, there were/are 1,040 vacant housing units in the borough; however, only 175 are vacant and available for rental (17 percent of vacant units), significantly fewer than the 259 available in the 2008-2012 period (31 percent of vacant units). (This estimate is lower than, but generally consistent with, the rental vacancy estimates derived from AHFC data.)

Of note is a 28 percent increase in the number of rentals for seasonal, recreational, or occasional use from 278 from 2008-12 to 356 in 2013-17 period. This likely reflects an increase in units rented by seasonal employers and units converted to transient rentals such as B&Bs, AirBnBs, and VRBOs.

Table 16. Vacancy Status, Ketchikan Gateway Borough, 2008-2012 and 2013-2017 Five-Year Estimates

Vacancy Status	2008-2012		2013-2017		Proportion Change
	Estimate	% of Total	Estimate	% of Total	
For rent	259	31%	175	17%	-15%
Rented, not occupied	10	1%	42	4%	+3%
For sale only	78	10%	57	6%	-4%
Sold, not occupied	15	2%	14	1%	-1%
For seasonal, recreational, or occasional use	278	34%	356	34%	-%
Other vacant	183	22%	396	38%	+16%
Total vacant housing units	823	100%	1,040	100%	--

Source: U.S. Census Bureau, American Community Survey, 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.

USCB estimates place the homeowner vacancy rate in Ketchikan at 1.7 percent and the rental vacancy rate at 7.9 percent, based on the 2013-17 ACS. As noted above, USCB estimated a total inventory of 6,310 housing units in Ketchikan, including 5,270 occupied units and 1,040 vacant units. The occupied inventory of housing includes 3,261 owner-occupied units and 2,009 renter-occupied units, indicating an overall vacancy rate of 4.1 percent.

Table 17. Available Vacant Housing Units, Ketchikan Gateway Borough, Based on ACS 2013-2017 Five-Year Estimates

Housing Type	Occupied Units	Total Available Units	Vacancy Rate	Available Vacant Units
Owner-occupied	3,261	3,317	1.7%	56
Renter-occupied	2,009	2,181	7.9%	172
Totals	5,270	5,498	4.1%	228

Source: McDowell Group estimates based on data from U.S. Census Bureau, American Community Survey, 2013-2017.

There is no ideal vacancy rate for a community. Each community has different housing needs unique to its own demographic and economic characteristics. Still, data from other areas can provide a frame of reference. Nationally, single-unit rentals had an overall vacancy rate of 6.1 percent in 2017. Rentals in buildings with two or more units averaged 8.2 percent vacancy, and rentals units of five or more had a vacancy rate of 8.6 percent. When the U.S. economy was in recession in 2008-09, and the housing market was substantially weakened, single-unit vacancy rates averaged 9.8 percent nationally (in 2009). Housing with two or more rental units averaged 11.3 percent vacancy, and housing with five or more units averaged 12.3 percent.²

² Source: Current Population Survey/Housing Vacancy Survey, February 27, 2018.

Housing Cost and Affordability

Housing cost and housing affordability are related but provide different perspectives on a community's housing market. Housing cost is the price owners and renters must pay to secure necessary or desired housing. Housing affordability is how that cost compares to the wages that can be earned in a community. Both are important as Ketchikan considers how to support a better match between housing supply and demand.

Rental Rates

The average monthly rental rate for multi-family housing was \$1,046 in Ketchikan in 2018, while the median rate was \$1,034. Including utilities, the average was \$1,164 and the median was \$1,125. For single-family rentals, the adjusted rental rate averaged \$1,200, while the median was \$1,079, according to AHFC data.

Table 18. Single Family and Multi-Family Housing Rental Rates, Ketchikan Gateway Borough, 2018

Building Type	Average Contract Rent	Adjusted Average Rent	Median Contract Rent	Adjusted Median Rent
Single-family residence	\$976	\$1,200	\$863	\$1,079
Multi-family/apartment	\$1,046	\$1,164	\$1,034	\$1,125

Source: Alaska Housing Finance Corporation, 2018 Rental Market Survey.
Note Contract rent is the amount paid to the landlord each month.

Multi-family rental housing costs have been slowly trending up in Ketchikan over the past 10 years, based on AHFC data. The median rent for rental housing overall increased 29 percent between 2009 and 2018. If the cost of utilities is fully included, the increase has been slightly less, at 20 percent over the 10-year period.

Table 19. Median and Adjusted Median Multi-Family/Apartment Rent, Ketchikan Gateway Borough, 2009-2018

Year	Median Rent	Adjusted Median* Rent
2009	\$800	\$940
2010	\$870	\$1,000
2011	\$850	\$944
2012	\$900	\$972
2013	\$900	\$995
2014	\$900	\$944
2015	\$967	\$1,000
2016	\$984	\$1,094
2017	\$1,000	\$1,006
2018	\$1,034	\$1,125
10-Year Change	+\$234	+\$185
10-Year % Change	+29%	+20%

Source: Alaska Housing Finance Corporation, 2009-2018 Rental Market Surveys
Note: *Adjustments include utilities not already included in the contract rent. The Rental Market Survey is conducted annually in March. Values have not been adjusted for inflation.

If the effects of inflation are considered in the rental cost analysis it is evident that rates in Ketchikan have, changed minimally over the past ten years. Ketchikan's median rent of \$800 in 2009 has a 2018 value of \$960

(an annual increase of about 2 percent). That adjustment is based on the rental housing component of the Urban Alaska Consumer Price Index (CPI). The adjusted median rent for 2009 (\$940) has a 2018 value of \$1,119.

Median rent in Ketchikan is typically slightly higher than Sitka and lower than Juneau, though not by much in either case. The median rent in Sitka in 2018 was \$1,000, while Juneau's was \$1,100.

The median rent in Ketchikan has evidently been rising faster than in Sitka and Juneau. The 10-year increase in Sitka was 12 percent, less than half of Ketchikan's 29 percent increase. Juneau's increase of 16 percent falls between Sitka and Ketchikan.

Based on adjusted rents (including utilities), rents in Ketchikan, Sitka, and Juneau have increased at the same rate, with 2018 rents about \$200, or 20 percent, above 2009 median rents.

Table 20. Median Rent, Ketchikan, Sitka and Juneau, 2009-2018

Year	Ketchikan	Sitka	Juneau
2009	\$800	\$750	\$950
2010	\$870	\$800	\$990
2011	\$850	\$870	\$975
2012	\$900	\$850	\$980
2013	\$900	\$900	\$1,000
2014	\$900	\$900	\$1,050
2015	\$967	\$900	\$1,100
2016	\$984	\$967	\$1,100
2017	\$1,000	\$984	\$1,100
2018	\$1,034	\$1,000	\$1,100
10-Year Change	+\$234	+\$100	+\$150
10-Year % Change	+29%	+12%	+16%

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

Table 21. Adjusted Median Rent, Ketchikan, Sitka and Juneau, 2009-2018

Year	Ketchikan	Sitka	Juneau
2009	\$940	\$868	\$1,041
2010	\$1,000	\$940	\$1,052
2011	\$944	\$1,000	\$1,072
2012	\$972	\$944	\$1,066
2013	\$995	\$972	\$1,100
2014	\$944	\$995	\$1,173
2015	\$1,000	\$944	\$1,201
2016	\$1,094	\$1,000	\$1,253
2017	\$1,006	\$1,094	\$1,243
2018	\$1,125	\$1,006	\$1,261
10-Year Change	+\$185	+\$212	+\$220
10-Year % Change	+20%	+20%	+21%

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

Note: Adjustments include utilities not already included in the contract rent.

RANGE OF RENTAL RATES PAID

The USCB ACS provides a different set of rental cost data for Ketchikan, including the distribution of rents across a range from less than \$500 per month to more than \$2,000. Nearly one-third of renters (30 percent) in Ketchikan pay between \$500 and \$1,000 in monthly rent, and 38 percent pay between \$1,000 and \$1,500. This data includes the full spectrum of single-family and multi-family rentals. The overall median gross rent (which includes utilities) is \$1,139, somewhat higher than the AHFC average adjusted median rent for the 2013 through 2017 period of \$1,008.

Table 22. Distribution of Gross Rents for Renter Households, 2013-2017 Five-Year Estimates

Gross Monthly Rent	Count	% of Total
Less than \$500	156	8%
\$500 - \$999	566	30%
\$1,000 - \$1,499	731	38%
\$1,500 - \$1,999	351	18%
\$2,000 or More	106	6%
Total	1,910	100%
Median Gross Rent	\$1,139	--

Source: U.S. Census Bureau, American Community Survey, 2013-2017.
 Note: Estimates are shown for households with cash rent only.
 Reported cash rent was adjusted for inflation for the final year in the period.

This distribution is similar to Sitka's rental market, which has a rental housing stock approximately two-thirds the size of Ketchikan's. Juneau's rental inventory is more than double Ketchikan's inventory and is somewhat more concentrated in the highest rental rate range.

Table 23. Distribution of Gross Rents for Renter Households in Ketchikan, Sitka, and Juneau, 2013-2017 Five-Year Estimates (Count of Rentals)

Gross Monthly Rent	Ketchikan	Sitka	Juneau
Less than \$500	156	112	470
\$500 - \$999	566	416	911
\$1,000 - \$1,499	731	557	1,696
\$1,500 - \$1,999	351	181	536
\$2,000 or More	106	57	473
Total Count	1,910	1,323	4,086
Median Gross Rent	\$1,139	\$1,104	\$1,181

Source: U.S. Census Bureau, American Community Survey, 2013-2017.
 Note: Estimates are shown for households with cash rent only. Reported cash rent was adjusted for inflation for the final year in the period.

Table 24. Distribution of Gross Rents for Renter Households in Ketchikan, Sitka, and Juneau, 2012-2016 Five-Year Estimates (Percent of Rentals)

Gross Monthly Rent	Ketchikan	Sitka	Juneau
Less than \$500	8%	8%	12%
\$500 - \$999	30%	31%	22%
\$1,000 - \$1,499	38%	42%	42%
\$1,500 - \$1,999	18%	14%	13%
\$2,000 or greater	6%	4%	12%

Source: U.S. Census Bureau, American Community Survey, 2012-2016.

Note: Estimates are shown for households with cash rent only. Reported cash rent was adjusted for inflation for the final year in the period.

Home Ownership Costs

The median monthly cost of home ownership in Ketchikan is approximately \$1,765, according to USCB ACS data. This includes mortgage payments, property taxes, insurance, and condo fees (where applicable). Homeowners without mortgage payments are not included in this estimate. The median monthly cost for owners without mortgages is \$580. One-third of homeowners (34 percent) do not have a mortgage on their home.

Homeowner costs in Ketchikan are lower than in Sitka and Juneau, with median monthly costs of \$2,096 and \$2,135, respectively. Sitka and Juneau have a substantially higher proportion of owners with monthly costs above \$2,000. In Ketchikan, 36 percent of owners have costs of \$2,000 or more, compared to Sitka's 54 percent and Juneau's 58 percent.

Table 25. Distribution of Monthly Owner Costs for Households with Mortgages, Ketchikan Gateway Borough, 2013-2017 Five-Year Estimates

Gross Monthly Cost	Count	% of Total
Less than \$500	24	1%
\$500 - \$999	173	8%
\$1,000 - \$1,499	519	24%
\$1,500 - \$1,999	666	31%
\$2,000 - \$2,499	494	23%
\$2,499 - \$2,999	204	9%
\$3,000 or More	85	4%
Total	2,165	100%
Median Monthly Cost	\$1,765	--

Source: U.S. Census Bureau, American Community Survey, 2013-2017.

Note: Estimates are for owners with mortgages.

Table 26. Distribution of Monthly Owner Costs for Housing Units with Mortgages in Ketchikan, Sitka, and Juneau, 2013-2017 Five-Year Estimates (Count of Units)

Gross Monthly Cost	Ketchikan	Sitka	Juneau
Less than \$500	24	5	66
\$500 - \$999	173	58	177
\$1,000 - \$1,499	519	169	808
\$1,500 - \$1,999	666	260	1,390
\$2,000 - \$2,499	494	245	1,588
\$2,500 - \$2,999	204	196	1,025
\$3,000 or More	85	145	688
Total Count	2,165	1,078	5,742
Median Monthly Cost	\$1,765	\$2,096	\$2,135

Source: U.S. Census Bureau, American Community Survey, 2013-2017.
Note: Estimates do not include owners without mortgages.

Table 27. Distribution of Monthly Owner Costs for Housing Units with Mortgages in Ketchikan, Sitka, and Juneau, 2013-2017 Five-Year Estimates (Percent of Owners)

Gross Monthly Cost	Ketchikan	Sitka	Juneau
Less than \$500	1%	0%	1%
\$500 - \$999	8%	5%	3%
\$1,000 - \$1,499	24%	16%	14%
\$1,500 - \$1,999	31%	24%	24%
\$2,000 - \$2,499	23%	23%	28%
\$2,500 - \$2,999	9%	18%	18%
\$3,000 or More	4%	13%	12%

Source: U.S. Census Bureau, American Community Survey, 2013-2017.
Note: Estimates do not include owners without mortgages.

Home Values and Sales

The median value of owner-occupied housing in Ketchikan is \$265,700, based on ACS data. The Ketchikan median is well below Sitka (\$350,900) and Juneau (\$343,100). As the median would suggest, Ketchikan has a significantly higher percentage (34 percent) of homes valued between \$200,000 and \$300,000 than Sitka (17 percent) or Juneau (22 percent).

Table 28. Value of Owner-Occupied Housing Units, Ketchikan Gateway Borough, 2013-2017 Five-Year Estimates

Value	Count	% of Total
Less than \$50,000	178	5%
\$50,000 to \$99,999	183	6%
\$100,000 to \$149,999	171	5%
\$150,000 to \$199,999	387	12%
\$200,000 to \$299,999	1,094	34%
\$300,000 to \$499,999	1,035	32%
\$500,000 to \$999,999	198	6%
\$1,000,000 or more	15	<1%
Total	3,261	100%
Median Value	\$265,700	--

Source: U.S. Census Bureau, American Community Survey, 2013-2017.

Table 29. Value of Owner-Occupied Housing Units, Ketchikan, Sitka and Juneau, 2013-2017 Five-Year Estimates (Count of Total)

Value	Ketchikan	Sitka	Juneau
Less than \$50,000	178	119	387
\$50,000 to \$99,999	183	64	169
\$100,000 to \$149,999	171	79	242
\$150,000 to \$199,999	387	141	413
\$200,000 to \$299,999	1,094	332	1,736
\$300,000 to \$499,999	1,035	841	4,019
\$500,000 to \$999,999	198	428	1,021
\$1,000,000 or more	15	4	46
Total	3,261	2,008	8,033
Median Value	\$265,700	\$350,900	\$343,100

Source: U.S. Census Bureau, American Community Survey, 2013-2017.

Table 30. Value of Owner-Occupied Housing Units, Ketchikan, Sitka, and Juneau, 2013-2017 Five-Year Estimates (Percent of Total)

Value	Ketchikan	Sitka	Juneau
Less than \$50,000	5%	6%	5%
\$50,000 to \$99,999	6%	3%	2%
\$100,000 to \$149,999	5%	4%	3%
\$150,000 to \$199,999	12%	7%	5%
\$200,000 to \$299,999	34%	17%	22%
\$300,000 to \$499,999	32%	42%	50%
\$500,000 to \$999,999	6%	21%	13%
\$1,000,000 or more	<1%	<1%	<1%
Total	100%	100%	100%

Source: U.S. Census Bureau, American Community Survey, 2013-2017.

MULTIPLE LISTING HOME SALES TRENDS

Ketchikan Multiple Listing Service (MLS) provides a measure of home sales activity in Ketchikan. According to MLS data, there were 106 single-family home sales in Ketchikan in 2018. The average sale price was \$329,000, up 8 percent compared to 2017. The average length of time on the market was down from 134 days in 2017, to 110 days in 2018. It is unclear why the number of home sales has steadily increased annually from 2013 to 2018 given stable population growth, and stable construction of new units. However, higher sales, increasing prices, and shorter time on the market indicate that demand for single family homes increased in 2018.

Table 31. Ketchikan Area Single-Family Home Sales, 2013-2018

Year	# of Units Sold	Average Sale Price	Average Days on Market	Total Sales
2013	64	\$230,627	169	\$14,760,000
2014	67	\$253,096	166	\$16,957,000
2015	81	\$290,893	166	\$23,562,000
2016	86	\$317,910	221	\$27,022,000
2017	95	\$303,720	134	\$28,853,000
2018	106	\$329,000	110	\$34,900,000

Source: Ketchikan Area MLS Sales Data. Total sales figures have been rounded.

SINGLE-FAMILY HOME LOAN ACTIVITY

ADOLWD lender survey data indicates a total of 71 single-family home loans in 2017, with an average loan value of \$263,731 and average sales price of \$299,389. The smaller number of loans compared to sales as indicated in the MLS data is to be expected; not all home sales involve a commercial loan, and ADOLWD likely could not survey all potential lenders available to Ketchikan borrowers.

Table 32. Single-Family Home Loan Activity, Ketchikan Gateway Borough, 2013-2017 and Five-Year Average

	2013	2014	2015	2016	2017	Five-Year Average
Number of loans	69	76	56	62	71	67
Total loan amount	\$19,505,257	\$18,902,998	\$14,010,401	\$17,524,147	\$18,724,893	\$17,733,539
Average loan amount	\$282,685	\$248,724	\$250,186	\$282,648	\$263,731	\$265,595
Total sales volume	\$22,092,432	\$21,076,755	\$15,778,800	\$20,010,749	\$21,256,600	\$20,043,067
Average sales price	\$320,180	\$277,326	\$281,764	\$322,754	\$299,389	\$300,283

Source: Alaska Department of Labor and Workforce Development, Quarterly Survey of Lenders' Activity.

MULTIPLE LISTING CONDO SALES ACTIVITY

The number of condos sold annually in the Ketchikan area is relatively small, ranging from a low of nine to a peak of 18 between 2013 and 2017. The average number of days required to sell a condominium was highly variable over that period, ranging from a low of 88 days to a high of 272 days.

Table 33. Ketchikan Area Condominium Sales, 2013-2017

Year	# of Units	Average Sale Price	Average Days on Market	Total Sales
2013	9	\$120,833	175	\$1,088,000
2014	10	\$72,900	215	\$729,000
2015	18	\$93,272	167	\$1,679,000
2016	14	\$76,642	88	\$1,073,000
2017	15	\$184,866	272	\$2,773,000

Source: Ketchikan Area MLS Sales Data. Total sales figures have been rounded.

CONDO LOAN ACTIVITY

ADOLWD lender survey data indicates a total of eight condo loans were made in 2017, with an average loan value of \$197,293 and average sales price of \$210,563. The average sales price for condos was much higher in 2017 than in previous years; about \$65,000 higher than in 2016 and \$85,000 higher than in 2015. The cause of the increase is unclear and may reflect the sale of a one or two high-value condos.

Table 34. Condominium Sales Loan Activity, Ketchikan Gateway Borough, 2013-2017 and Five-Year Average

	2013	2014	2015	2016	2017	Five-Year Average
Number of loans	6	4	10	7	8	7
Total loan amount	\$523,000	\$488,106	\$1,080,457	\$900,850	\$1,578,340	\$914,151
Average loan amount	\$87,167	\$122,027	\$108,046	\$128,693	\$197,293	\$128,645
Total sales volume	\$627,000	\$515,000	\$1,231,500	\$1,018,000	\$1,684,500	\$1,015,200
Average sales price	\$104,500	\$128,750	\$123,150	\$145,429	\$210,563	\$142,478

Source: Alaska Department of Labor and Workforce Development, Quarterly Survey of Lenders' Activity

ADDITIONAL LOAN DATA

The Consumer Financial Protection Bureau also gathers and provides data concerning home purchase lending. According to that data, there were 86 loans originated for Ketchikan single-family and condo purchases in 2017. The average value of the loans was \$272,500.

Table 35. First-Lien Home Purchase Mortgage Loans Originated in KGB, 2013-2017

	2013	2014	2015	2016	2017
Loans originated	57	56	65	89	86
Total value	\$13,463,000	\$12,697,000	\$16,990,000	\$24,774,000	\$23,431,000
Average value	\$236,200	\$226,700	\$261,400	\$278,400	\$272,500

Source: Consumer Financial Protection Bureau Data and McDowell Group analysis.

Table 36. First-Lien Home Purchase Mortgage Applications by Outcome, KGB, 2017 (\$000s)

	Number of Applications		Total Amount	Average Amount
	Count	Percent		
Loans originated	86	71%	\$23,431	\$272.5
Application withdrawn by applicant	17	14%	\$4,369	\$257.0
Application denied by financial institution	14	12%	\$4,432	\$316.6
Application approved but not accepted	3	5%	\$755	\$251.7
File closed for incompleteness	2	3%	\$197	\$98.5
Total	122	100%	\$33,184	\$272.0

Source: Consumer Financial Protection Bureau Data and McDowell Group analysis.

Housing Affordability

Housing affordability is the relationship between housing costs and household income. The U.S. Department of Housing and Urban Development (HUD) defines cost-burdened families as those who pay more than 30 percent of their income for housing and “may have difficulty affording necessities such as food, clothing, transportation, and medical care.” “Severe rent burden” is defined as paying more than 50 percent of income on rent.³

AHFC defines a “cost-burdened” household as one where housing costs consume between 30 percent and 35 percent of household income. A household is “very cost-burdened” if housing costs account for more than 35 percent of household income.⁴

These definitions are most meaningful for lower-income households. For example, a household spending 35 percent of its annual income of \$100,000 will have much greater opportunity to afford necessities such as food, clothing, transportation, and medical care than does a household spending 35 percent of its annual income of \$50,000.

Based on 2013-17 ACS data, 41 percent of Ketchikan renters and 16 percent of owners pay 35 percent or more of their income for housing and therefore qualify as very cost-burdened. In absolute numbers, this represents 827 renter households and 510 owner households.

Table 37. Housing Costs as a Percentage of Monthly Household Income, Ketchikan Gateway Borough, 2013-2017 Five-Year Estimates

% of Monthly Income	Count		Percent	
	Renters	Owners	Renters	Owners
Less than 20.0 percent	406	1,787	20%	55%
20.0 to 24.9 percent	294	459	15%	14%
25.0 to 29.9 percent	191	264	10%	8%
30.0 to 34.9 percent	172	217	9%	7%
35.0 percent or more	827	510	41%	16%
No cash rent	99	-	5%	-%
Zero or negative income	20	24	1%	1%
Total	2,009	3,261	100%	100%

Source: U.S. Census Bureau, American Community Survey, 2013-2017.

Note: Only owner-households with mortgages are included.

³ https://www.huduser.gov/portal/pdredge/pdr_edge_featd_article_092214.html

⁴ <https://www.ahfc.us/efficiency/research-information-center/alaska-housing-assessment/2018-housing-assessment/census-area-affordability>

The percentage of Ketchikan renters who are very cost-burdened (41 percent) is well above Sitka and Juneau (31 percent and 28 percent, respectively).

Table 38. Housing Costs as a Percentage of Monthly Household Income, Ketchikan, Sitka, and Juneau, 2013-2017 Five-Year Estimates

% of Monthly Income	Ketchikan		Sitka		Juneau	
	Renters	Owners	Renters	Owners	Renters	Owners
Less than 20.0 percent	20%	55%	24%	56%	30%	42%
20.0 to 24.9 percent	15%	14%	14%	13%	18%	19%
25.0 to 29.9 percent	10%	8%	9%	7%	10%	11%
30.0 to 34.9 percent	9%	7%	8%	8%	9%	9%
35.0 percent or more	41%	16%	31%	16%	28%	19%
No cash rent	5%	-%	14%	-%	4%	-%
Zero/negative income	1%	1%	<1%	1%	<1%	<1%
Total	100%	100%	100%	100%	100%	100%

Source: U.S. Census Bureau, American Community Survey, 2013-2017.
 Note: Only owner-households with mortgages are included.

Based on an earlier generation of ACS data, AHFC’s annual housing report provides a broader measure of how Ketchikan compares to other areas, in terms of cost-burdened households. Ketchikan matches exactly the overall Alaska average, with 8 percent cost-burdened and 24 percent very cost-burdened, including all renters and owners.

Table 39. Percentage of Cost-Burdened Households (Owners and Renters Combined), By Select Area

	Cost-Burdened	Very Cost-Burdened
Ketchikan	8%	24%
Sitka	7%	27%
Juneau	10%	20%
Fairbanks	8%	28%
Anchorage	9%	25%
Alaska	8%	24%
U.S.	7%	27%

Source: AHFC.
 Note: AHFC defines a “cost-burdened” household as spending between 30 percent and 35 percent of household income on housing. A “very cost-burdened” household spends more than 35 percent of household income.

As noted above, the implication of cost-burdened status is much more important at lower household income levels. The majority of Ketchikan households with annual incomes under \$35,000 are very cost-burdened, including 69 percent of renters earning \$20,000 to \$34,999 annually and 80 percent of renters earning \$10,000 to \$19,999 annually.

Table 40. Count of Cost-Burdened Households by Tenure and Annual Household Income, Ketchikan Gateway Borough, 2013-2017 Five-Year Estimates

Household Income	Renter Households	Owner Households	All Households
Less than \$10,000	85	50	135
\$10,000 to \$19,999	240	75	315
\$20,000 to \$34,999	315	140	455
\$35,000 to \$49,999	114	80	194
\$50,000 to \$74,999	62	133	195
\$75,000 to \$99,999	11	32	43
\$100,000 or more	0	0	0
Total	827	510	1,337

Source: U.S. Census Bureau, American Community Survey, 2013-2017.

Note: Cost-burdened households are defined as spending 30 percent or more of monthly household income on gross rent or owner costs.

Table 41. Percent of Households which are Very Cost-Burdened by Annual Household Income, Ketchikan Gateway Borough, 2013-2017 Five-Year Estimates

Household Income	Renter Households (%)	Owner Households (%)	All Households (%)
Less than \$10,000	72%	68%	70%
\$10,000 to \$19,999	80%	54%	72%
\$20,000 to \$34,999	69%	50%	62%
\$35,000 to \$49,999	44%	29%	36%
\$50,000 to \$74,999	15%	21%	19%
\$75,000 to \$99,999	5%	6%	6%
\$100,000 or more	0%	0%	0%
Total	41%	16%	25%

Source: U.S. Census Bureau, American Community Survey, 2013-2017.

Note: Very cost-burdened households are defined as spending 35 percent or more of monthly household income on gross rent or owner costs.

HOUSEHOLD INCOME

The share of a community's households that are cost-burdened, relative to other areas, depends on housing costs and income. Ketchikan's median household income in 2013-2017 was \$67,321, according to ACS data. This is about 23 percent below the statewide median of \$76,114. Ketchikan's average (mean) household income was \$83,221, 12 percent below the statewide average of \$94,469.

Table 42. Annual Household Income, Ketchikan Gateway Borough, 2013-2017 Five-Year Estimates

Income	Count	Percentage
Less than \$5,000	101	1.9%
\$5,000 to \$9,999	91	1.7%
\$10,000 to \$14,999	229	4.3%
\$15,000 to \$19,999	210	4.0%
\$20,000 to \$24,999	222	4.2%
\$25,000 to \$34,999	513	9.7%
\$35,000 to \$49,999	541	10.3%
\$50,000 to \$74,999	1,040	19.7%
\$75,000 to \$99,999	738	14.0%
\$100,000 to \$149,999	880	16.7%
\$150,000 or more	705	13.4%
Total	5,270	100.0%
Median household income	\$67,321	--
Mean household income	\$83,221	--

Source: U.S. Census Bureau, American Community Survey, 2013-2017.

Table 43. Annual Household Income, Ketchikan, Sitka, and Juneau, 2013-2017 Five-Year Estimates (Percent of Total)

Income	Ketchikan	Sitka	Juneau
Less than \$5,000	1.9%	1.8%	1.7%
\$5,000 to \$9,999	1.7%	3.2%	1.4%
\$10,000 to \$14,999	4.3%	3.5%	2.4%
\$15,000 to \$19,999	4.0%	3.6%	1.1%
\$20,000 to \$24,999	4.2%	2.9%	2.1%
\$25,000 to \$34,999	9.7%	5.6%	3.4%
\$35,000 to \$49,999	10.3%	10.4%	10.2%
\$50,000 to \$74,999	19.7%	22.7%	17.7%
\$75,000 to \$99,999	14.0%	16.2%	15.0%
\$100,000 to \$149,999	16.7%	18.7%	26.4%
\$150,000 or more	13.4%	11.5%	18.5%
Median household income (dollars)	\$67,321	\$70,765	\$90,749

Source: U.S. Census Bureau, American Community Survey, 2013-2017.

Ketchikan’s median family income of \$82,244 (2013-2017) was about equal to Sitka and well below the Juneau median. The median among nonfamily households was \$39,833. Roughly 80 percent of Ketchikan nonfamily households are people living alone.

Table 44. Median and Mean Household and Family Income, Ketchikan Gateway Borough, 2013-2017 Five-Year Estimates

	Ketchikan	Sitka	Juneau
Median household Income	\$67,321	\$70,765	\$90,749
Median income, family households	\$82,244	\$83,889	\$110,923
Median income, nonfamily households	\$39,833	\$43,456	\$57,594
Mean Household Income	\$83,221	\$84,007	\$106,849
Mean Income, family households	\$98,235	\$100,123	\$119,794
Mean Income, nonfamily households	\$50,651	\$54,539	\$77,382

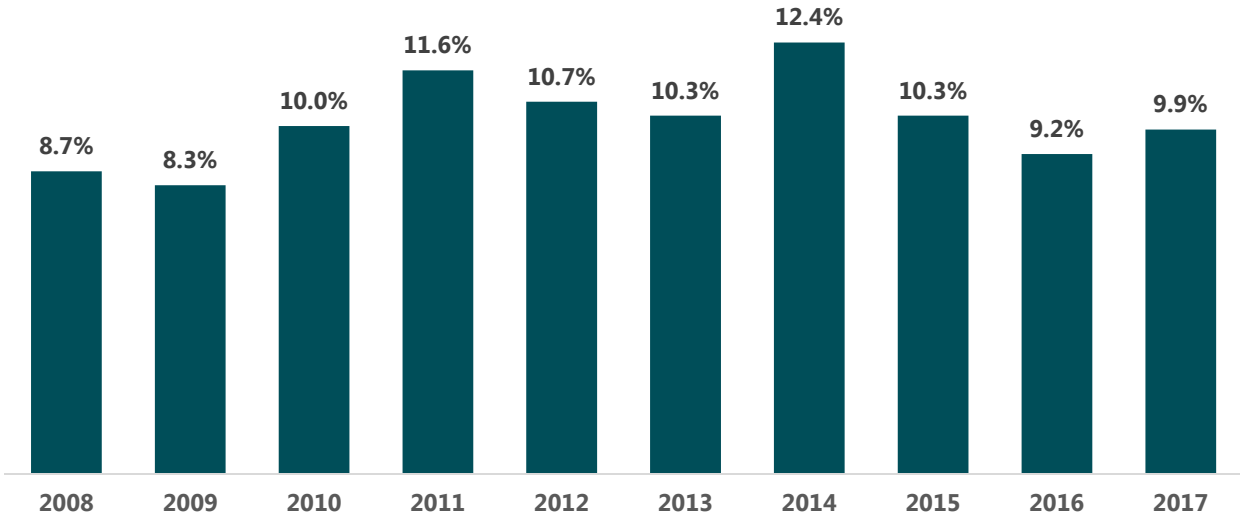
Source: U.S. Census Bureau, American Community Survey 2013-2017.
 The U.S. Census Bureau defines family as “a group of two or more (one of whom is the householder) related by birth, marriage, or adoption and residing together.”

In general, financial experts advise that no more than 28 percent of your gross income should go to a mortgage payment. This would indicate that a gross household income of roughly \$84,000 would be needed to support a \$300,000 mortgage.

Poverty Status

In 2017, one in ten residents (9.9 percent) in the Ketchikan Gateway Borough had income below the poverty level. The rate fluctuated between 8.3 percent (2009) and 12.4 percent (2014) over the ten-year period of 2008 to 2017. A slightly larger percentage of Ketchikan residents had income below the poverty level (9.9 percent) than in Sitka (8.1 percent) or Juneau (8.3 percent) in 2017.

Figure 1. Percent of All Individuals with Income Below Poverty Level, Ketchikan Gateway Borough, 2008-2017



Source: U.S. Census Bureau, Small Area Income and Poverty Estimates, 2008-2017.

Table 45. Percent of All Individuals with Income Below Poverty Level, Ketchikan, Sitka, and Juneau, 2008-2017

Year	Ketchikan	Sitka	Juneau
2008	8.7%	7.8%	6.7%
2009	8.3%	7.6%	6.6%
2010	10.0%	9.1%	8.2%
2011	11.6%	8.4%	7.5%
2012	10.7%	8.6%	7.9%
2013	10.3%	9.8%	7.5%
2014	12.4%	8.6%	7.9%
2015	10.3%	9.2%	8.0%
2016	9.2%	7.9%	7.4%
2017	9.9%	8.1%	8.3%

Source: U.S. Census Bureau, Small Area Income and Poverty Estimates

Foreclosures

The Ketchikan Gateway Borough has averaged 20 foreclosures annually from 2008 to 2017. Peak foreclosures occurred in 2012 (34) and 2015 (32). The number of foreclosures in 2016 and 2017 were well below the 10-year average, with 2017 having the lowest number of foreclosures (8) for the period.

Table 46. KGB Foreclosures, 2008-2017

Year	Number	% Change
2008	13	-
2009	24	+46%
2010	22	-9%
2011	22	0%
2012	34	+35%
2013	20	-70%
2014	15	-33%
2015	32	+53%
2016	10	-220%
2017	8	-25%
Average	20	

Source: Alaska Department of Natural Resources, Recorder's Office; Alaska Department of Labor and Workforce Development, Research and Analysis Section

Overcrowding

“Overcrowded” housing units are traditionally defined as housing units with more than one person-per-room. In the 2013-2017 period, 4 percent of Ketchikan’s households were considered overcrowded, including 3 percent of owner-occupied housing and 6 percent of renter-occupied housing. The data indicates that 235 Ketchikan households are overcrowded, including 105 owners and 130 renters.

Ketchikan’s overcrowding rate of 4 percent is about the same as in Sitka (3 percent) and Juneau (4 percent) and lower than the most recent statewide rate (7 percent).

Table 47. Occupants per Room and Number of Overcrowded Housing Units, Ketchikan Gateway Borough, 2013-2017 Five-Year Estimates

Occupants Per Room	Owner-Occupied		Renter-Occupied		Total	
	Estimate	% of Total	Estimate	% of Total	Estimate	% of Total
0.50 or less	2,239	69%	1,109	55%	3,348	64%
0.51 to 1.00	917	28%	770	38%	1,687	32%
1.01 to 1.50	77	2%	74	4%	151	3%
1.51 to 2.00	23	1%	48	2%	71	1%
2.01 or more	5	<1%	8	<1%	13	<1%
Total Overcrowded	105	3%	130	6%	235	4%

Source: U.S. Census Bureau, American Community Survey, 2013-2017.

Note: Housing units are considered “overcrowded” if they house more than 1 occupant per room.

Household Characteristics

Household Size

The average household size in Ketchikan for the 2012-2016 period was 2.6 people, including 3.2 people in family households and 1.4 people in non-family households. The average household size increased slightly between the 2010 Census (2.5 people) and the 2012-2016 American Community Survey (2.6 people).

Table 48. Household Size (Number of People) by Household Type, Ketchikan Gateway Borough, 2010 and 2012-2016 Five-Year Estimates

	2010	2012-2016
Family households	3.0	3.2
Nonfamily households	1.3	1.4
Total households	2.5	2.6

Source: U.S. Census Bureau, 2010 Census; U.S. Census Bureau, American Community Survey 2012-2016.

Household Composition

During the 2012-2016 American Community Survey period, the U.S. Census Bureau identified 5,209 households in Ketchikan Gateway Borough. Of these, nearly half (47 percent) were married-couple families, and 29 percent were householders living alone. Nearly one-third of households (32 percent) had children. There was little change in household composition between the 2010 Census and 2012-2016 American Community Survey.

Table 49. Household Composition, Ketchikan Gateway Borough, 2010 and 2012-2016 Five-Year Estimates

Household Type	2010		2012-2016	
	Count	% of Total	Estimate	% of Total
Family households	3,369	64%	3,290	63%
Married-couple families	2,436	46%	2,463	47%
Male householder, no wife present	318	6%	271	5%
Female householder, no husband present	615	12%	556	11%
Nonfamily households	1,936	37%	1,919	37%
Householder living alone	1,478	28%	1,521	29%
One or more people	458	9%	398	8%
Total households	5,305	100%	5,209	100%
Households with individuals under the age of 18	1,695	32%	1,625	31%

Source: U.S. Census Bureau, 2010 Census; U.S. Census Bureau, American Community Survey 2012-2016.

Length of Tenure in Current Housing

Historical American Community Survey results indicate a somewhat high turnover for renter households. Over seven in ten (73 percent) renter households moved into the current housing unit between 2010 and 2016. Among homeowners, the most common move-in period was 2000 to 2009, representing 40 percent of all owner households.

Table 50. Year Household Moved into Unit, by Tenure, 2012-2016 Five-Year Estimates

Year of First Occupancy	Renter Households		Owner Households	
	Estimate	% of Total	Estimate	% of Total
2015 or later	242	12%	49	2%
2010-2014	1,276	61%	490	16%
2000-2009	520	25%	1,234	40%
1990-1999	39	2%	683	22%
1980-1989	18	1%	354	11%
1979 or earlier	14	1%	290	10%

Source: U.S. Census Bureau, American Community Survey 2012-2016.

Population Trends by Age

Much like the rest of Alaska, the number of Ketchikan Gateway Borough residents over the age of 60 increased significantly over the past ten years. This cohort increased by 54.8 percent (1,091 people) between 2008 and 2017. Those aged 20 to 39 increased by 9.9 percent, while the other two age groups decreased: by 4.9 percent for those 19 and under, and by 17.2 percent for those aged 40 to 59.

Table 51. Population by Age Cohort, Ketchikan Gateway Borough, 2008-2017

Year	Ages				Total	Median Age
	0-19	20-39	40-59	60+		
2008	3,640	3,220	4,437	1,990	13,287	38.8
2009	3,597	3,334	4,362	2,084	13,377	38.6
2010	3,573	3,424	4,288	2,192	13,477	38.3
2011	3,568	3,518	4,257	2,377	13,720	38.5
2012	3,524	3,610	4,228	2,516	13,878	38.8
2013	3,517	3,483	4,165	2,661	13,826	39.5
2014	3,514	3,532	4,041	2,785	13,872	39.3
2015	3,509	3,502	3,902	2,900	13,813	39.4
2016	3,475	3,463	3,793	3,018	13,749	39.6
2017	3,460	3,540	3,673	3,081	13,754	39.3
Change 2008-2017	-180	+320	-764	+1,091	+467	+0.6
% change 2008-2017	-4.9%	+9.9%	-17.2%	+54.8%	+3.5%	+1.3%

Source: Alaska Department of Labor and Workforce Development, Population Estimates Program.

The only cohort expected to grow between 2017 and 2035 are those age 60 years and older, which is projected to increase by 19.0 percent. All other age groups are projected to decline: by 13.5 percent for those under 19, by 10.3 percent for those age 20 to 39, and by 8.8 percent for those age 40 to 49.

Table 52. Population Projections by Age Cohort and Total, Ketchikan Gateway Borough, 2017-2035

Year	0-19	20-39	40-59	60+	Total
2017	3,460	3,540	3,673	3,081	13,754
2020	3,317	3,493	3,432	3,378	13,620
2025	3,234	3,405	3,193	3,729	13,561
2030	3,142	3,226	3,248	3,802	13,418
2035	2,994	3,174	3,351	3,667	13,186
Change 2017-2035	-466	-366	-322	+586	-568
% change 2017-2035	-13.5%	-10.3%	-8.8%	+19.0%	-4.1%

Source: Alaska Department of Labor and Workforce Development, Population Projections 2017-2035.

Note: These population projections are based solely on past trajectories in migration and expected fertility and death rates per age cohort. These projections do not consider possible development initiatives or other events that may affect population trends.

Land Availability

Residentially Zoned Land in the KGB

Among all landowners in the Borough, there are a total of 1,864 parcels containing 4,157 acres currently zoned for residential housing. These parcels are owned by the KGB, City of Ketchikan, City of Saxman, businesses, and individuals. Parcels included in this table are those with no assessed improvements. Other parcels that have improvements are certainly potential candidates for additional housing. The purpose of the table is to provide readers with a general sense of the currently available volume of undeveloped land zoned for residential housing.

Table 53. Ketchikan Gateway Borough, Residential Parcels and Acreage All Owners, 2018

Zone Classification	Number of Parcels	Total Acreage
Low Density Residential	926	2,254
Medium Density Residential	451	320
High Density Residential	72	73
Neighborhood Residential	19	7
Suburban Residential	170	209
Residential Rural	226	1,294
Total Residential	1,864	4,157

Source: Ketchikan Gateway Borough Assessor's Database; McDowell Group calculations.

KGB-OWNED, RESIDENTIALLY ZONED LAND

Of the total undeveloped acres in the previous table, The Borough owns 123 residentially zoned parcels totaling 1,008 acres. Of note is the small number of parcels and acreage zoned Medium and high density. Not all this acreage is suitable or zoned for housing, however. Steep terrain and lack of access road are challenges to developing many of these parcels, especially for the private sector.

Table 54. KGB-Owned, Residentially Zoned Parcels and Acreage, 2018

Zone Classification	Number of Parcels	Total Acreage
Low Density Residential	32	879
Medium Density Residential	47	25
High Density Residential	2	<1
Neighborhood Residential	0	0
Suburban Residential	25	28
Residential Rural	17	76
Total Residential	123	1,009

Source: Ketchikan Gateway Borough Assessor's Database; McDowell Group calculations.

CITY-OWNED RESIDENTIALLY ZONED LAND

The City of Ketchikan owns 77 parcels with a total of 84 acres and the City of Saxman owns 25 parcels with 12 acres zoned for residential housing. Not all of these lands may be intended for or suitable for housing development.

**Table 55. Residential Parcels and Acreage Available,
City Ownership, 2018**

Zone Classification	Number of Parcels	Total Acreage
City of Ketchikan	77	84
Low Density Residential	13	11
Medium Density Residential	50	45
High Density Residential	14	29
City of Saxman	25	12
Low Density Residential	1	<1
Medium Density Residential	24	12
Total Residential	102	96

Source: Ketchikan Gateway Borough Assessor's Database; McDowell Group calculations.

PRIVATELY OWNED RESIDENTIALLY ZONED LAND

Nearly three-quarters of all acreage in the Borough currently zoned residential is privately owned. There are 1,639 parcels covering 3,052 acres. How much of this land is intended for housing development is unknown.

**Table 56. Privately Owned, Residentially Zoned
Parcels and Acreage, 2018**

Zone Classification	Number of Parcels	Total Acreage
Low Density Residential	880	1364
Medium Density Residential	330	238
High Density Residential	56	44
Neighborhood Residential	19	7
Suburban Residential	145	181
Residential Rural	209	1218
Total Residential	1,639	3,052

Source: Ketchikan Gateway Borough Assessor's Database; McDowell Group calculations.

Future Development Land

KGB-OWNED FUTURE DEVELOPMENT LANDS

The Borough also owns 30 parcels with a total of 7,634 acres zoned as future development. Parcels zoned as future development are considered commercial within the Ketchikan Gateway Borough Code but may be reclassified as residential as appropriate in response to community need. Much of the future development land is not currently accessible by road, and much of it would be considered very remote for housing development. It is unknown how much of the Borough land zoned for future development is suitable or desirable for housing development.

PRIVATELY OWNED FUTURE DEVELOPMENT LAND

Excluding governmental ownership, there are about 430 privately owned future development parcels containing about 1,700 acres in the Borough. Not all of these parcels may be suitable for housing development due to access and other challenges, and individual owners may have no intention of developing housing. Many of these parcels are small; 369 parcels contain 556 acres.

Assessment of Community Assets

The study appendix includes an assessment of Ketchikan's infrastructure, facilities, services, recreational and arts opportunities, and other assets. As a regional hub for southern Southeast Alaska, and with an influx of seasonal workers and visitors, Ketchikan offers many goods and services that would otherwise not be available in a community of its size. Still, Ketchikan is a relatively isolated community. The cost and availability of basic infrastructure such as sewer, water, electricity, internet, and other telecommunications services have an impact on the cost of housing development, as well as residents' desire to live in specific areas of the borough. Recreation and the arts are important aspects of the quality of life for residents and those considering relocating to Ketchikan. Recreational opportunities (in particular outdoor opportunities) and the arts have long been a foundation for the quality of life in Ketchikan.

One area where the community is challenged is child care. Ketchikan ranks above the statewide average of children in need of services: 19 percent of children under 6 years of age have an unmet need in Ketchikan, versus 13 percent statewide. Ketchikan providers have a high percentage of waitlisted children compared to other areas of the state. Regions with the highest percentage of providers with waitlisted children were Ketchikan (66 percent), Fairbanks (59 percent), and Juneau (53 percent). Inadequate child care can have a negative effect on community employment and may result in out-migration as families are not able to fully participate in the workforce. A more detailed assessment of child care in Ketchikan is included in the appendix.

Stakeholder Interviews

A series of interviews was conducted to gather insights regarding current housing trends, conditions, community needs, barriers to housing development, housing priorities, characteristics of seasonal workforce housing demand, and other information. Interviews were conducted with a broad range of individuals in housing-related industries, social services, Tribal organizations, employers, and Borough and City representatives. A total of 43 people were interviewed for this study.

The majority of interviews were conducted using standard protocols. Some interviewees were asked industry-specific and other questions. Following is a summary of key themes identified from the interviews and selected verbatim comments.

Housing Demand and Location

There is demand for virtually all types of housing in the borough; however, single-family homes, 1- and 2-bedroom apartments, and single occupancy units, with an emphasis on “affordable,” are particularly in demand. Most commonly, interviewees regarded single-family homes intended for first-time homebuyers as the most sought-after type of housing in Ketchikan. Other types of housing considered in high demand by contacts include multi-family apartment units (particularly 3- and 4-bedroom); single-family homes with accessory apartments; and duplex, 4-plex, and 6-plex affordable units.

Downtown was regarded as the area with the greatest need for housing by many interviewees – specifically for apartments and single occupancy units. Interviewees also mentioned that areas of the borough with water and sewer and close to schools were more desirable to potential homeowners and renters.

The city needs more affordable housing of all types.

We need more 4+ plex housing to provide more rental units that could be rented for less than \$1,500 per month. Borough should encourage this development.

Families need 3- and 4-bedroom houses, also more duplexes.

For families, 3-bedroom, 2-bath homes that are affordable are needed.

There is a need for middle-income single-family and multi-family housing in all areas.

More people are looking for homes out north as there is more land available. Also, there is a school (Pt. Higgins) and lots of recreational options. There are fewer lots available to the south of town as well.

For recreational housing, look to Gravina Island.

Middle-class (income) starter homes in the cost range of \$180,000-\$210,000 for both single-family homes and duplexes are needed for homebuyers. For renters, 2-bedroom, 1-bath apartments are

needed. Due to lack of affordable housing, people are not able to move out of subsidized housing as there is no affordable housing to move to.

Renters want to be close to town and on the bus line.

Apartments are most in demand, especially 1- and 2-bedroom units. Located anywhere on the bus line, but within City limits is best.

Low-cost rental housing such as single-room occupancy, micro-apartments, and studio apartments.

Rental costs are high, and many do not qualify to rent with their current income. Lower-cost housing is very limited in Ketchikan. The most in demand is housing \$800 per month or less. Many of the downtown apartments above stores have been turned into storage for downtown tourist shops so there are fewer apartments than previously. Also, cheap single-room occupancy buildings such as the Bayside Hotel and Union Rooms are no longer available.

Most renters are singles and couples who want to live in town. Families want single-family homes and are happy to rent outside of the City limits.

Need for more high-density housing in the City. Bunkhouses would help address seasonal housing. City or KGB could provide land to developer for this housing to make it work financially.

Middle income housing is needed. For renters, multi-family apartments with 3+ bedrooms are needed for families.

The lack of lower-end housing is the greatest challenge. Rooming houses in Ketchikan such as the Union Rooms, Bayside Hotel, Pioneer Hotel etc. have disappeared leaving these residents nowhere to go but the street. The government should assist and should do what is not profitable for the private sector to do: providing housing for this segment of the community. Example would be Housing First project in Juneau with studio apartments and support services.

Seasonal Demand

There is a universal recognition that seasonal workforce demand (April through September) currently exceeds capacity, especially in the downtown area. Employers recognized that their employees have a difficult time finding adequate and affordable housing and feel that a lack of seasonal housing can make it difficult to retain staff. It is becoming more common for these employers to provide housing, most commonly in the form of rented or owned housing. Several employers have constructed bunkhouses for seasonal staff. When employers buy, lease, or rent housing for seasonal use, these properties often sit empty for the remainder of the year. This removes housing stock that might otherwise be rented by year-round residents.

The main challenge is the seasonal influx of workers associated with the tourism industry. When we hire full-time employees from out of town the new employees have to wait until winter to find permanent housing.

1- and 2-bedroom rental units are most in demand which allows singles to have roommates to keep housing affordable.

Affordable rental housing is very hard to find, especially in town. As many landlords will not rent a unit without a one-year lease, seasonal employees and businesses have rented many of the most affordable units for the year that are empty half the time.

There is no rental housing in the summer. The visitor industry most needs small one-person and 1- and 2-bedroom units. Units in town or at least on bus route. Several tour operators have been buying up houses to use for seasonal housing.

Look to alternative housing types for seasonal employees – bunkhouses, micro apartments, and tiny home communities. Dedicated seasonal housing would lower the need for employers to buy up existing housing for seasonal employees and provide more year-round housing options.

If there was an option such as seasonal housing (bunkhouses or micro apartments), we would support it or promote it for our employees.

Apartments are in demand. Especially 2- and 3-bedroom units that can be shared with roommates to bring costs down. Not uncommon for seasonal staff to share bedrooms to lower costs of housing.

It is a struggle to hire and retain staff due to housing issues. Local residents fill some staffing positions, but often are going to school or work for schools leaving tours understaffed during the shoulder seasons.

I notice that seasonal workers and employers are buying properties, both single-family homes as well as small condo apartments at the Marine View and Tongass Towers. Seasonal employers are looking to buy 4- and 6-plexes.

Some seasonal workers/employers rent year-round when only here seasonally. Most landlords want a year-long lease.

Housing Issues and Barriers

Responses regarding the greatest barriers to increasing housing availability in Ketchikan were consistent. The three key issues cited by interviewees were the lack of available and developable land, infrastructure development costs, and the cost of construction materials and shipping. Interviewees mentioned the need for improved and extended infrastructure, overly strict building codes, and issues related to housing density in the downtown area.

We need land made available that is suited for residential development. Need to have infrastructure (good roads, street lights, water, sewer) extended out north and south.

There are challenges with water and sewer out the road.

Main challenge is costs of construction. Especially expense of developing land which in Ketchikan is either rock or muskeg. Existing housing stock degrades quickly in our harsh environment without maintenance and decreasing available housing.

The largest barrier is the lack of available property for development within the City and the high cost of construction.

Availability of land for housing and the high cost of site development are major issues. Housing development is helped by the ease of permitting a project in Ketchikan compared to other places.

Land availability and steep topography are challenges.

Cost of property is high, and limited availability. Costs of site development and construction are a major issue as well.

Main issue is affordability and quality of housing. Lack of maintenance for existing housing affects quality.

Supply of housing on the market is the issue and has been for the past 5-8 years. Price of new construction makes many people consider buying existing housing. Site development costs are high also. Rents do not justify cost of construction so very few new rentals are being built.

One specific barrier to housing development is the lack of City water tanks up above the Upper Jackson/Carlanna area that would allow property on the hillside to be developed. There could be a partnership of local government and developers that would make this infrastructure investment viable.

Accessible, Low-Income, and Senior Housing

The majority of those interviewed agreed that there is a need for additional accessible housing throughout the borough, particularly for its aging population. Interviewees who work in social services, senior housing, and similar programs were much more likely to state that there is significant demand for accessible housing than realtors and property managers. Many contacts agreed that while there is a lack of accessible housing options, it is not as pressing of an issue in the community when compared to the lack of housing options in general – specifically those with low incomes. Regarding accessible housing specifically, many subjects noted high construction costs (largely due to Ketchikan’s topography) and compliance with ADA regulations as the greatest barriers to the development of additional accessible housing units. Some respondents suggested instituting updated design practices for all new residencies in Ketchikan. These practices would work toward improving the Borough’s stock of accessible housing at the point of construction.

There is a current lack of low-income housing options in Ketchikan. Many respondents, particularly those working in property management reported that poorer residents have been forced out of their past living arrangements due to rising rental costs throughout the community.

Accessible housing requested at times by buyers. The need is increasing for accessible, single-level, single-family homes.

Accessible units are not needed very often.

Not much call for accessible homes now but expect there to be in the future with the aging population.

There is not a large demand for accessible housing. Units that are available are apartments or condos. I have heard of one contractor that is building an accessible single-family home.

There is a great need for accessible housing for seniors. Ketchikan is a great place to retire, and we should embrace keeping and attracting seniors to town. Push for universal design of new residences.

Accessible units are definitely needed – for all types of housing. People are leaving the community as they cannot find accessible housing.

Accessible housing is needed for Ketchikan's aging population, but steep hillsides make access difficult.

There is a need, and the only options are apartments within the Marine View, Tongass Towers, or Mary Francis Apartments that have elevators.

Yes, accessible housing is needed. As a builder, I try make all homes accessible with universal design, so houses can be converted over time. We do lots of remodel work for homeowners who want to make their homes accessible.

There is a need for accessible units. Units that have exterior access (ramp) and interior accessibility. Wheelchairs have increase in size and do not fit through standard ADA doors (3'-0").

There needs to be more single-room-occupancy units with services for the homeless population in downtown. A facility like the Housing First project in Juneau would help to reduce the homeless camps in downtown. Domestic violence shelters are also needed as this is a major issue. Projects like these would help stabilize people so they could move on to regular housing.

Main issue is costs of housing and affordability. The number of units available for lower income individuals is very low. For the homeless population, lack of Section 8 and accessible senior housing (single-room-occupancy, studio, and small 1-bedroom apartments). The programs are in place to assist those with disabilities (physical and mental) but no units are available. There is a waiting list of one to two years for housing under these programs.

For renters, deposits, including KPU, is another barrier to housing for low-income individuals.

Increasing Housing in Ketchikan

The most commonly mentioned factor needed to increase housing development in the borough is improvements in the borough's utilities. Both installation of new utilities and maintenance of existing utilities were emphasized as critical infrastructure needs affecting Ketchikan's housing development. Additional infrastructure concerns primarily focused on freeing up additional Borough-owned land for development. Areas mentioned as accessible for future construction by local housing developers and contractors included the Uplands at Mile 13, the Mountain Point Area, Herring Cove, the Carlanna Area, the Ward Lake and Ward Cove areas, and upper Jackson Street. Housing projects currently in the planning phase were reported to be occurring in the City, near Cranberry Road, Bear Valley, and near Fawn Mountain School. Additionally, one developer reported that the construction of a series of tiny homes in Saxman is being considered.

Subjects noted that improving the existing utilities in neighborhoods would greatly benefit the community with higher property values. Furthermore, extending utility services to new areas of Ketchikan may alleviate the high upfront costs of new housing development.

Utilities such as power, water, and sewer are needed at many Borough locations to support housing development. Developed land is more attractive to contractors as well as prospective home owners. As a residential contractor, I would not be interested in developing a subdivision on my own.

The Borough needs to figure out how to get lands in the hands of contractors that work for them to be able to build what people want at an affordable price.

Encourage the Borough to consider development of a subdivision like what they did for Waterfall Subdivision at the uplands at Mile 13. While it is appropriate for KGB to be careful with public monies, it is also important for them to help the community address housing issues. The Borough can build roads then assist with developing service districts for maintenance as well as other services.

For in-town housing, more affordable rental housing is related to density. Increasing density would encourage more amenities such as corner grocery stores and more public transit as well as supporting existing year-round businesses in town. Look at increasing building height on hillside where it will not block views for existing buildings.

Buyers are seeking good neighbors in good neighborhoods, and properties with water and sewer systems.

Downtown area is best for low-cost housing with access to public transit, but other areas could work.

Areas close to downtown such as Woodland and Deermount Street are being upgraded as demand increases for housing.

Small accessory housing units (small apartments within or adjacent an existing home) would help increase the amount of housing with lower development costs.

On Gravina, think about offering 5-acre lots for sale along the road system in the same way Mental Health has land sales. Offer buyers financing and collect the interest as well as getting the property immediately on the tax rolls.

Construction of more rental units and the availability of single-family homes in the range of \$250,000 that would qualify for the Home Buy Down program which has a cap of \$266,000. Houses in this range often are not in good enough condition to pass a home inspection and qualify for the program.

Community on-site wastewater systems do pencil out and should be encouraged.

The uplands at Mile 13 above the lookout is an option and has great view property. There is land above Ward Cove but it is steep and could be costly to develop though close to town with infrastructure close. Other properties are at Mountain Pt. and Herring Cove.

Utilities need to be extended to the north end of the City limits to encourage development towards Ward Cove. This would allow multi-family housing (three or more units within a building) to be constructed in more locations as these buildings require a fire sprinkler system which is prohibitively expensive without being on City water system. The use of water meters (now required for new housing) with monthly water charge based on use should decrease costs for residential users.

The Borough discourages development by requiring that builders/homeowners put in an access road across the length of the lot, not just enough road to reach the dwelling, which increases site development costs.

Rehabilitation

When asked what could be done to encourage property owners to rehabilitate existing housing stock, the most common response was tax incentives for homeowners. Many interviewees lamented the loss of the State's weatherization program as a tool for housing rehabilitation.

Additional suggestions mentioned included reinstating the State Weatherization Program, introducing fines for property owners that disregard their property's maintenance needs, and encouraging maintenance as a symbol of proud homeownership within the community.

Other suggestions included:

- Purchasing renovation loans that allow the borrower to buy a home and include renovation costs within the loan.
- Refinancing of existing home loans and taking out equity to cover costs of renovation.
- Home equity loans to be used for renovations.
- Energy upgrades for 5-star ratings.
- Income-based grants for low-income borrowers.
- Better enforcement of existing codes regarding housing conditions and possible fines for chronic violators.

Other issues include the low quality and high costs associated with maintaining the existing housing stock.

Older homes with poor foundations are hard to rehabilitate; well-constructed and newer homes are easier to get owners to renovate. Education for first-time homebuyers by AHFC helps potential homebuyers understand what is involved.

Prequalified borrowers cannot find housing in the \$250,000-\$300,000 range that do not require extensive repairs.

People would likely respond to tax incentives for home repairs. Providing homeowners with advice on appropriate materials to use may pay off in the long run.

Would like to see incentive program for property owners to make their rentals more accessible.

Tax incentives! Construction is very expensive, and the lack of maintenance reflects that lack of money property owners have to invest in their homes.

Local tax incentives or a deferred tax on improvements.

The State Weatherization Program was very helpful in encouraging rehabilitation.

Grants (State and local) for improvements would be a way to encourage rehabilitation. It would be good to have the State Weatherization Program return as it was very effective.

Not sure tax incentives would work at this time. Neighbors need to encourage other neighbors to fix up their properties. The impact of seasonal housing and absentee property owners show in downtown areas as these properties are not kept up like owner-occupied properties.

There needs to be pride of ownership. Impact of seasonal occupancy shows. Recommends not allowing boats and junked vehicles to be left on streets and make a time limit that a vehicle can be left on the street without moving (30 days or so).

The Borough or City could fine property owners that do not take care of their properties as these properties become a safety issue and lower property values.

The KGB does not enforce codes and many properties are a mess. Have to enforce code related to safety.

List of Interviewees

REALTORS

Marna Cessnum, Coastal Alaska Real Estate

Terry Wanzer, Coastal Alaska Real Estate

Bill Everson, Re/Max

Bill Bolling, Gateway City Realty

Sharli Arntzen, Broker, Providence Properties; Premier Rentals; Chair, KGB Planning Commission

RENTAL PROPERTY MANAGERS

Duane Dorr, Big Dawg Realty

Dale Rogers, Eagle View Hostel

HOUSING DEVELOPERS

Trevor Sande, R&M Engineering

Don Loughman, Woodwright Construction

RESIDENTIAL CONTRACTORS

AJ Pierce, Executive Director, Southern Southeast Alaska Building Industry Association

John Matsuura, Matsu Alaska Construction

Kevin Young, S.E.A. Island Construction

Jim Byron, Byron Construction

Katrina Jones, HR, Alaska General Seafoods

Bill Rotecki, Rainforest Construction

LENDING INSTITUTIONS

Rocky Eldering, 1st Bank

Chris Newbill, Wells Fargo

BOROUGH REPRESENTATIVES

David Landis, Mayor, Ketchikan Gateway Borough

Morgan Barry, Public Works Deputy Director, Ketchikan Gateway Borough

Richard Harney, Planning Director, Ketchikan Gateway Borough

Shelly Acteson, Lands Department Administrative Assistant, Ketchikan Gateway Borough

Adam Thompson, Assessor, Ketchikan Gateway Borough

CITY OF KETCHIKAN REPRESENTATIVES

Robert Sivertsen, Mayor, City of Ketchikan

Mark Hilson, Public Works Director, City of Ketchikan

Matt Elbersen, Building Official, City of Ketchikan

SOCIAL SERVICES PROVIDERS

Melissa O'Bryan, Program Director, Southeast Alaska Independent Living

TEMPORARY HOUSING

Ty Rettke, Manager, PATH Shelter

KETCHIKAN INDIAN COMMUNITY HOUSING AUTHORITY

Bonnie Newman, Housing Director

Joel Azure, Development Manager

ORGANIZED VILLAGE OF SAXMAN

Lee Wallace, President

KETCHIKAN VISITORS BUREAU

Patti Mackey, President & CEO

KETCHIKAN CHAMBER OF COMMERCE

Chelsea Goucher, President

MAJOR EMPLOYERS

Doug Ward Director of Shipyard Development, Vigor Alaska

Mile Millholland, Trident Seafoods

Katrina Jones, Human Resources Specialist, Alaska General Seafoods

Jeffery Green, Operations Manager, EC Phillips & Sons

Andrew Crandall, Operations Manager, Alaska Rainforest Sanctuary

David Molina, Diamonds International

Russell Thomas, General Manager, Cedars Lodge, Silver King Lodge, Clover Pass Resort and RV Park, George Inlet Tour, and Gateway Seafoods

Renee Wazana, USCG Housing Officer

UNIVERSITY OF ALASKA SOUTHEAST, KETCHIKAN CAMPUS
Priscilla Schulte, Campus Director

Ketchikan Economic Conditions and Outlook

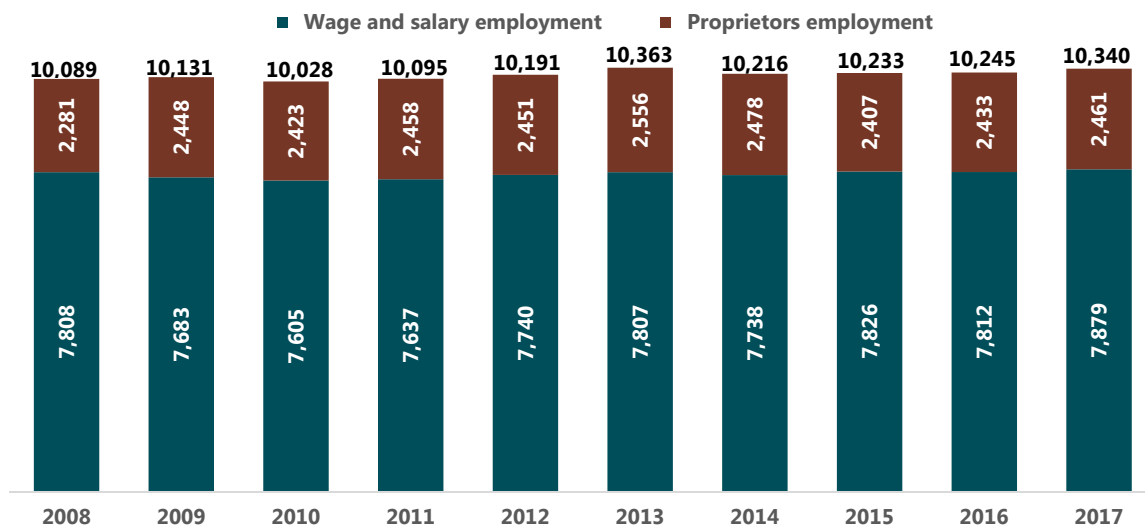
The strength of the Ketchikan economy ultimately determines housing demand. Long-term, new jobs bring new residents to the community and those new residents require housing. Conversely, a decline in the economy can result in declining population and reduced demand for housing. Further, growth in lower-wage seasonal industries places one type of demand on the housing market, while growth in year-round, high-wage sectors has a different impact on the housing market. This chapter briefly addresses current economic conditions in Ketchikan and the future outlook for the local economy.

Key Economic Indicators

Employment

Employment in Ketchikan has been remarkably steady over the past ten years, ranging narrowly between about 10,000 and 10,400 jobs, including wage and salary jobs and self-employed proprietors.

Figure 2. Employment by Type, Ketchikan Gateway Borough, 2008-2017



Source: Bureau of Economic Analysis.

ADOLWD provides the most recent available employment data, though it includes only wage and salary employment (and excludes active duty Coast Guard, fishermen and other self-employed workers). In the first half of 2018, Ketchikan wage and salary employment averaged 7,104, about 1 percent below the first half of 2017, when employment averaged 7,187. The decline is within the range of annual changes typically experienced in Ketchikan and not indicative of any particular trend.

The seasonality of employment in Ketchikan has important housing market implications. In 2017, there were 2,390 more jobs in August than in January, a 37 percent increase in employment. Non-residents fill many of the jobs. Seafood processing and the visitor industry, in particular, are dependent on seasonal non-resident labor.

**Table 57. Monthly Employment,
Ketchikan Gateway Borough, 2017**

Month	Employment	Change from Previous Month
January	6,525	-
February	6,550	+25
March	6,627	+77
April	6,954	+327
May	7,921	+967
June	8,507	+586
July	8,844	+337
August	8,915	+71
September	8,354	-561
October	7,201	-1,153
November	6,692	-509
December	6,576	-116

Source: Alaska Department of Labor and Workforce Development, Quarterly Census of Employment and Wages.

Non-residents accounted for 28 percent of the borough's out-of-state workforce and 15 percent of wages in 2016. The manufacturing sector, which includes seafood processing, accounts for the highest percentage of non-resident participation. Visitor-affected sectors also have relatively high non-resident labor rates. When other Alaska residents working in Ketchikan are included the total the rate of non-resident seasonal workers climbs to 36 percent.

**Table 58. Non-Resident Workers and Wages by Industry,
Ketchikan Gateway Borough, 2016**

Sector	Non-Resident Workers	% of Total Workers	Non-Resident Wages (\$ Millions)	% of Total Wages
Manufacturing	756	66%	\$9.4	43%
Retail trade	351	29%	\$5.9	22%
Accommodation and food services	319	33%	\$3.3	24%
Transportation and warehousing	286	34%	\$6.2	24%
Arts, entertainment and recreation	155	47%	\$1.8	42%
Healthcare and social services	134	12%	\$5.0	11%
Local government	118	8%	\$2.5	4%
Administrative support services	103	50%	\$1.4	32%
Agriculture/forestry/fishing/hunting	100	65%	\$2.5	54%
Construction	90	20%	\$2.2	14%
State Government	86	12%	\$3.1	9%
Professional/scientific/technical services	31	20%	\$0.5	9%
Other services	25	16%	\$0.4	11%
Finance and insurance	23	9%	\$0.7	6%
Wholesale trade	22	16%	\$0.4	8%
Real estate/rental/leasing	17	15%	\$0.3	9%
Information	12	16%	\$0.1	4%
Total	2,628	28%	\$45.9	15%

Source: Alaska Department of Labor and Workforce Development, Resident and Nonresident Hire Data.
Note: Excludes some industries where the number of workers prevents disclosing non-resident status.

The share of non-residents in the workforce peaks in the third quarter. Non-residents accounted for 26 percent of the workforce in the third quarter of 2016 compared to 11 percent in the first quarter.

Table 59. Quarterly Resident and Non-Resident Workers and Wages, Ketchikan Gateway Borough, 2016

Quarter	Non-Resident Workers	% of Total Workers	Non-Resident Wages (\$ Millions)	% of Total Wages
January-March	672	11%	\$4.7	7%
April-June	1,581	21%	\$9.9	13%
July-September	2,211	26%	\$20.6	24%
October-December	1,261	18%	\$9.3	13%

Source: Alaska Department of Labor and Workforce Development, Resident and Nonresident Hire Data.
Note: The total denotes the total number of unique workers.

Unemployment

Unemployment in Ketchikan averaged 6.3 percent in 2017, the lowest annual rate since 2009. Through November of 2018, unemployment averaged 6.2 percent for the year, lower than the 6.4 percent for the same period in 2017.

Table 60. Labor Force and Unemployment Rate, Ketchikan Gateway Borough, 2008-2017

Year	Employed	Unemployed	Total Labor Force	Unemployment Rate
2008	7,805	492	8,297	5.9%
2009	7,738	593	8,331	7.1%
2010	6,501	622	7,123	8.7%
2011	6,560	620	7,180	8.6%
2012	6,594	583	7,177	8.1%
2013	6,606	562	7,168	7.8%
2014	6,553	559	7,112	7.9%
2015	6,493	481	6,974	6.9%
2016	6,577	463	7,040	6.6%
2017	6,656	448	7,104	6.3%
% change 2008-2017	-14.7%	-8.9%	-14.4%	+0.4%

Source: Alaska Department of Labor and Workforce Development, Labor Force Data.
Note: The decline in the number of employed workers and labor force between 2009 and 2010 may be due to reporting inconsistencies.

The 4.1 percent unemployment rate measured in August 2018 was the lowest monthly rate in 18 years. This very low unemployment rate (if it persists) will create greater need for non-resident labor in the future.

Ketchikan's unemployment rate fluctuates throughout the year, reflecting the seasonal nature of many jobs. Unemployment is typically highest in January and February, while August has the lowest rate.

Table 61. Monthly Unemployment Rate, Ketchikan Gateway Borough, 2015-2018 (%)

Month	2015	2016	2017	2018
January	8.8	8.7	7.9	8.3
February	9.3	9.1	8.2	8.1
March	8.8	8.6	7.8	7.9
April	7.5	7.1	6.6	7.0
May	6.1	6.2	5.9	5.7
June	6.2	5.6	5.8	5.2
July	5.1	4.9	4.8	4.2
August	4.9	4.5	4.6	4.1
September	5.3	5.2	5.1	5.0
October	7.0	6.2	6.2	5.6
November	7.7	7.0	7.0	6.7
December	7.6	6.9	6.8	na

Source: Alaska Department of Labor and Workforce Development, Labor Force Data.

Personal Income

Ketchikan residents earned total personal income of \$901 million in 2017, with two-thirds (65 percent) attributable to wages and salaries; 18 percent to dividends, interest, and rent; and 17 percent to personal transfer receipts, which consist of payments from government to individuals and income for which no current services are performed, such as pensions and retirement account payments.

In nominal terms, total personal income in Ketchikan Gateway Borough rose by an average of 3.0 percent per annum between 2008 and 2017. In “real” inflation-adjusted dollars, personal income increased at an average annual rate of 1.3 percent over that period.

Table 62. Personal Income by Source (In Millions of 2017 \$), Ketchikan Gateway Borough, 2008-2017

Year	Wages and Salaries	Dividends, Interest, and Rent	Personal Transfer Receipts	Total Personal Income	Total Personal Income (\$2017)
2008	\$444.0	\$124.9	\$122.7	\$691.7	\$798.9
2009	467.9	123.6	108.2	699.7	798.7
2010	488.9	128.2	119.9	737.0	826.7
2011	505.5	142.0	125.2	772.6	839.6
2012	545.1	141.6	122.2	808.8	859.7
2013	556.3	139.6	120.3	816.2	841.1
2014	572.4	146.3	144.0	862.6	874.9
2015	591.4	150.5	146.6	888.4	896.5
2016	575.3	155.0	146.8	877.1	881.3
2017	584.4	162.2	154.5	901.1	901.1
% change 2008-2017	+31.6%	+29.9%	+25.9%	+30.3%	+12.8%
Average annual growth, 2008-2017	+3.1%	+2.9%	+2.6%	+3.0%	+1.3%

Source: Bureau of Economic Analysis, Personal Income and Employment by Major Component.

Basic Industry Overview

Commercial Fishing and Seafood Processing

A total of 228 Ketchikan Gateway Borough resident permit holders fished commercially in 2017. The number of active permit holders in the community varies from year to year, with trends likely driven by ex-vessel prices and abundance.

Active Ketchikan permit holders earned a total of \$22 million annually over the 2012 to 2017 period (or \$92,522 annually per active permit holder). These earnings come from participation in fisheries throughout the state, though Southeast salmon fisheries are by far the most important for Ketchikan residents. Halibut, sablefish, sea cucumber, and geoduck fisheries also provide significant earnings for Ketchikan permit holders. Approximately 350 Ketchikan residents purchase commercial fishing crew licenses each year (based on ADF&G data from 2012 to 2016).

Table 63. Active Permit Holders and Gross Earnings, Ketchikan Residents, 2013-2017

Year	Permit Holders who Fished	Estimated Gross Earnings
2013	239	\$24,599,316
2014	241	\$21,772,422
2015	233	\$18,949,212
2016	243	\$21,569,222
2017	228	\$22,656,821
2013-2017 Average	237	\$21,909,399

Source: CFEC.

Ketchikan is a major U.S. seafood port, ranking 14th in terms of pounds landed in 2016. The value of seafood landed in Ketchikan varies from year to year, primarily due to fluctuations in pink salmon returns, which are generally higher in odd years. Over the 2012-2016 period, an average of 91 million pounds were landed annually in the community, worth roughly \$50 million.

Table 64. Volume and Value of Commercial Fishery Landings in Ketchikan, 2012-2016

Year	Dollars (Millions)	Pounds (Millions)
2012	\$54.4	74.1
2013	\$76.2	143.5
2014	\$45.1	86.5
2015	\$39.6	84.3
2016	\$36.0	65.0
2012-2016 Average	\$50.3	90.7

Source: NOAA, OST.

Note: Landings in Ketchikan and Metlakatla are grouped together, though nearly all of these landings are in Ketchikan.

Pink and chum salmon are the most important species processed in Ketchikan, followed by coho and sockeye salmon. Dive fisheries in the area (sea cumpers, geoducks, and urchins) are also important to local seafood processors, along with herring, halibut, sablefish, spot prawns, and other species.

Seafood processors based in Ketchikan include Trident Seafoods, Alaska General Seafoods, EC Phillips, and a few other small processors. In 2016, seafood processors in the community employed 968 workers at the seasonal peak in August. The monthly average in 2016 was 341 workers. Data for other recent years is not available due to confidentiality restrictions.

Table 65. Monthly Seafood Processing Employment in Ketchikan, 2016

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Employment	177	142	109	209	165	419	787	968	400	246	197	267

Source: Alaska Department of Labor and Workforce Development, Labor Force Data.

Hatchery Operations

The Southern Southeast Regional Aquaculture Association (SSRAA), which is headquartered in Ketchikan and operates seven salmon hatcheries in the region, is a major player in the Southern Southeast seafood industry. SSRAA production is responsible for over half of chum harvests and roughly a third of Chinook and coho harvests in Southern Southeast Alaska. In 2017, SSRAA employed a monthly average of 60 workers to operate its hatcheries and release sites, with a significant portion based in Ketchikan.

According to a recent McDowell Group study, SSRAA’s total economic impact in 2017 is estimated at 680 jobs and \$32 million in labor income, including impacts related to commercial fishing, seafood processing, nonresident sportfishing, and from SSRAA’s own spending and employment. These impacts – a majority of which are felt in the Ketchikan area – are expected to increase due to additional salmon production and releases in the coming years.

Mariculture

Alaska’s mariculture industry is small (the total value of all mariculture production statewide was \$1.5 million in 2017), but Southern Southeast is an important part of this evolving industry. Eleven farms in Southern Southeast produced 690,000 oysters in 2017, 38 percent of statewide oyster production. The majority of Alaska’s total 2017 production of 11,000 pounds of geoducks came from Southern Southeast.

The most significant mariculture development in the Ketchikan area is Marble Seafoods oyster farm, which was first permitted in 2014. This farm is now the largest producer of oysters in the state, selling roughly 15 to 20 percent of statewide production. Marble Seafood plans to eventually increase production to more than 1 million oysters annually.

Oceans Alaska, a shellfish hatchery and research facility located in Ketchikan, is a valuable component of the statewide mariculture industry. Seed supply is a critical issue for continued industry growth statewide for both of oysters and geoducks, and Oceans Alaska could play a role.

SEAFOOD INDUSTRY OUTLOOK

Employment and the overall economic impact of the seafood industry in Ketchikan varies from year to year, depending on run strength, harvest and production volume, and prices. Nevertheless, over the long term the industry should be a reasonably stable component in the Ketchikan economy, with some growth potential. Participation in commercial fishing is fixed by the limited entry permit system; processing employment and tax

revenues will be driven by volume and prices. Processors will continue to look for ways to enhance labor efficiency, increase utilization rates, and otherwise add production value. A positive force will include increasing regional salmon hatchery production (with associated increases in values for fishermen and processors). Another upside factor includes a growing regional mariculture industry, now a small segment of Ketchikan’s economy, but the target of new investment. The state’s largest oyster farm is in Ketchikan, with production at that facility anticipated to triple over the next few years. Environmental factors will be the wild card in the future of the seafood industry.

With respect to housing, the seafood industry will continue to have significant seasonal housing requirements (met largely with company-provided housing), but those needs are not expected to change significantly in the foreseeable future.

Ketchikan’s Visitor Industry

A recent McDowell Group study found that out-of-state visitors to Ketchikan in summer 2017 directly and indirectly accounted for 1,750 jobs and \$76 million in labor income in the local economy.⁵ These figures represented 17 percent of borough-wide employment, and 14 percent of labor income, over the study period.

Ketchikan welcomed 1,059,200 out-of-state visitors in summer 2017, 95 percent of whom (1,010,400) were cruise passengers; air visitors accounted for 4 percent (44,500), and ferry visitors accounted for 1 percent (4,300).⁶

Ketchikan’s visitor industry has increased in recent years: between summer 2012 and summer 2017, cruise passenger volume grew by 12 percent, and air volume increased by 38 percent. While ferry visitation fell by 22 percent over the same period, the loss only represented 1,200 people. All visitors combined, volume increased by 13 percent between summers 2012 and 2017.

Because of the large role cruise passengers play in Ketchikan’s visitor industry, the sector’s outlook is closely linked with that of the statewide cruise industry. In summer 2017, Ketchikan captured 93 percent of total statewide cruise volume; it is the second-most visited Alaska port, after Juneau.

The following chart shows Ketchikan’s cruise volume over the last 10 years along with statewide volume. The chart shows fairly consistent growth since the

Table 67. Economic Impacts of Out-of-State Visitors to Ketchikan, Summer 2017
Direct Plus Indirect

	Economic Impacts	% of Ketchikan Total
Employment	1,750 jobs	17%
Labor income	\$76 million	14%

Source: *Ketchikan Summer Visitor Profile and Economic Impact Analysis*.

Table 66. Visitor Volume to Ketchikan by Transportation Mode, Summers 2012 and 2017

	Summer 2012	Summer 2017	% Change
Cruise	898,200	1,010,400	+12%
Air	32,200	44,500	+38%
Ferry	5,500	4,300	-22%
Total	935,900	1,059,200	+13%

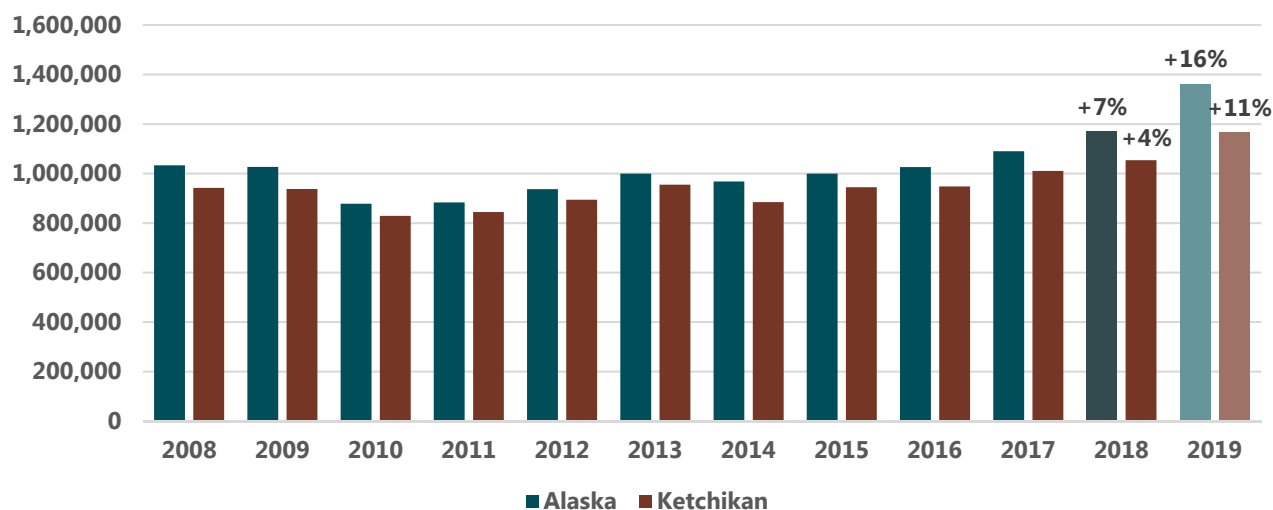
Source: *Ketchikan Summer Visitor Profile and Economic Impact Analysis*.

⁵ *Ketchikan Summer Visitor Profile and Economic Impact Analysis*, conducted by McDowell Group for Ketchikan Visitors Bureau, 2018.

⁶ *Ibid.*

low point of 2010. Ketchikan traffic ramped up with increases of 7 percent in 2017 and 4 percent in 2018. A total of 1,165,000 cruisers are expected to visit Ketchikan in 2019, an 11 percent increase from the 2018 total of 1,050,000. Additional growth is expected in 2020.

Figure 3. Alaska and Ketchikan Cruise Passenger Volume, 2008-2018 (2019 Projected)



Source: McDowell Group and Cruise Line Agencies of Alaska.

VISITOR INDUSTRY OUTLOOK

A bright spot in Ketchikan’s economy is recent and projected growth in the visitor industry. Assuming a reasonably robust U.S. economy, growth is likely to continue for at least two to three years, driven primarily by significant growth in cruise passenger volume. It is more difficult to forecast non-cruise visitor volume, but a relatively strong national economy and recent growth in the Ketchikan air visitor market point towards a positive outlook in the near-term. Sportfishing and other outdoor activities should continue to be a strong draw for visitors to the community. With this growth comes increasing number of seasonal jobs and increasing seasonal housing needs. Some industry employers report hiring constraints related to the lack of available housing from April through October.

Shipbuilding/Repair

The Ketchikan Shipyard, operated by Vigor Alaska (a subsidiary of Vigor Industrial) supports newbuilds, repairs and refitting, and maintenance for marine vessels. Over the past three years, the Ketchikan Shipyard has experienced an upward trend in employment, increasing from 180 jobs in 2013 to a peak of 300 jobs in 2018.

In 2018 the Ketchikan Shipyard employed an average of 175 full-time workers with monthly employment ranging from 150 to 200. Vigor also employed between 60 and 100 subcontracted employees throughout 2018, with an average of about 83. Employment at the shipyard was stable throughout most of 2018; however, 50 full-time workers (about one-quarter of the workforce) were laid off between October and December as work on the new Alaska Class ferries was completed. Future levels of employment are uncertain and dependent on acquiring new projects.

SHIPBUILDING/REPAIR OUTLOOK

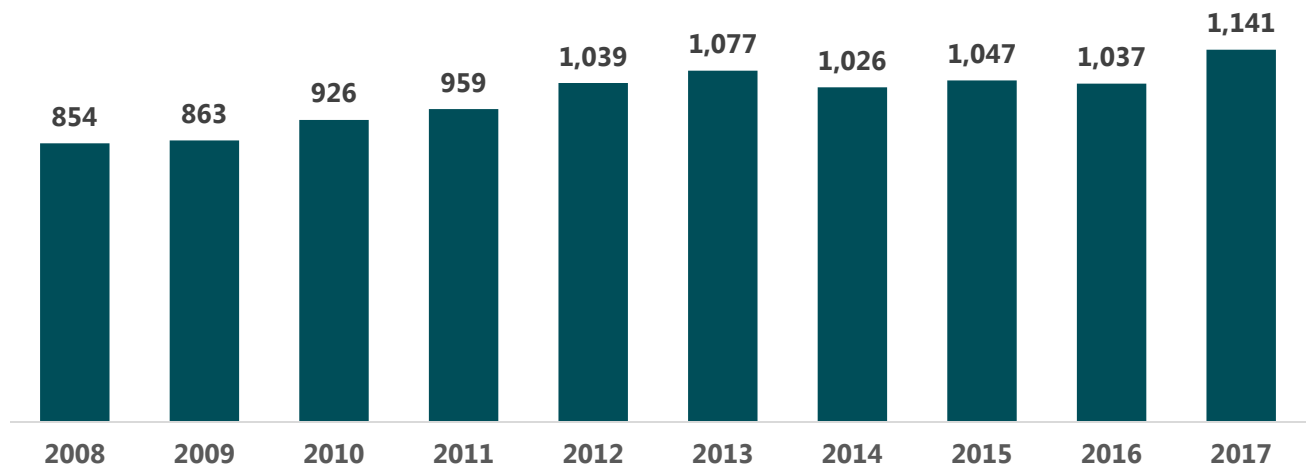
As work on the ferries is wrapped up, the future of the shipyard is unclear. Alaska Marine Highway-related maintenance and repair will continue to be a critical source of shipyard revenue and employment. Other government-related work and private sector work will depend on how Vigor positions the shipyard within the company's broader base of shipbuilding and repair assets located in the Pacific Northwest. Employment and contractor reductions at the shipyard in late 2018 and early 2019 may ease pressure on Ketchikan's rental housing market. Beyond that, housing needs for the shipyard workforce may vary project-to-project.

Healthcare

The healthcare industry is one of Ketchikan's largest employers. The industry includes a regional hospital, Tribal health clinic, a number of smaller general practice clinics, individual practitioners, specialists, dentists, optometrists, and other healthcare providers. Ketchikan is a regional hub for healthcare facilities and provides services for much of southern Southeast, particularly for Prince of Wales Island and Metlakatla residents.

Ketchikan's healthcare and social assistance sector, with 1,141 jobs in 2017, accounted for about 12 percent of all wage and salary employment in the borough. Employment grew by 34 percent from 2008 to 2017, adding nearly 300 jobs.

Figure 4. Ketchikan Healthcare and Social Assistance Employment, 2008-2017



Source: Bureau of Economic Analysis.

PeaceHealth Medical Center is the largest healthcare provider in Ketchikan. The hospital employs about 450 full-time, part-time, and temporary workers. While employment overall has been steady, there has been an increase in reliance on travelling caregivers for positions that are traditionally filled by local nurses and physicians. This has resulted in an influx of employees seeking short-term rentals near the hospital.

KIC Tribal Health Clinic, which opened in 2000, provides healthcare services for Alaska Natives and American Indians including basic healthcare services, dental, pharmacy, optometry, behavioral health services, and preventive services such as cancer screening, TB screening, diabetes screening, prenatal care, and health education. A new behavioral health facility was opened in July of 2018.

HEALTHCARE INDUSTRY OUTLOOK

DOLWD predicts Alaska’s healthcare industry will add 10,000 jobs over the next ten years. Ketchikan is likely to experience some increase as the community’s population ages. Near-term, PeaceHealth Medical Center expects steady employment, as the services offered and the market being served are not expected to change significantly. With respect to housing, any changes in the medical center’s reliance on itinerate workers could affect rental housing demand.

Government Employment

Local, state, and federal government combined account for one-quarter of all employment in Ketchikan. Local government, which includes school district positions and tribal government, as well as basic local government administration, is the largest source of public sector jobs in Ketchikan and has been the steady source of about 1,100 jobs for the past decade. State government employment decreased 14 percent (about 100 jobs) over the past four years. Federal government employment, which had been on a steady decline, has been increasing slowly over the past several years.

Table 68. Federal, State, and Local Employment, Ketchikan Gateway Borough, 2009-2017

Year	Federal	State	Local	Total
2009	621	697	1,068	2,386
2010	606	715	1,052	2,373
2011	537	712	1,050	2,299
2012	518	711	1,079	2,308
2013	503	700	1,097	2,300
2014	482	702	1,104	2,288
2015	499	673	1,124	2,296
2016	503	615	1,065	2,183
2017	509	603	1,083	2,195
Change 2009-2017	-18%	-13%	+1%	-8%
Change 2015-2017	+2%	-10%	-4%	-4%

Source: Bureau of Economic Analysis

The U.S. Forest Service is a key employer of full-time residents and seasonal workers. The Forest Service employs approximately 64 full-time, year-round employees, and 40 to 45 seasonal employees. USCG Base Ketchikan employs an average of 215 people. The Base includes a dry-dock, industrial production facility, comptroller and procurement shops, and an administrative suite to provide personnel support. Employment at Base Ketchikan has been stable over the past five years. Approximately 35 positions are civilian, filled by full-time community residents. About one-third of base staff transfers each year. Temporary base members range from single individuals to families.

GOVERNMENT EMPLOYMENT OUTLOOK

Government has been and is expected to be stable source of 2,000 generally high-wage, year-round jobs. There is some uncertainty looking ahead, particularly with respect to state government employment and state-funded programs. Alaska has yet to resolve its fiscal gap, and further downward pressure on state spending should be expected. Though the federal political environment appears somewhat unstable (with respect to agency and program funding), no significant changes are foreseen in employment with agencies important to Ketchikan (USFS and USCG). Similarly, local government employment is not expected to change significantly in the foreseeable future, though the State Demographer's forecast for slow, long-term decline in the school-age population could translate to some decrease in school district employment.

Summary Outlook

While the State Demographer's forecast indicates long-term decline in Ketchikan's population, analysis of the economic forces at work in the local economy suggests that stability or slow growth can be expected, at least in the near-term. That growth may be largely seasonal, associated with increased visitor traffic and spending, which will spur seasonal employment and rental housing demand. Another important trend is the aging of the population, which will result in increased reliance on non-resident labor.

Looking farther ahead, mining-related development has potential to generate economic activity in Ketchikan. Ucore Rare Metals, owner of the Bokan Mountain rare earth element (REE) prospect on Prince of Wales Island, has plans to construct and operate a refinery and separation plant in Ketchikan. Also on Prince of Wales Island, Heatherdale Resources' Niblack Project, which contains copper, gold, zinc, and silver, has long-term development potential. This mining-related development could add jobs to Ketchikan's economy. Workers at the separation plant would reside in Ketchikan, and miners employed at the Prince of Wales mines could choose to live in Ketchikan while engaged at shift work at the mines. Ketchikan would serve as the mines' service and supply center, creating support sector jobs. Employment associated with the mines would be high-wage and year-round, with greater impacts on the single-family home market than the rental market. Mining-related development, should it occur, is probably no less than five to 10 years into the future.

The preceding research and analysis indicate that improvements to Ketchikan's housing inventory may be beneficial in the following areas:

- Single-family homes available for under \$300,000
- Multi-family housing to meet Ketchikan resident demand
- Seasonal workforce housing
- Low-income housing
- Senior and accessible housing
- Homeless housing

Each of these aspects of housing in Ketchikan are described below.

Single-Family Homes for under \$300,000

Owner-Occupied Housing

While there is some demand for virtually all types of housing in the borough, the most significant demand is for affordable owner-occupied detached single-family and multi-family homes. As described elsewhere in this study, "affordable housing" is a relative term and dependent on household composition and income.

Many Ketchikan residents and people who would like to live in the area are frustrated in their search for affordable, quality, single-family homes. Most new construction of detached single-family homes has tended towards 2,000 sq. ft. and larger homes on lots of 5,000 to 15,000 sq. ft. Estimated home construction costs in the borough are \$150 to \$200 per sq. ft. or more, depending on amenities. The base price of a 2,000-sq. ft. home is at least \$300,000 with site development costs roughly in the range of \$50,000 to \$90,000 (depending on location, access to City water and sewer, and other factors) plus the cost of the land. This size of home is priced well above what is considered affordable.

The Borough has limited ability to affect the overall cost of home construction. What is clear from research conducted for this study, and a review of how other municipalities are addressing affordable housing issues, is that the key to increasing the availability of affordable homes is smaller home size and smaller lot size (i.e., higher density housing).

If there is desire to address the shortage of affordable single-family housing, the Borough should consider zoning, lot size, and other regulatory issues in a strategic manner. While many renter households in Ketchikan may wish to own a 2,000-sq. ft. home on a decent size lot, these types of dwellings are just not affordable to many first-time homebuyers. There seems to be interest in the community to explore smaller housing and increased density among families and seniors that currently do not own their home. While the willingness among current homeowners to accept smaller homes and higher densities in their neighborhoods may be a concern, it is essential to address the issue.

Multi-Family Housing to Meet Ketchikan Resident Demand

Ketchikan renters are more cost-burdened than renters in other communities and have comparatively fewer multi-family housing options to choose from. Seasonal, non-resident demand may be pushing up rental costs for residents.

Though rental vacancy rates are around 10-11 percent in the winter, there is an acknowledged shortage of rental housing in Ketchikan. There is demand for more rental units from residents of all ages and household composition including single-person households, families, seniors, and many low-income households need rentals in one form or another. Many rental units have been removed from the stock available for year-round rental as units are leased or purchased by seasonal employers and others converted to transient rentals. Resident demand is overlaid by strong seasonal demand for workforce housing. Seasonal demand by workers in the visitor industry will continue to increase at least for the next year or so as the industry sees significant growth in the volume of cruise passengers. Because of the overlap in resident and seasonal rental demand, it is challenging to estimate excess demand for each housing type and by household type.

Housing types identified as most in demand include 4- and 6-plex units, 2- and 3-bedroom apartments, and single occupancy units (such as a boarding rooms and micro apartments).

The development of multi-family units, particularly apartments, is limited by the small area of land available and zoned for multi-family housing, especially in areas of high demand where people want to live based on access to amenities, transit, schools, and other livability factors. High construction costs and limited available land make it challenging for developers to build financially feasible, multi-family housing with rents that would be considered affordable.

Seasonal Workforce Housing

Seasonal housing is one of Ketchikan’s principal housing challenges. Very low vacancy and insufficient supply of seasonal rental housing were widely reported in interviews conducted for this study.

Workers from outside the community accounted for more than a third (36 percent) of Ketchikan’s private sector workforce in 2016 (latest available data). That year Ketchikan’s workforce included 6,019 Ketchikan residents, 2,633 non-Alaskans, and 834 Alaskans from elsewhere in the state. Seafood processing, the visitor industry, and shipbuilding/repair can have high dependence on non-resident labor. Construction activity that brings non-resident workers to Ketchikan temporarily can further increase seasonal demand for housing. Transient health care workers are also likely creating demand for rental housing.

Table 69. Resident and Nonresident Workforce in Ketchikan, 2010-2016

Year	KGB residents	Other Alaska residents	Non-Alaska residents	Total workers	Percent KGB residents
2010	6,216	703	2,540	9,459	66%
2011	6,288	879	2,706	9,873	64%
2012	5,768	1,319	2,541	9,628	60%
2013	6,087	950	2,629	9,666	63%
2014	6,133	975	2,461	9,569	64%
2015	6,197	790	2,730	9,717	64%
2016	6,019	834	2,633	9,486	64%

Source: Alaska Department of Labor and Workforce Development, Nonresidents Working in Alaska 2010-2016.

The seasonality of seafood processing and tourism lead to a dependence on non-resident labor. In 2016, monthly seafood processing employment in Ketchikan ranged from 142 in February to 968 in August. Though visitor industry-specific data is not available, that sector of the local economy is likewise highly seasonal, with little direct activity in the winter and a peak in the July/August period. Among various visitor-dependent sectors, the “scenic and sightseeing” transportation subsector has employment ranging from about 25 in January to over 300 in July and August. Similarly, in the “miscellaneous retail” subsector (which includes gift shops), employment ranges from 60 in the winter to 190 in the summer. Employment in Ketchikan’s lodging sector doubles in the summer, ranging from 200 in January to 400 workers at the summer peak (based on 2017 ADOLWD data).

In 2016, 78 percent of the seafood processing workforce was non-Alaska resident. Though data is not available for the visitor industry as whole, sectors affected by visitor spending have non-resident labor force rates ranging up to 50 percent.

Changes in the number of non-residents working in Ketchikan in any given year depends largely on the needs of the seafood processing industry. In 2016, there were 874 workers in Ketchikan’s seafood processing sector, including 681 non-residents (78 percent of the workforce). Since 2010, the number of non-resident workers in Ketchikan’s seafood processing industry has ranged from 685 (in 2014) to 969 (in 2011).

Table 70. Non-Resident Employment in Ketchikan’s Seafood Processing Industry, 2010 to 2016

Year	Total Workforce	Non-Residents	% Non-Residents
2010	921	750	81%
2011	1,152	969	84%
2012	934	737	79%
2013	1,064	873	82%
2014	871	685	79%
2015	1,000	797	80%
2016	874	681	78%

Source: ADOLWD.

Note: This does not include all seafood processing workers employed each year. Workers who were employed in other sectors and earned more wages in those other jobs are not included in this data.

Ketchikan can expect increasing reliance on non-resident labor. The seafood industry’s needs will vary year-to-year depending on the volume of fish landings, but all other factors being equal, the industry is likely to find it increasingly difficult to recruit locally as the local labor force ages and retires. The labor needs of the visitor industry will certainly grow as the volume of visitors increases (including approximately 230,000 additional cruise passengers by 2020, a 22 percent increase from 2018 levels).

The total demand for seasonal housing is unknown. Based on ADOLWD data, there were 2,211 non-residents employed in Ketchikan during the summer. There is also likely (though unknown) additional housing demand associated with residents (students) returning for summer employment.

The largest Ketchikan seafood processors provide housing for most of their seasonal workforce. Housing is either in bunkhouses or apartment buildings typically, with two to four employees per room. Combined, processors provide an estimated 750 beds for non-resident workers during the peak processing season which lasts from two to three months.

The Forest Service employs 40 to 45 seasonal employees and maintains a bunkhouse that can lodge up to 19 seasonal employees. USCG Base Ketchikan has on-site housing for up to 20 employees, and typically houses between 12 and 18 people at any given time, with an average of 15. Base housing tends to be occupied by younger and single members (the base provides a housing officer and staff to assist with finding off-base housing). Some larger visitor industry businesses provide housing for their workers, though specific data is not available.

Excluding approximately 800 beds in group quarters, seasonal housing is needed for about 1,400 non-resident workers. At two occupants per unit, that indicates a total seasonal demand of at least 700 housing units. AHFC data suggests that approximately 250 rentals are vacant in March, which leaves insufficient capacity to meet summer rental demand. While it is unknown if the exact gap is 450 units, it is evident that demand significantly exceeds supply. Looking ahead, seasonal housing demand is likely to increase along with anticipated visitor industry growth.

Low-Income Housing

There are 179 subsidized housing units in the borough including units for the disabled and the elderly. These subsidies are provided by a variety of state and federal programs. Ketchikan Indian Community Housing Authority and Tlingit and Haida Regional Housing Authority are also active in providing low-income and subsidized housing. There are also 67 available Section 8 Housing Choice Vouchers. Following the table below are descriptions of each program.

Table 71. Ketchikan Gateway Borough's Low-Income Housing Units, 2018

	Total Units	Low-Income Units	Units for the Elderly	Units for the Disabled	Accessible Units
AHFC Public Housing Program	73	73	49	49	6
Low-Income Housing Tax Credit	24	24	0	0	2
USDA Section 515 Rural Rental Housing Program	22	22	0	0	2
HUD 202 Supportive Housing for the Elderly	8	0	0	8	0
Other programs ⁷	52	52	29	3	0
Total subsidized units	179	171	78	60	10

Sources: U.S. Department of Housing and Urban Development (HUD) databases for low-income housing tax credit (LIHTC) programs and Section 202 inventory, Industry interviews with Alaska Housing Development Corporation (AHDC), Alaska Housing Finance Corporation (AHFC), U.S. Department of Agriculture (USDA), Tlingit Haida Regional Housing Authority.

⁷ Other programs include The Moving Home Program (MHP), Tenant-Based Rental Assistance Program (TBRA), the Empowering Choice Housing Program (ECHP), and three programs operating out of Saxman funded by Native American Housing Assistance Self Determination Act (NAHASDA) block grants via the U.S. Department of Housing and Urban Development.

The Low-Income Housing Tax Credit Program (LIHTC)

An indirect federal subsidy used by property owners to finance the construction, acquisition or rehabilitation of low-income rental housing and to create affordable apartment communities with lower market rents. Privately owned low-income housing structures may include market rate units, in addition to rent reduced units under a tiered rent structure. This means that there may be multiple rent amounts throughout the apartment community, depending on the occupant's income.

AHFC Housing Program Units

Units owned and operated by the Alaska Housing Finance Corporation where tenants pay a portion of their monthly income toward rent and the U.S. Department of Housing and Urban Development subsidizes the remaining balance.

Section 8 Housing Choice Voucher

The most popular housing program in the country, Section 8 housing Choice Voucher participants pay 30 percent of their household's monthly income toward rent. The remaining balance is paid to the property owner by the housing authority that manages the household's voucher. Public housing authorities are managed by the U.S. Department of Housing and Urban Development. After a year of residency, voucher participants have

⁷ Other programs include The Moving Home Program (MHP), Tenant-Based Rental Assistance Program (TBRA), the Empowering Choice Housing Program (ECHP), and three programs operating out of Saxman funded by Native American Housing Assistance Self Determination Act (NAHASDA) block grants via the U.S. Department of Housing and Urban Development.

the option to transfer their voucher to another public housing authority's jurisdiction, this process is known as porting.

HUD 202 Supportive Housing for the Elderly

The Supportive Housing for the Elderly program is offered by the U.S. Department of Housing and Urban Development to provide interest-free capital advances in order to finance the development of supportive housing for the low-income elderly population. Financing from the program advances the construction, rehabilitation or acquisition of structures that serve as supportive housing for low-income seniors. Financing does not have to be repaid by property owners as long as the project is able to serve low-income seniors for 40 years. Project rental assistance funds are provided by the U.S. Department of Housing and Urban Development to cover the balance between approved operating costs and the amount residents contribute toward rent.

USDA Rural Rental Housing Loans (Section 515)

Loans made by the U.S. Department of Agriculture in order to provide low-income housing for very low-, low-, and moderate-income families, the elderly, and people with disabilities in rural areas. Furthermore, the USDA offers Rural Rental Assistance for properties financed by Section 515. This program covers the difference between 30 percent of a tenant's income and the monthly rental rate.

Ketchikan Indian Community Housing Authority Programs

KICHA currently has a total of 32 housing units located throughout the City of Ketchikan. Housing is a mix of types including single family homes, duplexes, tri-plex, and multi-family buildings for singles, families, and seniors. The units include a total of eleven 1-bedroom and twenty-one 2-3 bedrooms units. Construction is underway on two additional duplexes in the Bear Valley neighborhood which will offer four new 3-bedroom townhouse style units. Design is beginning on another duplex in the downtown area.

KICHA recently purchased 12.6 acres of undeveloped land zoned Residential High Density in the Upper Carlanna area to develop a new housing subdivision. It is anticipated that 18-20 new single family and multi-family housing lots will be available in the next five years. KICHA also owns the adjacent 7-acre upper Shaa Tlien subdivision in the area which could be further developed if the City of Ketchikan extends water service to the area. Currently, the existing water tank providing City water is lower in elevation than the housing lots in the upper Shaa Tlien subdivision and the gravity fed system does not have enough pressure to provide water to the upper lots.

There is a long waiting list for KICHA housing. Because there is little affordable housing available in Ketchikan, KIC clients are not cycling out of the subsidized housing or participating in programs to buy their own house due to a lack of affordable options. KICHA uses an innovative mix of funding including AHFC, HUD, Federal Highway, and private secured loans to develop their housing projects.

Tlingit and Haida Regional Housing Authority

THRHA has 24 Low-Income Housing Tax Credit (LIHTC) units in Ketchikan. Half of these units are at the 50 percent MFI income limit, and half at the 60 percent MFI income limit. The units are open to anyone regardless of their race.

THRHA has three low-rent units funded by the Native American Housing Assistance Self Determination Act (NAHASDA) block grant via HUD. Residents must be a member of a federally recognized tribe in order to qualify and must be under 80 percent MFI.

Six new Mutual Help rent-to-own homes are available and are also funded by NAHASDA block grants. Potential homeowners must be a member of a federally recognized tribe and under 80 percent MFI to qualify.

HUD Income Limits

The following table shows 2018 HUD income limits by household size. The table is used to determine if total household income is categorized as extremely low income, very low income, or low income. These determinations are then used to determine qualifications for various programs.

Table 72. HUD Ketchikan MFI Income Limits, 2018

Income Level	Household Size							
	1 person	2 people	3 people	4 people	5 people	6 people	7 people	8+ people
Extremely low income (30% HUD income limits)	\$18,350	\$21,000	\$25,980	\$31,380	\$36,780	\$42,180	\$47,580	\$52,980
Very low income (50%)	\$30,600	\$35,000	\$39,350	\$43,700	\$47,200	\$50,700	\$54,200	\$57,700
Low income (80%)	\$48,950	\$55,950	\$62,950	\$69,900	\$75,500	\$81,100	\$86,700	\$92,300

Source: FY 2018 HUD Household Income Limits.

Senior and Accessible Housing

Senior Housing

AHFC reports that with 146 beds in senior housing facilities, there are 12.75 senior citizens (residents 65 years of age and above) per licensed senior care facility bed in Ketchikan. That is slightly better than the statewide average of 14.68 seniors per bed.⁸ Ketchikan leads other urban areas (by Alaska standards), including Kenai Peninsula Borough (22.32), Fairbanks (20.22), Juneau (18.09), and Mat-Su (13.48), but slightly trails others including Anchorage (12.11), Kodiak (12.11), and Sitka (11.45).

Ketchikan’s senior housing needs will be increasing significantly if it retains its retiree population. Ten years ago, residents over age 60 accounted for 16 percent of the borough’s population. In 2017 it was 22 percent, and by 2035 it will be 28 percent. By 2035, Ketchikan’s population will include 3,100 residents over age 65, approximately 1,000 more than today. That number includes about 150 fewer residents aged 60 to 65 and almost 1,200 more residents aged 70 and above. To maintain the current ratio of 12.75 seniors per licensed senior care facility bed, the community will need another 80 beds.

⁸ <https://www.ahfc.us/efficiency/research-information-center/alaska-housing-assessment/2018-housing-assessment/census-area-senior-housing-needs>

Table 73. Population Projections by Age Cohort and Total, Ketchikan Gateway Borough, 2017-2035

Year	0-19	20-39	40-59	60+	Total
2017	3,460	3,540	3,673	3,081	13,754
2020	3,317	3,493	3,432	3,378	13,620
2025	3,234	3,405	3,193	3,729	13,561
2030	3,142	3,226	3,248	3,802	13,418
2035	2,994	3,174	3,351	3,667	13,186
Change 2017-2035	-466	-366	-322	+586	-568
% change 2017-2035	-13.5%	-10.3%	-8.8%	+19.0%	-4.1%

Source: Alaska Department of Labor and Workforce Development, Population Projections 2017-2035.

Note: These population projections are based solely on past trajectories in migration and expected fertility and death rates per age cohort. These projections do not consider possible development initiatives or other economic events that may affect population trends.

Table 74. Projected Senior Population by Age Cohort, Ketchikan Gateway Borough, 2017-2035

Age Cohort	Count					Percent change during period			
	2017	2020	2025	2030	2035	2017-2020	2020-2025	2025-2030	2030-2035
65-69	785	899	920	818	634	+14.5	+2.3	-11.1	-22.5
70-74	567	650	810	831	737	+14.6	+24.6	+2.6	-11.3
75-79	310	412	553	695	716	+32.9	+34.2	+25.7	+3.0
80-84	195	205	317	433	550	+5.1	+54.6	+36.6	+27.0
85-89	119	110	131	209	291	-7.6	+19.1	+59.5	+39.2
90+	64	74	78	91	135	+15.6	+5.4	+16.7	+48.4
Total senior population	2,040	2,350	2,809	3,077	3,063	+15.2	+19.5	+9.5	-0.5

Source: Alaska Department of Labor and Workforce Development, Population Projections 2017-2045.

CURRENT CAPACITY

There are several options for senior housing in Ketchikan, ranging from apartments for independent living to congregate housing and assisted care facilities. Each of these facilities offers varying levels of assistance to seniors and disabled community members.

The State-owned and operated Ketchikan Pioneer Home can house up to 45 residents needing varied levels of care in private or shared rooms with shared common spaces and daily meals served in small dining rooms. The Pioneer Home maintains a caregiving staff of 80 employees, including 20 on-call employees. Over the last several years, on average, there are 41 residents at the Ketchikan Pioneer Home at any given time and a waitlist for the facility. Beds at the Ketchikan Pioneer Home are potentially available to Alaskans from across the state, not just local residents.

Pioneer Heights Senior Housing offers 10 independent living apartments for those aged 62 or older on the hillside north of town. Pioneer Heights Senior Housing does not employ any full-time or on-call staff apart from the facility's property manager, and residents generally have their own car for transportation. The 10 units consist of one or two bedrooms with capacities varying from two to four residents per unit. Because residents

at Pioneer Heights Senior Housing generally seek long-term housing arrangements, the facility is often at capacity.

Ketchikan Indian Community Elder Housing provides a total of 12 independent living apartments for seniors aged 62 and older in a residential neighborhood close to schools and on the transit line. The two-story building is fully accessible and has eight one-bedroom units and four two-bedroom units. There is a waiting list for the apartments. Residents must be a member of a federally recognized tribe in order to qualify for housing and be under 80 percent MFI.

Another senior housing provider is The Manor, an assisted living facility that specializes in care for dementia patients. The Manor can provide housing and caregiving services for up to 12 residents, with 12 individual sleeping rooms in a congregate residence. The Manor employs a staff of 15 employees including three part-time caregivers and one part-time cook. Levels of employment and residency at the Manor have been consistent in recent history and are expected to stay that way as the 12-unit facility is frequently operated at capacity. However, representatives from the Manor did report that additional staffing is needed with a greater number of dementia patients residing in the facility. Additionally, representatives of the Manor expressed a dire need for an increase in housing options in Ketchikan, particularly those suited for seniors aging in place.

Rendezvous Senior Day Services offers eight independent housing units with shared common areas in their congregate housing facility in the Jackson Street neighborhood close to shopping and transit. Six of the rooms are rent-subsidized, with two rooms at market rate. Representatives at Rendezvous note that there is less need for the market rate rooms as many seniors who are not low-income are not looking for congregate housing options.

As well as being the primary healthcare provider in Ketchikan, the PeaceHealth Medical Center also offers services specifically tailored for seniors. Through a long-term nursing program, the PeaceHealth Medical Center can offer care for up to 29 patients at a time. However, due to a shortage of full-time staff and a reliance on temporary and travelling workers, the hospital reported only being able to offer care to an average of 17 patients at a time. The Clinic's ability to serve more patients depends on staffing, as they can only accept as many patients as they have caregivers to provide adequate treatment.

Opportunity House offers affordable supportive housing for persons with disabilities in a single-story building in the neighborhood near the hospital and transit line. Opportunity House has eight accessible, subsidized apartments to those qualifying for this program.

Saxman

THRHA recently constructed Shaan Hidi Senior Center in Saxman which offers 17 independent living apartments for seniors with additional shared common areas such as large living and dining rooms and commercial kitchen. The building is also home to the Saxman-Ketchikan Senior Center run by Southeast Senior Services which provides daily lunches for seniors at the Center and others, home delivered meals, transportation, and other services. Another 12 independent living units for seniors are located in the Saxman Elderly Center. These 29 units of senior housing in Saxman (including nearly elderly at age 55+) are funded by the Native American Housing Assistance Self Determination Act (NAHASDA) block grant via HUD. Residents must be a member of a federally recognized Tribe in order to qualify and must be under 80 percent MFI.

Accessible Housing

Accessible housing is typically defined as a structure that meets the Americans With Disabilities Act (ADA) standards established at the Federal level in 1990. While ADA regulations are complex, key components include:

- Regulations apply to commercial buildings with four or more units.
- Units must have an accessible route into and through the dwelling.
- Doors that provide access to a unit, as well as interior doors, must be wide enough to allow for the passage of persons with disabilities, including those in a wheelchair.
- Public and common areas must be readily accessible by those with disabilities.
- Environmental controls such as light switches, outlets, and thermostats must be accessible.
- Kitchens and bathrooms must provide adequate space for those with a disability to maneuver, including those in a wheelchair.
- Bathroom walls must be reinforced to allow for the installation of grab bars.

While the federal Americans With Disabilities Act (ADA) became law in 1990, the City of Ketchikan did not enforce the International Building Code accessibility requirements for commercial development until 2003. Under the current 2010 ADA Standards for Accessible Design and 2012 International Building Code adopted by the State and City of Ketchikan, commercial residential developments (buildings with four or more units) are required to provide accessibility standards in at least 5 percent, but no less than one unit, of the total number of new residential units. Multi-family development since 2010 will have accessible units, but those constructed before the standards were adopted generally did not provide accessibility.

The most significant accessibility issues for all housing types in the Ketchikan Gateway Borough are the steep topography and age of current housing stock. Many existing residences are built on hillsides with access via exterior stairs (often a significant number of stairs), making accessibility difficult for those with disabilities. Many housing units in the Borough are older and would require significant renovation (interior and exterior) to become accessible for disabled individuals.

Availability and Demand for Accessible Housing in Ketchikan

While the total number of housing units in the Borough considered accessible is unknown, the number is relatively limited, based on interviews conducted for this study and project team knowledge of the community.

Based on input from realtors and property managers interviewed for this study, there is not a significant demand for accessible residential units. However, those who do require accessibility find few options in Ketchikan. Many of those that cannot find ground-level accessible housing ultimately rent units within larger buildings with elevators. For single-family homes, there are even fewer options. One housing developer related that he recently constructed an accessible home for a family that could find no homes for sale in the community that could be made accessible.

Future demand for accessible housing is likely to increase as the Borough's population ages. Providing accessible housing options will be key to allowing older residents to remain in the community. Residential

contractors note they are increasingly asked to remodel existing homes to provide accessibility by constructing exterior ramps, installing residential elevators, widening doorways, and providing grab bars. Several contractors are trying to incorporate universal design elements within new homes to allow conversion to accessible residences in the future.

Homeless Housing

Just over 300 people used homelessness services in Ketchikan in 2017. The disappearance of single room occupancy residences in the downtown area has severely impacted low-income residents, leading to increased homelessness. Further, many small apartments in the downtown area that were located above retail stores have been converted to storage for the businesses below. These and other factors have pushed low-income residents out of the downtown area, into shelters, or onto the streets.

The Alaska section of the Homeless Management Information System (HMIS) is managed by the Institute of Community Alliances on behalf of the State of Alaska. The following data on homelessness in Ketchikan was entered in HMIS from three separate entities operating in Ketchikan Gateway Borough.

During 2017, reporting entities indicated that 305 people in Ketchikan Gateway Borough used homelessness services during the year. Of these, ten individuals met the stringent definition of chronically homeless.⁹

Table 75. Estimated Number of People Experiencing Homelessness in Ketchikan Gateway Borough, 2017

	Number of Individuals
Men	188
Women	76
Children (under 18 years old)	40
Total	305
Chronically homeless	10

Source: Institute for Community Alliances' Homeless Management Information System. Note: Column does not add to total because gender data was not collected for every person.

An estimated three-quarters of Ketchikan's homeless individuals frequented emergency shelters during 2017. The remainder were served by rapid rehousing programs in the borough.

Table 76. Estimated Number of People Using Emergency Shelters and Rapid Rehousing Programs in KGB, 2017

Facility Type	Number of Individuals
Emergency shelter	229
Rapid rehousing	84

Source: Institute for Community Alliances' Homeless Management Information System.

⁹ A "chronically homeless" individual is defined as a homeless individual with a disabling condition such as serious mental illness, substance abuse, or physical disability who lives either in a place not meant for human habitation, a safe haven, in an emergency shelter, or in an institutional care facility if the individual has been living in the facility for fewer than 90 days and had been living in a place not meant for human habitation, a safe haven, or in an emergency shelter immediately before entering the institutional care facility (U.S. Department of Housing and Urban Development).

PATH Shelter

The PATH Shelter is an emergency shelter in Ketchikan for people experiencing homelessness. The shelter has 26 beds and serves both men and women that are in need of temporary housing and allows a maximum stay of 30 days. In 2017, the shelter provided temporary housing for 140 men, 50 women, and five children. Of those who identified as one race, the majority of shelter's clients were white (63 percent), while nearly one-third were Native Alaskan/American Indian (31 percent). Most users of the shelter were relatively new to Alaska, with 70 percent living in Alaska for less than five years, and 60 percent living in Alaska for less than one year. Nearly half of the shelter's clients (49 percent) reported coming to Ketchikan from a city outside of Alaska.

Those staying at the PATH Shelter often face a variety of barriers to escaping homelessness. Nearly half of the shelter's occupants (43 percent) experience addiction or substance abuse while staying at the shelter, and over one-third of clients (37 percent) suffer from a disability.

Day and Warming Shelter

First City Homeless Services (FCHS) provides the community's homeless access to safe shelter and referrals to local resources in the Fellowship Hall of the First United Methodist Church in downtown Ketchikan. Open seven days a week, the Day Shelter is currently providing services to 35 to 45 men and women each day. The newly remodeled space offers accessible restrooms and showers as well as seating and resting areas. Referrals to other organizations who offer assistance to the homeless are available. The Shelter allows intoxicated individuals to use the shelter as long as they are not disruptive.

During fall and winter, the Warming Center at the Shelter is open all night offering a warm, dry, and safe place to rest. The Warming Center is currently serving 20 to 25 homeless men and women each night. Clients must arrive between the hours of 8pm and 10pm; if they decide to leave, they cannot return until the next day.

There is broad-based community support for FCHS with funding provided by the State of Alaska, Ketchikan Gateway Borough, the City of Ketchikan, PeaceHealth Medical Services, Ketchikan Indian Community, local churches, and individuals. The annual Empty Bowl fundraiser receives broad community support.

Downtown Single Room Housing Unit Decline

The disappearance of single room occupancy residences in the downtown area such as the Union Rooms Hotel, Knickerbocker Hotel, Pioneer Hotel, Alaska Bar & Harbor Inn, Ayson Hotel, and Bayside Hotel & Grocery has severely impacted low-income residents, leading to increased homelessness. Additionally, many small apartments in the downtown area that were located above retail stores have been converted to storage for the businesses below, further impacting the existing stock of affordable rentals. There is also a strong seasonal workforce housing demand in the downtown area from April through September. All of these factors combined have pushed many low-income residents out of the downtown area, into shelters, or onto the streets. When a unit can be found, low-income residents often have to share apartments in order to afford rent, leading to overcrowding and other issues.

Potential Options to Address KGB Housing Issues

There are ways the Ketchikan Gateway Borough can facilitate an increase in housing development in the community. However, The Borough's ability to address some barriers (such as the cost of construction, materials, and shipping) is limited. Areas where the Borough can address the community's housing shortage include facilitating the sale and development of Borough lands, incentives, and making zoning and regulation changes that would allow for increased housing density.

Following are potential options that the Borough may wish to consider would facilitate housing growth in the community. Many of these recommendations come at a cost to the Borough through staff time, subsidies, and/or tax incentives. Some options may not be politically acceptable to the Borough and/or residents. It will be up to the Borough (with community input) to decide the significance of the housing problem, and what measures are justified to address it. If no changes are adopted, then the community can expect a continuation of housing shortages, ultimately impacting economic growth and quality of life in the community.

Public Recognition of Housing Gaps

To address critical housing gaps in the borough, the Assembly and the community will need to acknowledge that housing is an issue of concern. The Borough, with community input, needs to decide whether to be proactive in addressing housing gaps or to let market forces alone dictate housing development, which recently has been primarily in homes not affordable for first-time homebuyers.

Increasing housing density and development of smaller homes are the keys to affordable housing and community growth. Some community members may be concerned with potential changes to the character of existing neighborhoods and/or new developments but will need to accept some changes that allow higher housing density.

The Borough could formally address the need for housing by creating a coalition or committee to pursue solutions that result in increased housing. CHAP is the first step in quantifying and prioritizing housing gaps in the community. This document should serve as the basis for further discussion with the Assembly, planners, developers, contractors, realtors, social service providers and the community at large. The goal would be to refine both a short-term and long-term plan to guide the community. This report is well-timed, as the Borough is in the process of updating the community's comprehensive plan and reviewing zoning and code regulations. The Borough should include a housing section with clearly-stated objectives and policies in the new comprehensive plan.

There is no single approach to increasing affordable housing in the community. The goal should be to incrementally increase a variety of housing types with strategies and policies that encourage development at a measured pace. Working towards specific goals to increase the number of new units of all types in the short-term (two to five years) and longer term (five to 10 years) would be one approach. A successful plan should be based on the premise that any increase in housing of nearly any type is good for the community.

Following are specific options that the KGB may wish to consider to improve the balance between housing supply and demand in the community.

Potential Use of KGB Land

The Borough can help ease Ketchikan's housing shortage by facilitating housing development on some Borough lands. Developers and contractors report that building any home profitably, particularly homes priced at under \$300,000, is challenging. They noted that if their costs include road construction and utility installation, they are financially unable to independently develop tracts of land.

Potential solutions may include KGB engaging in partnerships with developers/contractors for the development of roads and infrastructure in exchange for land, subsidies, or other incentives. In the absence of Borough participation, contractors will likely continue to build single family homes (at a modest pace) that are priced well above \$300,000 in order to recover land development and construction costs and make a reasonable profit. To the extent more expensive homes are built and smaller, less expensive homes are placed on the market, some small level of pent-up demand may be satisfied.

Private sector interviewees cited the Waterfall subdivision as a good example of how to successfully develop a large tract of land, where KGB carried the cost of development and then sold lots to the public. Public officials stated that there is a sentiment among Borough staff that the Waterfall subdivision was not a successful venture as the Borough did not make a profit or even recoup its investment. However, according to the assessor's database, there are 52 lots in the Waterfall service area with an assessed land value of \$3.3 million (an average of \$63,500 per lot), and appraised improvements (housing) on about two dozen lots are worth \$6.4 million. The land and properties in the Waterfall subdivision generate tax revenues for the Borough and provide needed housing in the community. In this respect, the subdivision should be viewed as a success. Additional housing development has also occurred in the area potential related to Subdivision services such as fire protection.

A development such as Waterfall would not provide affordable housing. The average lot size is about 59,400 sq. ft., and homes average about 2,100 sq. ft. To reduce costs and bring down new home prices, new subdivision development as close to town is preferable, and as near to public sewer and water systems as possible. Zoning changes to allow an increase in in the mix of housing density with smaller lots for single-family homes and multi-family housing would help spread out the cost of development and provide more affordable housing units.

Increasing Housing Density

Minimum lot sizes should be re-evaluated for areas with utilities already in place. Smaller lot sizes would encourage the development of smaller, more affordable homes. Where it may not be financially feasible to build a 900-sq.ft. single-family home on a 5,000-sq. ft. lot, it could make sense on a 3,300-sq. ft. lot. This would allow a developer or contractor to build three houses on what were two standard 5,000-sq. ft. lots. Encouraging development of twin house dwellings on smaller lots would increase affordable options for first-time homebuyers and others.

Tiny Homes

The residential building code defines a tiny house as a dwelling 400 sq. ft. or less, not including lofts, and set on a permanent foundation with utilities. Based on interviews conducted for this study and a recent community meeting regarding tiny homes, there appears to be significant interest in the community for tiny homes. Singles, single parent families, and seniors have all expressed their interest in these structures as permanent housing for both year-round and seasonal use.

Existing KGB zoning has no minimum size limits for dwellings, so it is possible to construct a tiny home on any residential lot or as part of a Planned Unit Development or Cluster Subdivision within the Borough. However, it is not cost-effective to construct a single tiny home on a large lot. This prevents tiny homes from being an affordable housing option, especially in areas without water and sewer service. Zoning does allow several homes on one lot within the residential-medium density and residential-high density zones which could make them an option as rental units. Tiny homes can be constructed as accessory dwelling units with an approved conditional use permit in almost all residential zones, but they are not allowed to increase the total density to more than two families per lot and require an additional parking space. These requirements increase the cost and lower the viability of tiny homes as affordable housing.

The Borough might consider overlay zones and development requirements for tiny homes within existing neighborhoods. Currently a single tiny home could be constructed in most residential zones but would be required to be on a standard 5,000 sq. ft. or larger lot, making them financially unfeasible. Locations that would work well for smaller lots of ~2,500 sq. ft. for tiny homes should be identified and zoning revised to allow development. Tiny homes allowed on smaller lots of 2,500 sq. ft., similar to that of a twin house, could provide an affordable housing option in the community.

The City of Ketchikan is likely to adopt standards for tiny home construction in the 2018 International Residential Code for one- and two-family dwellings. The City of Ketchikan Building Department will accept plans submitted for tiny homes at this time and review them under these code standards.

Multi-Family Housing

The Borough can allow a greater variety of housing scaled to fit within traditional single-family neighborhoods. A broader mix of housing could include small lot dwellings such as twin houses, duplexes, and triplexes within an otherwise single-family area. Although a broader variety of housing types would be permitted, the total amount of building area on a single lot would not change, leaving the appearance of the neighborhood unchanged. This approach increases the opportunities for more efficient and cost-effective use of limited housing sites and infrastructure. Zoning changes could be implemented incrementally or for a limited period of time and for a maximum number of units within an area.

Removing code barriers to provide for accessory dwelling units in existing single-family homes in all residential zones would provide increased housing density in neighborhoods with minimal change to its physical form and character. As more people join established neighborhoods, they can bring more riders to support transit systems and year-round neighborhood businesses. Allowing homeowners to have small accessory units often leads to increased upkeep and maintenance of the property.

Although accessory dwelling units are allowed in some single-family zones, they are often a conditional use, and the associated land use regulations are deterring their development in significant quantities. These regulations act as a barrier for a homeowner to add a unit without providing a strong public benefit. Code barriers that could be removed include the need for a conditional use permit and removing the requirement for an additional off-street parking for each new unit. Also, development of a clemency approach to legalize undocumented accessory dwelling units that were constructed without a permit in the past would help the community keep track of available housing units and assist with sales tax collection. Juneau has had success with cash incentives paid to homeowners for the development of accessory units.

KGB should consider revising off-street parking requirements. Zoning requirements that developers provide off-street car parking for each residential unit constructed are a critical factor in Ketchikan's housing affordability. Parking requirements are a major factor in construction costs, especially for small dwelling units in older neighborhoods. Off-street parking requirements have a large impact on financial viability, acting as density limits that inflate the average size and cost of each unit, and preventing some smaller infill properties from being developed at all. Each new driveway on an established street removes one on-street parking space with the result of no net gain in parking. Parking requirements should be reviewed and tailored to the neighborhoods to make sure they support housing affordability.

KGB could increase the amount of land zoned residential medium-density and residential high-density to allow for the development of two-family and multi-family dwellings. There are opportunities to add or expand duplex and multi-family development that complements the existing neighborhoods and leverages existing resources and infrastructure. New residential medium- and high-density zones should be prioritized in areas that create transitions between residential and mixed-use or commercial zones, along transit routes, and adjacent to parks and open spaces.

KGB could promote family-friendly rental housing – both affordable and at market rate – through incentives and zoning to increase the number of 2-, 3-, and 4-bedroom units in new multi-family projects. Land use actions, particularly those that expand housing options in new and existing neighborhoods, can support more opportunities for family housing, both traditional and multi-generational. Incentives for constructing family-friendly housing could include a tax credit or a zoning increase in lot coverage and building height. Family-friendly housing should be prioritized adjacent to schools, parks, and open spaces, and along transit routes.

An increase in the height limit of residential high-density zones to 40 feet from the existing 30 feet would allow for three-story multi-family housing and significantly lower housing unit construction costs. Even allowing for taller buildings on the uphill side of a subdivision would allow increased housing without the potential of hindering views from other properties.

Addressing Seasonal Workforce Housing

The influx of seasonal and temporary workers in Ketchikan has had a major impact on housing availability and affordability, particularly in and near downtown. Housing built specifically for seasonal workers would free up existing housing that is rented year-round but only occupied seasonally. Employers have indicated that they would support and use housing constructed for seasonal staff if it was available.

Encouraging affordable, congregate, micro-housing units (apartment units less than 300 sq. ft.) would begin to replace small apartments and single-room occupancy units that were prevalent in the downtown area and have been demolished or transitioned to other uses. New micro-housing units would allow both residents and seasonal employees a lower-cost housing option. This has been successful in other regions. Seasonal housing development may need to be a joint project between the City of Ketchikan and seasonal employers to make it financially feasible.

KGB should ensure that zoning allows flexible reuse of large, unique properties such as former hotels, churches, schools, underutilized office buildings, and other properties no longer being used for their original intent. The sites are often not zoned to allow for housing but provide a good opportunity for housing infill and should be considered for a rezone.

As a short-term, or potentially long-term way to address some seasonal workforce demand with minimal development costs, certain public and private properties within a reasonable distance of downtown could be appropriately zoned and used for recreational vehicle parking.

Senior and Accessible Housing

There are a number of options for senior housing in Ketchikan, ranging from apartments for independent living to congregate housing and assisted care facilities. However, overall capacity is limited (nearly all facilities have a waitlist), and with anticipated growth in the senior population, more housing will be needed. There will be a need for a continuum of senior housing ranging from independent living (aging-in-place) to assisted living and full nursing care.

For independent living, local realtors note a significant need for small affordable homes made accessible for active seniors. Many seniors might prefer to stay in the community but downsize their living arrangements and costs. Encouraging this type of housing in the borough through incentives and zoning would go a long way towards keeping seniors in the community.

For supportive senior housing, KGB might seek to encourage the development of retirement communities and assisted care facilities. Both private and public lands suitable for this type of housing should be identified, zoning requirements reviewed for barriers to development, and potential tax incentives provided to make this type of housing affordable to build and operate.

For accessible housing, the City of Ketchikan enforces the International Building Code accessibility requirements for new commercial and multi-family housing. Under the current codes adopted by the State of Alaska and City of Ketchikan, multi-unit residential developments (buildings with four or more units) are required to meet accessibility standards in at least 5 percent, but no less than one unit, of the total number of new residential units. This is slowly leading to an increase in accessible housing units and options. The Borough may wish to consider adopting similar regulations to encourage senior housing development.

To further encourage accessible housing, especially single-family or duplex development, zoning could be revised with reduced building setbacks in areas of steep terrain. This would assist housing developers in building homes closer to street and sidewalk grade and make access ramps feasible.

Low-Income and Subsidized Housing

The primary source of funding for development of low-income and subsidized housing are state and federal government programs and non-profit entities. The majority of these potential funding sources are not accessible to the Borough. Ketchikan Indian Community Housing Authority (KICHA), Tlingit & Haida Regional Housing Authority (THRHA), and Saxman IRA, have been successful in working with agencies, non-profits, and lending institutions to develop subsidized, low-income, and senior housing in the community. These organizations are experienced in coordinating the complex funding and development of these types of housing projects.

Following is a list of key state and federal subsidized and low-income housing programs. Programs include tax credits, loans, loan guarantees, and grants. Many of these programs may be overlaid with other programs and require matching or other sources of funds from non-profit organizations, private loans, and other sources. It is beyond the scope of this study to provide specific program details as they are lengthy and complex.

FEDERAL PROGRAMS

Federal housing programs are primarily provided by HUD, USDA and the BIA.

- Native American Housing and Self Determination Act (NAHASDA)
- Indian Housing Block Grants (IHBG)
- HUD Section 202, 811, 184, Title VI, LIHTC, Housing Choice Vouchers, programs
- HUD Home Investment Partnership Program
- US Community Development Financial Institutions (CDFI)
- New Market Tax Credits (NMTC)
- USDA-RD 538 and 502 Loan Guarantees
- USDA-RD 502 loan program
- USDA 504 Repair and Rehabilitation loans and grants
- USDA 524 Site Loan Program
- USDA-RD 515 Low-Interest Rate Mortgages
- Bureau of Indian Affairs Home Improvement Program (HIP)
- Federal Home Loan Bank Programs

STATE PROGRAMS

State of Alaska housing programs provided through the Alaska Housing Finance Corporation include:

- Multi-family loan programs
- Loan program for housing with live-in care providers
- Grants for special needs housing programs
- Senior Citizen Housing Development Funds (SCHDF)
- Supplemental Housing Development Grants
- Teacher, Health Professional, and Public Safety Housing Program (THHP)

The Borough should maintain close working relationships with local and regional housing authorities and Saxman IRA. Working cooperatively with these organizations is likely the most productive path to increase the amount of low-income and subsidized housing in the community. The Borough could play a role in identifying land for development, revising zoning to allow more housing development, and potentially providing tax

incentives to increase housing development. If the Borough creates a formal housing coalition, representatives from these organizations should be included.

Potential Areas for Development

Areas with the greatest potential demand for single and multi-family housing (affordable or otherwise) are locations in (or reasonably close to) town and with the potential for connecting to public water and sewer. Each potential parcel likely has individual physical characteristics that may prove challenging for developers, and current zoning may preclude certain types of housing in some areas. Nonetheless, these areas should be studied as potential priority locations for future housing development.

- 157-acre parcel at N. Pt. Higgins
- Two parcels near North Tongass Highway mile 13 (165 and 663 acres)
- 720 acres at Whipple Creek
- 68 acres above N. Tongass Highway block 10800
- 21-acre parcel above D-1 Loop Road
- Three parcels in Bear Valley (9, 14, and 18 acres)
- 354-acre parcel known as S. Saxman near Fawn Mt. School.

This list is not exhaustive and includes mostly larger parcels. There may be smaller KGB parcels suitable for housing development as well. Other parcels may have potential for housing but are not likely candidates for affordable housing as they are far removed from town, have challenging access, and/or lack City water and sewer access. For example, the Borough also owns land on Gravina Island that is relatively flat compared to parcels on the Ketchikan side. However, access to the Island is a challenge, and there is no common sewer and water systems. KGB parcels at Mile 17 (36 acres) and Mile 18 (43 acres) N. Tongass Highway are prime waterfront properties relatively close to the road and may have housing development potential (though likely not affordable housing).

Rehabilitation of Deteriorating Housing Stock

The average age of residential properties in Ketchikan is more than 40 years, and many housing units in the community need some form of rehabilitation. As properties deteriorate, property values decline; if deterioration is not addressed, housing stock can be lost. Potential homeowners are often not able to get financing for older properties due to their deteriorated condition. Many houses that fall within “affordable” pricing ranges are in need of significant repair. Many first-time homebuyers do not have the financial ability to invest thousands of dollars in repairs beyond the price of the home.

A Borough program that would provide tax incentives or other assistance to housing owners to make repairs might help revitalize older established neighborhoods and assist new homebuyers in purchasing homes that meet lenders requirements. Investment in a community weatherization program would perhaps slow the rate of housing deterioration in the community while saving on energy costs. Homeowners may then have more funds available for rehabilitation. Borough subsidies would come at a cost but may result in otherwise affordable housing remaining habitable.

Educational outreach through Borough-sponsored home repair seminars or classes, or web-based information could be provided for the owners of deteriorating properties. Having experienced builders share their knowledge of proper building materials and techniques may encourage homeowners to undertake repairs. Any efforts by homeowners to rehabilitate existing properties would increase the value of their homes and increase assessed valuations.

Partnerships

The Borough should develop working partnerships with other major landowners in the Borough including the City of Ketchikan, City of Saxman, Alaska Mental Health Trust, University of Alaska, and others with a vested interest in further development of all types of housing in the community.

Cooperative relationships with housing organizations are likely to be beneficial, such as Ketchikan Indian Community Housing Authority, Tlingit and Haida Regional Housing Authority, Saxman IRA, and other organizations that have been successful in the development of low-income and affordable housing and senior housing.

Homelessness is a chronic condition in many Alaska communities. Anchorage, Fairbanks, and Juneau have all developed housing using a "housing first" philosophy. The Alaska Mental Health Trust defines housing first as a model aimed at the most vulnerable homeless individuals (those with mental illness, or those with multiple physical disabilities, or health conditions, and often co-occurring with addictions). In this model people are first housed, then problems and barriers are identified and addressed to facilitate the individual's healthy living and success in the community. Potential partners may include the Alaska Mental Health Trust, Alaska Housing Finance Corporation, Ketchikan Committee on the Homeless, Akeela, First City Homeless Shelter, Residential Youth Care, KAR House, Community Connections, Ketchikan Wellness Coalition, and WISH.

Measurement, Housing Updates, and Additional Research

Housing Metrics and Future Updates

To monitor progress of housing development in the community and periodically update the CHAP the following metrics can be tracked as direct or indirect indicators of conditions in the local housing market:

- Vacancy rates
- Rental costs
- Single-family home sales (prices and number of sales)
- New housing construction, based on zoning permit counts for single-family, multi-family, and accessory units
- Population/demographic trends
- Employment and income trends
- Cost-burdened households
- Number of chronically homelessness
- Waitlists for low-income and senior housing.

A concise manual documenting secondary data sources will be provided to the Borough.

Additional Research

Recommendations for additional research to better understand and address Ketchikan's housing issues include the following.

Community Opinion and Market Research Survey

A community survey would provide valuable market data (unavailable through other sources) and opinions regarding Ketchikan housing issues. The survey would support analysis of the following:

- Number of households seeking to purchase a single-family home
- Pent-up demand for additional housing (including local demand and number of family members and friends who might move to Ketchikan if affordable housing were available)
- Neighborhoods with the highest demand for specific types of housing
- Neighborhood acceptance of increased housing density and smaller lot sizes
- Number of accessible properties
- Number of accessory units
- Resident opinions regarding the desirability of community growth
- Level of support for the Borough to spend public funds addressing housing issues
- Attitudes regarding borough land disposal and plans for housing development

Housing Development Feasibility Studies

The CHAP does not address the financial feasibility of any particular form of housing development. It is clear that a trend toward high-density housing will be required to address Ketchikan's housing challenges. In partnership with private developers or alone, the Borough may want to take the lead in documenting market demand and financial feasibility of various forms of higher-density single-family and multi-family housing development.

The Borough lacks good data on summer housing vacancy rates. The Borough may want to supplement AHFC's rental survey with a summer survey of the same property owners.