

## A look at renting a home in Anchorage

**W**ith all of the attention paid to home-ownership issues in the news, it's easy to forget that a third of all occupied housing units in the U.S. are rentals and most adults have been renters at some point in their lives. In Alaska, the rental market comprises an even larger share of the total housing market – 37 percent of all housing units in Alaska are rental housing units. Alaska's high population turnover, large military population, expensive home prices and relatively young demographic profile all support a higher than average rental housing rate.

Alaska has a higher percentage of renter-occupied housing than the U.S., and Anchorage has a slightly higher concentration of rentals than the state, according to data from the U.S. Census Bureau's 2007 American Community Survey. Two in five occupied housing units in Anchorage are rentals.

The Municipality of Anchorage<sup>1</sup> is Alaska's largest population center and housing market. Although Anchorage is one of the most affordable places to be a renter in the state, Alaska has notoriously high housing costs for both rental and owner-occupied housing, and Anchorage is no exception. The average single-family home in Anchorage sold for \$317,873 in 2008 and the average condominium for \$196,016 – some of the highest prices in the state.

### Demographic characteristics of renters

Anchorage has a large number of military households and college students, two groups that rent at higher rates than the general population. Most renters are young people, and renters in Anchorage are younger than they are statewide and nationally. In Anchorage, 46 percent of rental householders are under 35, compared to 42 percent in Alaska statewide and 38 percent nationally.

Considering that only 13 percent of owner-occupied homes in Anchorage (12 percent in Alaska and the U.S.) are headed by individuals under 35, and seven of 10 Anchorage householders under 35 are renters, it becomes apparent that the rental market is of substantial importance to young people. Young people tend to rent rather than own because

## 1 Rental Costs and Vacancy Rates All units in selected areas of Alaska, 2009

	Median Rent <sup>1</sup>		Alaska Number of Units		Vacancy Rate
	Contract	Adjusted <sup>2</sup>	Number of Units		
			Surveyed	Vacant	
Municipality of Anchorage	\$900	\$1,007	8,175	364	4.5%
Fairbanks North Star Borough	\$925	\$1,015	3,076	391	12.7%
Juneau Borough	\$950	\$1,041	1,262	78	6.2%
Kenai Peninsula Borough	\$700	\$830	1,121	85	7.6%
Ketchikan Gateway Borough	\$800	\$940	429	55	12.8%
Kodiak Island Borough	\$1,000	\$1,128	402	13	3.2%
Matanuska-Susitna Borough	\$725	\$806	730	48	6.6%
Sitka Borough	\$850	\$1,088	304	27	8.9%
Valdez-Cordova Census Area	\$950	\$1,104	167	18	10.8%
Wrangell Borough-Petersburg Census Area	\$650	\$790	190	17	8.9%

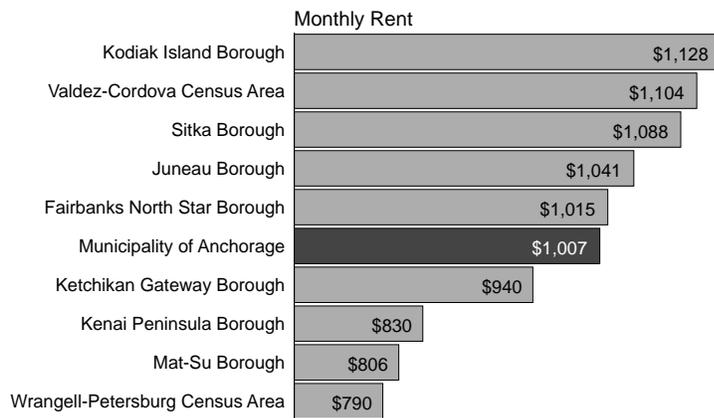
<sup>1</sup> The median rent is the "middle" rent when all the rents are arranged from the lowest rent to the highest rent. Half of the rents in that area are lower than the median and half are higher.

<sup>2</sup> Adjusted rent is the contract rent, or the tenant's monthly payment to his or her landlord, plus an adjustment for any utilities not included in the contract rent.

Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; Alaska Housing Finance Corporation, 2009 Rental Market Survey

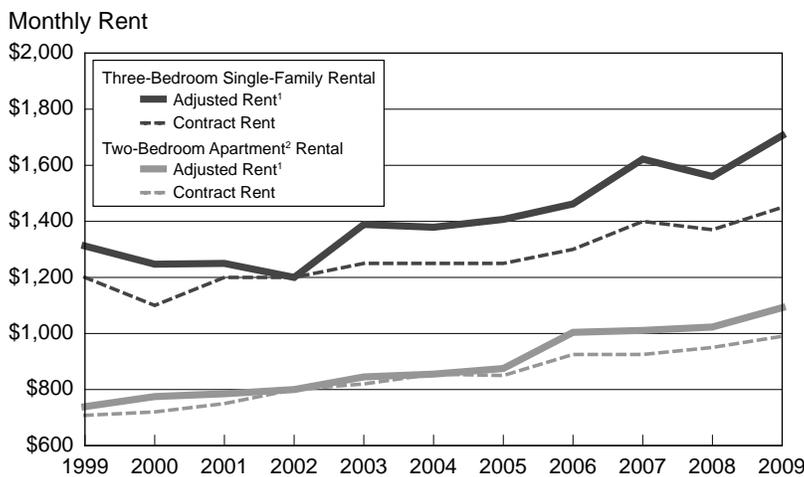
<sup>1</sup> The Municipality of Anchorage includes Chugiak, Eagle River and Girdwood. All references to Anchorage in this article are to the Municipality of Anchorage.

## 2 Anchorage Prices in the Middle All units in selected areas, 2009



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section; Alaska Housing Finance Corporation, 2009 Rental Market Survey

## 3 Rents Going Up in Anchorage Selected unit sizes, 1999 to 2009



<sup>1</sup> Adjusted rent includes the contract rent, or the tenant's monthly payment to his or her landlord, plus an adjustment for any utilities not included in the contract rent.

<sup>2</sup> For the purposes of this article, apartments are rentals in any multifamily housing unit, from a duplex to a unit in a building with hundreds of units.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section; Alaska Housing Finance Corporation, 2009 Rental Market Survey

they can't afford to buy a home, haven't had time to save up for a down payment or prefer not to own a home.

Blacks and Alaska Natives rent at the highest rate in Anchorage of any race; about 60 percent of both black and Alaska Native householders are renters rather than owners.

Native Hawaiian and Pacific Islander, and mixed-race Anchorage householders also rent at

higher rates than they own, and half of householders of Hispanic origin rent. Only about a third of white householders are renters. Asian householders are the only race that rents at a lower frequency than whites in Anchorage. Still, whites make up two-thirds of all rental householders in the city.

### The costs of renting in Anchorage

Every March the Alaska Department of Labor and Workforce Development's Research and Analysis Section and the Alaska Housing Finance Corporation survey Alaska's landlords to obtain information on residential rental units.<sup>2</sup> The survey – this year's is called the 2009 Rental Market Survey and it uses 2009 data – identifies the cost, availability and features of the residential rental housing stock in Alaska's 10 largest rental markets. The landlords also report whether the unit is vacant and which utilities, if any, are included in the rent.

The survey excludes rental units that don't reflect the overall rental market, such as units with no plumbing. The survey also excludes some units subsidized by government assistance programs.

The median<sup>3</sup> adjusted monthly price of an Anchorage rental unit was \$1,007 in 2009. (See Exhibit 1.) Adjusted rent includes the contract rent, or the tenant's monthly payment to his or her landlord, plus an adjustment for any utilities not included in the contract rent. There were 8,175 surveyed units in Anchorage included in the 2009 data.

Ninety-five percent of the units surveyed in Anchorage were apartments. For the purposes of the survey, apartment is defined as a rental in any multifamily housing unit, from a duplex to a unit in a building with hundreds of units. The remaining 5 percent are single-family rentals and mobile home rentals.

The cost of renting in Anchorage falls in the middle of the road compared to other Alaska communi-

<sup>2</sup> The 2009 Rental Market Survey, and earlier versions for previous years, is available on the Internet at Alaska Housing Finance Corporation's Web site. Go to [www.ahfc.state.ak.us](http://www.ahfc.state.ak.us), click on "reference" in the blue bar at the top, then under "Online Reference," click on "Rental Market Surveys."

<sup>3</sup> The median rent is the "middle" rent when all the rents are arranged from the lowest rent to the highest rent.

ties, but it has been rising over the last decade. (See Exhibits 2 and 3.) The Anchorage rental market is wide-ranging, with some of the most expensive and least expensive rentals available in the state.

On average, however, Anchorage rentals are some of the most affordable. Anchorage residents benefit from a large supply of rentals and some of the highest wages in the state. Rental units are in high demand in Anchorage, as indicated by consistently low vacancy rates. In 2009, 4.5 percent of rentals were vacant in Anchorage compared to 7.1 percent in all surveyed areas. The only surveyed market with a lower vacancy rate was Kodiak Island Borough, which is the tightest rental market in the state year after year. (See Exhibit 4.)

The average annual wage in Anchorage in 2008 was roughly \$47,000. The Alaska Housing Finance Corporation considers housing affordable when it costs no more than 30 percent of a tenant's income. For the median two-bedroom apartment to be affordable,<sup>4</sup> a renter must earn at least 90 percent of the average wage, or about \$42,300 a year. That translates into a wage of about \$20 an hour for a full-time worker. (See Exhibit 5.)

Yet, while the average Anchorage wage earner should have no problem finding an affordable rental, many low-income Anchorage residents are forced to rely on state and federal aid programs. In order to afford the 2008 average two-bedroom apartment in Anchorage, a household would have to earn the equivalent of 2.7 full-time minimum wage incomes.

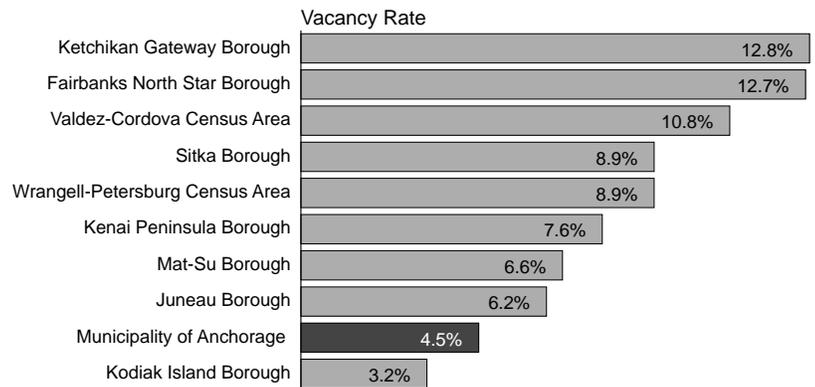
Alaska was ranked the 10<sup>th</sup>-most expensive rental market out of 50 states in 2009, according to an analysis by the nonprofit National Low Income Housing Coalition.

## Where to find rentals in Anchorage

Based on sample data collected in the 2009 Rental Market Survey, rental units in Anchorage

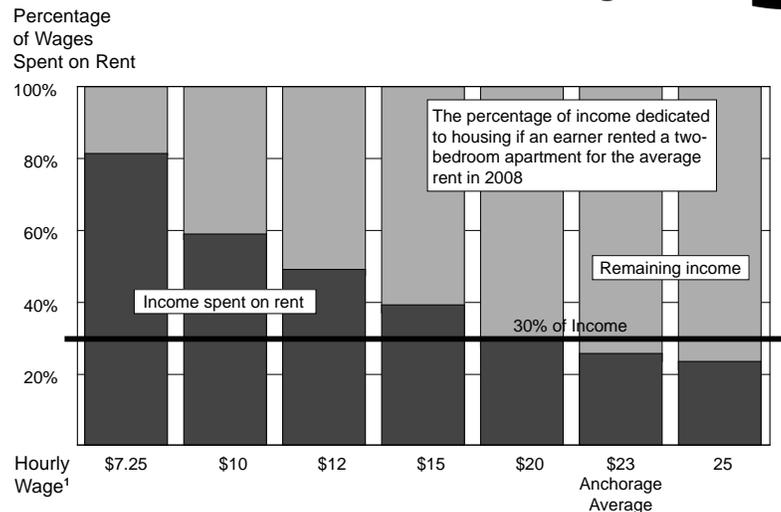
<sup>4</sup> This paragraph, the next paragraph and Exhibit 5 are the only places in the article that use 2008 rental data rather than 2009 rental data, and that's to coincide with 2008 wage record data (the most recent year available).

## Anchorage's Vacancy Rate Low All units in selected areas in Alaska, 2009 **4**



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section; Alaska Housing Finance Corporation, 2009 Rental Market Survey

## Percentage of Wages Spent on Rent All units in Anchorage, 2008 **5**



<sup>1</sup> The hourly wage based on working full time

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section; Alaska Housing Finance Corporation, 2009 Rental Market Survey

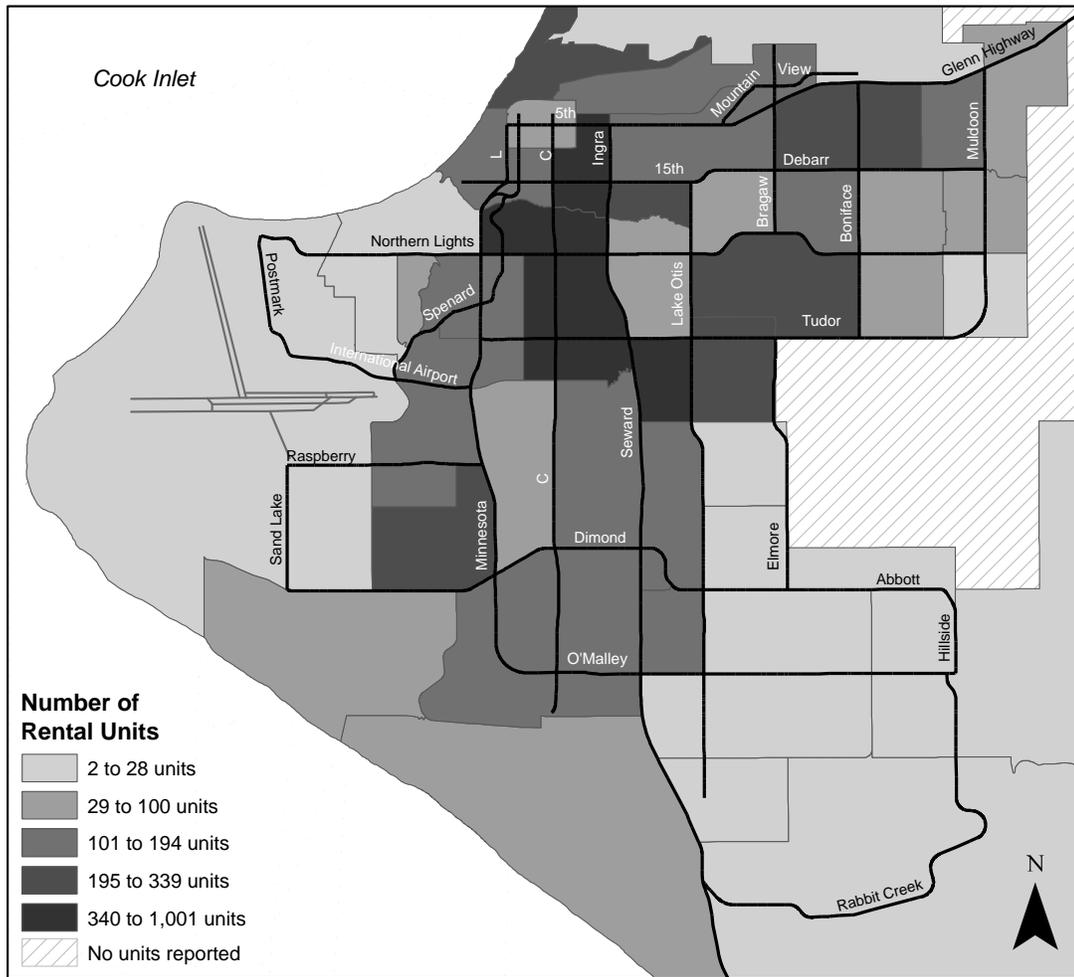
are most densely concentrated along the Seward Highway from downtown through Midtown. (See Exhibit 6.) The census tract<sup>5</sup> with the most surveyed rental units is southwest of the Lake Otis Parkway and Tudor Road intersection. East Anchorage, the Tudor area near the University of Alaska Anchorage, Government Hill and the Dimond High School area also have high rental density.

Neighborhoods zoned for single-family housing and more remote locations tend to have fewer

<sup>5</sup> Census tracts are subdivisions of a borough or census area defined for statistical purposes by the Census Bureau.

# 6 The Highest Concentration is in Midtown

## A count of Anchorage rental units, 2009



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section; Alaska Housing Finance Corporation, 2009 Rental Market Survey

### Different neighborhoods, different prices

Anchorage's unique neighborhoods exhibit as much diversity in rental prices as they do in character. (See Exhibit 7.)

Two-bedroom apartments were the most common type of unit in the survey. (See Exhibit 8.)

Low-cost areas in Anchorage come as no surprise. Two-bedroom apartments are cheapest in Government Hill, Mountain View, Fairview, Muldoon and Spenard; they average between \$800 a month and \$900 a month.

Compared to the citywide median adjusted price of a two-bedroom apartment, \$1,092 a month, rentals in these neighborhoods are a steal. The areas are often the focus

of revitalization projects to stem poverty, crime and decay.

rentals. South Anchorage east of Lake Otis Parkway is nearly devoid of rentals, as well as the Sand Lake, airport and Turnagain areas. In East Anchorage, the Scenic Foothills neighborhood where Muldoon Road turns into Tudor has few rentals. There are almost no rentals in the tract north of Mountain View, which is because of Elmendorf Air Force Base.

Other low-cost areas for two-bedroom apartments include much of Midtown, parts of East Anchorage and neighborhoods off Raspberry Road and Lake Otis Parkway. Almost all South Anchorage rents are on par with the Anchorage average, which is surprising considering the value of most homes on the hillside. However, there simply aren't many apartment rentals in the area, and almost all South Anchorage is zoned for single-family housing.

It's important to note that the Rental Market Survey excludes publicly owned housing. If it was included, it would add significant numbers of rentals across Anchorage. For example, the Alaska Housing Finance Corporation manages more than 750 public housing units in the city, which is only a fraction of the total units excluded from the data presented here.

The highest-cost areas for two-bedroom apartments include much of downtown and the neighborhoods north of Chester Creek,

with the exception of Fairview.

The tract northeast of Boniface Parkway and Debarr Road has a noticeably high rent price because of the presence of a large apartment building with units ranging from \$1,500 a month to \$1,700 a month.

The tract northwest of Dimond Boulevard and the Seward Highway also has many expensive units in large multifamily properties.

The high-rent area around the airport is likely due to a very small sample size and several high-rent units.

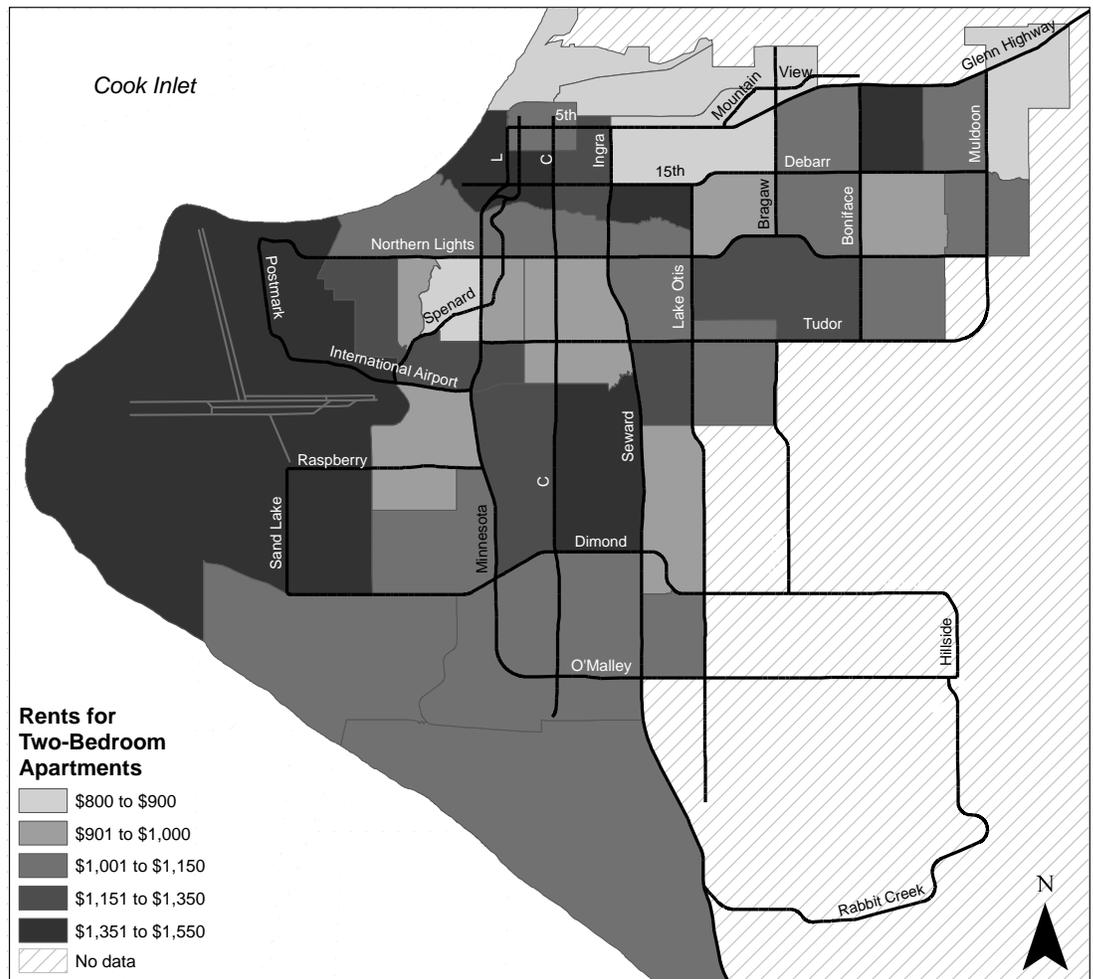
Another area of note is the tract between Lake Otis and Boniface north of Tudor, which includes the University of Alaska Anchorage, Alaska Pacific University and Providence Hospital. The average adjusted rent for a two-bedroom unit is \$1,322 a month, which may cater more toward college and hospital employees rather than students. That's a lot for college students, unless they share rooms dormitory-style, three or four students per apartment.

### Chugiak, Eagle River and Girdwood

Chugiak, Eagle River and Girdwood have been notably overlooked in this discussion. In these smaller areas there are fewer units, making it more difficult to capture the variance of prices.

## Anchorage Rents Vary by Area

### Rents for two-bedroom apartments, 2009



**Notes:**  
 For the purposes of this article, apartments are rentals in any multifamily housing unit, from a duplex to a unit in a building with hundreds of units.  
 Rents are average adjusted rents, by census tract. Adjusted rent is the contract rent, or the tenant's monthly payment to his or her landlord, plus an adjustment for any utilities not included in the contract rent.  
 Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section; Alaska Housing Finance Corporation, 2009 Rental Market Survey

Of the three areas, Eagle River has the largest number of two-bedroom rentals, and most are squeezed between the Old Glenn and Glenn highways in downtown Eagle River. Two-bedroom apartments rent for an average of \$1,200 a month between the Eagle River and North Eagle River exits on the west side of the Old Glenn. There aren't enough units on the mountain side of the Old Glenn to discuss, and like South Anchorage, it's mostly zoned for single-family housing, so there are few apartments in this area.

From the North Eagle River exit to Peters Creek, average adjusted rent for a two-bedroom apart-



# Rental Costs and Vacancy Rates Anchorage, 2009

## Municipality of Anchorage

	Median Rent <sup>1</sup>		Number of Units		Vacancy Rate
	Contract	Adjusted <sup>2</sup>	Surveyed	Vacant	
<b>Single-Family House</b>					
One-bedroom	\$800	\$850	29	2	6.9%
Two-bedroom	\$1,100	\$1,254	61	2	3.3%
Three-bedroom	\$1,450	\$1,706	167	10	6.0%
Four-bedroom	\$1,800	\$2,120	79	4	5.1%
<b>Apartment<sup>3</sup></b>					
Studio	\$740	\$806	448	19	4.2%
One-bedroom	\$840	\$906	3121	132	4.2%
Two-bedroom	\$990	\$1,092	3611	165	4.6%
Three-bedroom	\$1,198	\$1,301	552	26	4.7%

<sup>1</sup> The median rent is the “middle” rent when all the rents are arranged from the lowest rent to the highest rent. Half of the rents in that area are lower than the median and half are higher.

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Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; Alaska Housing Finance Corporation, 2009 Rental Market Survey

ment is \$1,090. That includes all of Fire Lake, Birchwood and parts of Chugiak, but most of the rentals in the area are close to Eagle River. There weren’t enough units surveyed in Girdwood to release data at that level.

## A Safety Minute

### Use your own expert resources to identify hazards

You may know that employers can call the Alaska Department of Labor and Workforce Development at (800) 656-4972 for confidential and free assistance with occupational safety and health. But did you know that some of the best resources available to recognize hazards are already at your worksite?

**Employees** – Employees usually know about hazardous conditions and behaviors before an accident, injury or illness occurs. Employees often see many near-misses and incidents for every accident. If there’s an injury or illness at your worksite, would the following comments be likely?

Employee: “I kind of knew it was a problem.”

Employer: “If I would have known it was going to cause an injury...”

**Injury records** – Accident reports, OSHA 300 injury and illness logs, and workers’ compensation insurance reports are records that employers should use to identify areas where their safety and health plan is not working.

Eliminate or control the causes of each injury and illness to improve safety, productivity, morale, profit and regulatory compliance.

Employers are required to provide a safe workplace. Use employees and injury records as two of your expert resources to recognize hazards so they can be eliminated or controlled before an injury or illness occurs.