

Owner occupancy rates and monthly costs for owners and renters

Owning one's own home has long been considered a part of the American dream. More Alaskans took a step toward realizing that dream in the 1990s.

This article uses decennial census housing data from the 1990 and 2000 censuses to examine homeowner occupancy trends over the decade, and looks at monthly owner and renter costs to measure affordability.

Owner occupancy

Housing data in the 1990 and 2000 decennial censuses show whether an occupied housing unit is owner-occupied or renter-occupied. A housing unit is owner-occupied if an owner or co-owner lives in the unit. Owner occupancy rates increased in both Alaska and the U.S. from 1990 to 2000. Though owner occupancy in the state was up by the end of the decade, at 44th in the country, Alaska still ranked near the bottom among the states.

In 1990, 105,989 of the total occupied housing units in the state, 56.1%, were owner occupied. By 2000, lower interest rates, increased wages, lower unemployment rates, and loan programs that required lower down payments worked toward increasing this number to 138,509 units, or 62.5% of the total. This compares with 64.2% for the nation in 1990 and 66.2% by 2000. Alaska owner occupancy rates improved 11% over the decade, more than three times the nation's 3% growth rate in owner occupancy.

Recent census housing and vacancy survey data suggest that in 2003, Alaska had a home ownership rate of 70%, higher than the U.S. average for the same period. However, due to small sample size and different collection procedures, this data may not be directly comparable to data from the decennial censuses.

Owner-Occupied Housing ¹ By area – 2000

Borough/Census Area	Percent Owner-Occupied Housing
Matanuska-Susitna Borough	78.9%
Kenai Peninsula Borough	73.7%
Wrangell-Petersburg Census Area	70.4%
Haines Borough	70.0%
Prince of Wales-Outer Ketchikan CA	69.8%
Southeast Fairbanks Census Area	68.5%
Lake and Peninsula Borough	68.2%
Valdez-Cordova Census Area	67.9%
Yukon-Koyukuk Census Area	67.3%
Wade Hampton Census Area	66.7%
United States	66.2%
Denali Borough	65.1%
Juneau City and Borough	63.7%
Skagway-Hoonah-Angoon CA	62.9%
Alaska	62.5%
Bethel Census Area	61.1%
Ketchikan Gateway Borough	60.7%
Dillingham Census Area	60.4%
Anchorage Municipality	60.1%
Yakutat City and Borough	59.6%
Aleutians East Borough	58.2%
Nome Census Area	58.1%
Sitka City and Borough	58.1%
Northwest Arctic Borough	56.0%
Kodiak Island Borough	54.8%
Fairbanks North Star Borough	54.0%
Bristol Bay Borough	50.0%
North Slope Borough	48.9%
Aleutians West Census Area	27.8%

Source: U.S. Census Bureau

Matanuska-Susitna Borough had the highest homeowner occupancy rate of any area in the state in the last decade. In 2000, 78.9% of housing units in Mat-Su were reported owner-occupied. (See Exhibit 1.) Its location as a convenient commute to Anchorage, as well as a favorable supply of affordable housing, contributed to Mat-Su's becoming the decade's fastest growing area. A common life-style is to buy or build and live in a home in Mat-Su and commute to Anchorage. This phenomenon is an important factor in Mat-Su's high owner occupancy rate.

Aleutians West Census Area, the North Slope and Bristol Bay boroughs had the lowest percentage of owner-occupied homes in 2000. The seasonal nature of fish processing in Aleutians West and Bristol Bay and the relatively high percent of nonresidents in the workforce contributed to relatively low rates of owner-occupied homes. The North Slope Borough's low owner-occupied

figures are related to the significant number of units in the Barrow area owned by the borough and local housing authority.

Owner costs as a percentage of household income

Based on Census 2000 data, Alaska ranked 14th nationally in median housing costs for owners as a percentage of household income in 1999. Owner costs include expenses such as mortgage, taxes, insurance, utilities, and fuel. At 19.7%, costs for homeowners in Alaska were somewhat higher than the national average of 18.7%. California homeowners spent the highest percent of their income on housing at 22.5% and West Virginians the lowest at 14.6%.

Home ownership costs were highest in Juneau and the Ketchikan Gateway Borough at an average of 21.0% of household income. They were lowest in the Denali Borough at 10.9%. (See Exhibit 2.)

2 Median Owner Costs As percent of household income – 1999



Includes expenses such as mortgage, taxes, insurance, utilities, and fuel.

Sources: U.S. Census Bureau and Alaska Department of Labor and Workforce Development, Research and Analysis Section

Mortgages are a major homeowner cost. When a mortgage is paid off, owner costs decrease substantially. Generally, an older population is more likely to have paid off a home mortgage. Denali Borough is one of several areas with the lowest owner costs that also rank among the highest in average median age.

Renter costs as a percentage of income

Census 2000 also captured median gross rent (expenses such as rent, utilities, and fuel) as a percentage of household income in 1999. In this category, the average renter in Alaska fared slightly better than those in the nation as a whole. Renters in the U.S. spent 25.5% of their gross income on rent while Alaskans were not far behind with 24.8%. Alaska ranked in the middle of all states, tied with three others in 25th place.

Renters in Sitka applied the largest percentage of their household income toward rent. (See Exhibit 3.) They paid 27.9% while Wade Hampton Census Area and Denali Borough at 15.6% and 15.8% paid the least. In general, renters in the

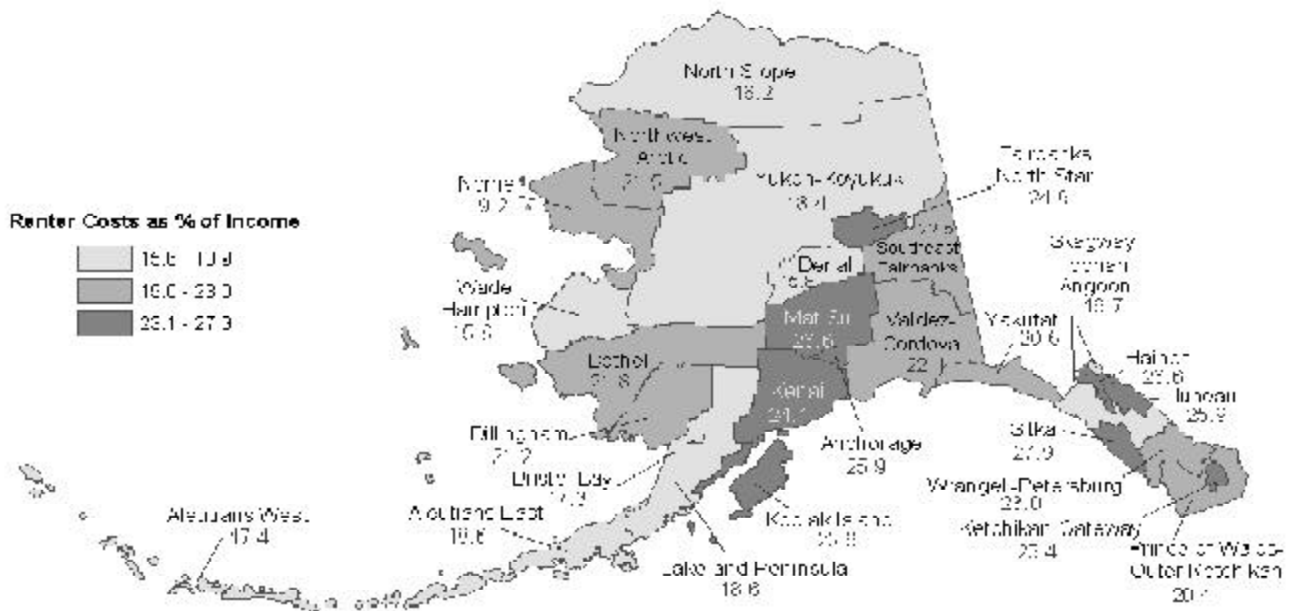
Northern, Western, and Southwestern regions of the state paid a smaller percentage of their income for rent related expenses than renters in other regions of the state.

30 percent guideline

Some lenders and budget advisors suggest spending no more than 30% of household income for housing related expenses. When this guideline is applied to census data, it appears that Alaska homeowners are conforming to national trends, but renters in the state are not.

In 1990, 52.6% of Alaska homeowners reported spending less than 20% of their monthly income on ownership costs, while 20.5% said they spent 30% or more. (See Exhibit 4.) By 2000, the proportion spending the smaller percentage decreased to 50.8% while those spending 30% or more increased to 23.0%. This paralleled the U.S. trend, though nationally, a slightly larger

Median Renter Costs As percent of household income – 1999 3

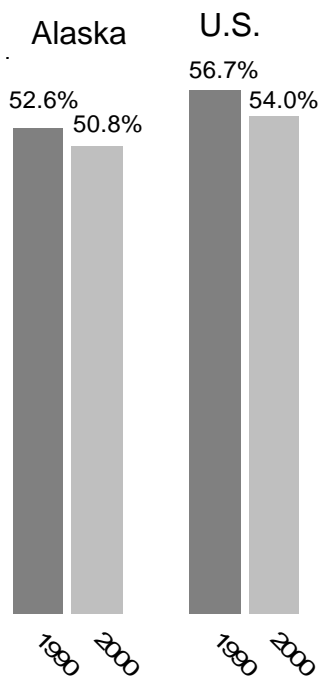


Includes expenses such as rent, utilities, and fuel.

Sources: U.S. Census Bureau and Alaska Department of Labor and Workforce Development, Research and Analysis Section

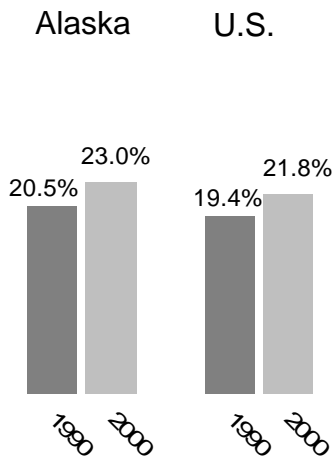
4 Homeowner Costs As percent of household income

Spend less than 20%
of income on housing



Includes expenses such as mortgage, taxes, insurance, utilities, and fuel.
Source: U.S. Census Bureau

Spend 30% or more
of income on housing



percentage in the nation spent less than 20% and a slightly smaller percentage spent more than 30% per month.

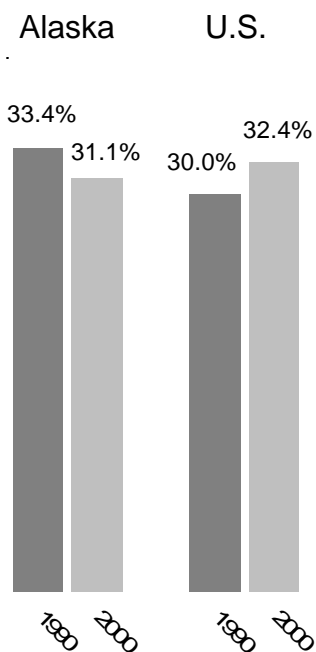
When the 30 percent guideline was applied to renters, Alaska moved in the direction opposite the rest of the country. (See Exhibit 5.) In 1990, 33.4% of renters in the state reported spending less than 20% of their monthly income on rental costs, and 30.7% reported spending 30% or more. By 2000, the proportion spending the smaller percentage dropped to 31.1% and those spending more than 30% of income rose to 32.8%. Nationally, this trend was the reverse as a growing number of renters paid less than 20% and fewer paid 30% or more in 2000.

Summary

Home ownership in Alaska increased during the 1990s, but still ranks near the bottom 10% of all states. Alaska's median owner costs as a percentage of household income in 1999 ranked in the upper 30% nationally while the same measure for renters placed Alaska near the middle of all states. Alaska homeowners paralleled the rest of the country over the decade as fewer owners paid less than 20% of their income and a higher percentage paid 30% or more. Alaska renters diverged from U.S. renters as a lower percentage of renters in the state paid less than 20% and a higher percentage paid 30% or more — a trend that was opposite the rest of the country for the decade.

5 Renter Costs As percent of household income

Spend less than 20%
of income on rent



Includes expenses such as rent, utilities, and fuel.
Source: U.S. Census Bureau

Spend 30% or more
of income on rent

