

VACANCY — FOR RENT

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Today the apartment seeker finds column after column of apartments for rent, and ads with all types of come-ons and gimmicks from free moving to a free month's rent. (Three years ago, this type of solicitation was unheard of). Today the apartment seeker is not even forced to look into the newspaper to find an apartment, but can simply look for the growing number of bright fluorescent orange "For Rent" or "Vacancy" signs.

In April 1975, a teacher in Valdez reported that her rent for a two-bedroom, unfurnished apartment had been raised from \$286 to \$1,600 a month. Whether this report was an exaggeration or not carries little importance for most of the state was experiencing a severe housing crunch at that time.

Fairbanks, Valdez and Anchorage were the primary areas which felt the housing shortage with the onslaught of pipeline construction. The problem climaxed in early 1975 prompting the governor to establish rent control review boards in these three cities. A newcomer to Fairbanks or Anchorage today could find it difficult to believe this problem existed only a few years ago.

Housing in 1974 began to tighten up with the beginning of pipeline construction. Valdez, being a small community, with little or no surplus housing to begin with, experienced this tightening earlier. According to the Department of Housing and Urban Development's postal vacancy ratio for apartments in Anchorage the vacancy ratio was 6.5 percent. The situation was more severe in Fairbanks with an apartment vacancy ratio of 2.2 percent during the same month. The year before, the ratios had been more than three times that. Valdez was not included in the vacancy surveys, but it can comfortably be said that the ratio for Valdez was closer to 0 percent by 1974. Six months later, in May 1975, the apartment vacancy ratio for Anchorage had fallen to 2.0 percent and Fairbanks had fallen to 0.5 percent. These figures were the lowest postal vacancy ratios reported throughout the pipeline years. The Fairbanks Community Information Center reported a 0 percent vacancy ratio and a 103 percent occupancy rate in its April 10, 1975 report. The

occupancy rate was greater than 100 percent simply because more people were crowding into apartments which were not built to accommodate that number of people; garages, basements, attics and even hallways were being rented out. As time went on, just about everything was utilized; campers, trailers, tents, automobiles and sleeping rooms. The Salvation Army and the Rescue Missions in Anchorage and Fairbanks which provided free sleeping quarters and meals could hardly find room for the increased number of people.

The situation became so severe in early 1975 that Governor Hammond felt compelled to establish Rent Control Review Boards in April in Fairbanks and Valdez and in May in Anchorage. The Board did not set rent controls, but were established to hear grievances from tenants concerning rent gouging, rent increases, and evictions. They had the power to disallow or allow rent increases, evictions and could even roll back rent prices to January 1, 1975 levels. The outcome of the grievances was often reported in the newspapers in a scoreboard fashion — 28-9 — for the tenants during the last rent board meeting.

In 1976, the situation began to ease. The height of pipeline construction had already been reached and was slowing down. Investments in housing soared and the effects were being felt. A large percentage of pipeline earnings were being invested into housing. The number of new subdivisions and apartment buildings were growing at a phenomenal rate. Between the years 1974 and 1977, 15,647 housing units were authorized in Anchorage, compared to 11,087 in 1970 through 1973. In Fairbanks, 4,204 units were authorized from 1974 through 1977, which was more than twice the number authorized in the years 1970 through 1973. In both Anchorage and Fairbanks, 1977 was the record year for units authorized. In Valdez, the number of permits issued during 1974 through 1978 was 318, compared with 13 for the four previous years. The peak came early in Valdez, with 161 units authorized in 1974; after 1975, the number of units authorized dropped off significantly.

The easing of the housing shortage showed up in the apartment vacancy ratios. In November of 1977, according to HUD's corrected Federal Home Loan Bank of Seattle's vacancy survey, the Fairbanks apartment vacancy ratio rose to 3.4 percent and in July of 1977 Anchorage's ratio had risen to 8.5 percent. By May of 1978, the ratios in Anchorage and Fairbanks were 9.6 and 6.3 percent respectively. The reason for this ease in Fairbanks was the increase in the number of new units, along with a decrease in new construction of housing and a tempering of the population increase. In Valdez, the vacancy ratio has never gone this high, despite the fact that there has been a mass outmigration of workers. The main reason for this is that trailers housed a great number of these workers and many of the trailers have since then been shipped out of Valdez. Therefore, there has been no real surplus of housing in Valdez.

The cost of rent has also been affected in these three communities. Fairbanks has seen an actual decrease in the price of rent. The Fairbanks Community Information Center, which has been monitoring rental housing since the beginning of pipeline construction, estimates that rent has fallen approximately by 20 percent since the peak of pipeline construction. It is more difficult to determine what has happened to the price of rent in Anchorage. Rent costs stabilized in 1975 and 1976 and rose in 1977, when many new units were made available. The cost of building the units was high and, therefore, higher rents were necessary to cover these costs. In 1978, rent prices either stabilized or fell in Anchorage. The price of apartments in the high price range have stabilized while the price of middle and low range apartments has fallen. According to realtors in Anchorage, landlords have had to reduce the rent prices on the average of 10-15 percent to keep an acceptable vacancy ratio. This is not surprising when according to HUD the vacancy ratio as of December 29, 1978 was running at 21.8 percent! The low range rentals are feeling this more than the others. The population has stabilized, therefore there are fewer transients who accounted for a large percentage of the low rental tenants. The part of the population which was less transient but lived in low cost apartments are now moving into the middle range apartments because the price of rent is falling and they have become more familiar with the rental market. Tenants have definitely been the group that has

benefited from the present rental market. According to Anchorage's realtors, rental units have been overbuilt and the market has become extremely soft.

Valdez did not experience any real decrease in rent prices until recently and it is anticipated that this decrease will be short lived. Valdez may once again experience a housing shortage when the ALPETCO project gets under way. Since Valdez has already experienced one mammoth project, it has no doubt learned from the past and will be somewhat better prepared to deal with the next one.

The rental climate in Anchorage and Fairbanks should continue to remain good for the apartment seeker for at least the next couple of years. The housing crunch which occurred during the pipeline years is not likely to recur — at least not with the same magnitude.