

Matanuska-Susitna Borough
Housing Forum

February 5, 2015

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Acknowledgements

The Valley Board of Realtors and the Matanuska-Susitna Borough Planning and Land Use Department would like to thank everyone who attended the 2015 Mat-Su Housing Summit. This was a collaborative effort between the private sector and local government to bring together a diverse group of community stakeholders to address a critical issue within our community.

Together, both the Borough and Valley Board of Realtors have worked to start a conversation and provide the data needed to look at this issue quantitatively. The housing forum and analysis are just the first of many steps needed to ensure momentum as we continue this discussion and plan for future housing within the Mat-Su. Many of our stakeholders have elected to continue to work on this issue.

As a result of the forum, our objective is to educate and foster understanding about the changing demographic in the Mat-Su Borough, enabling affordable and diverse housing solutions, which will stimulate local economic growth, while also potentially reducing overall cost burdens for the entire community. Three working groups were formed at the forum to address the attendee's identified main issues of education, cost/infrastructure, and choice/diversification. These groups are composed of representatives from all sectors of business including, public, private, and nonprofit. Over the next year, they will develop and implement a work plan created by the group.

It is the sentiment of all who have participated thus far that any action, no matter how small, is still progress. Housing is a monumental issue for any community, but it is our belief that through community-wide effort, education, and communication, the Mat-Su can be successful. Thank you again to all those who participated in the forum and we encourage everyone reading this to get involved!

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Introduction

How did we get here?

In 2013, the Valley Board of Realtors applied to the National Association of Realtors for the 2014 Housing Opportunity Program Grant, in order to host a Housing Forum in partnership with the Matanuska-Susitna Borough (Mat-Su Borough). Within this application, it was noted that while the Mat-Su Borough is the fastest growing area in the state of Alaska, it did not have detailed documentation or comprehensive studies with which to evaluate the inventory, availability, location or affordability of housing within the community.

In 2014, the Mat-Su Borough Planning Department undertook the area's first housing assessment. The Housing Forum provided the opportunity to share the assessment data and facilitate discussions around future actions. With an increasing population, and no one key government or agency designated to take the lead on this issue, the Housing Forum initiated a community-wide discussion to address housing needs and affordability.

The following goals were set forth during the Housing Forum:

- To increase awareness on housing data, needs, and issues within the Mat-Su Borough;
- To facilitate open dialogue and form partnerships which address housing and affordability;
- To develop actionable strategies to advance those next steps identified.



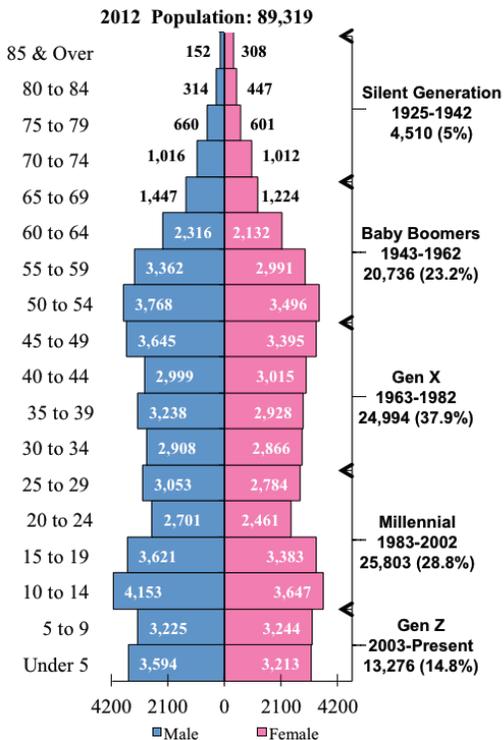
Housing Summit Presentation

Population Profile

Since its incorporation, the Mat-Su Borough has experienced population growth, largely due to in-migration rather than births. Growth, which is primarily based on relocation to the Mat-Su Borough, has significantly impacted demographics. While growth will continue for the Mat-Su Borough, the rate of growth may slow as Baby Boomers approach retirement. It was Baby Boomers who drove the housing market to its current levels, but there is uncertainty as to what percentage of that population will retire-in-place and stay in the region. Based on analysis, the Mat-Su Borough is on track for moderate population growth, though this figure is dependent upon retirement plans, rising life expectancies, and the number of retirees who choose to relocate to Alaska.

Household Characteristics

Although the Mat-Su Borough population has been growing, and is forecasted to continue growing, the size of households is decreasing. Small households are the norm in the Mat-Su Borough and may become more prevalent. In the future, it appears that there may be less people per housing unit, which will require more housing options per person than in the past. This is due to growth in married couples without children and non-family households consisting of individuals living alone. Another factor behind this trend is the number of senior households in the Mat-Su Borough, which have doubled consistently each decade and may continue to do so into the future.



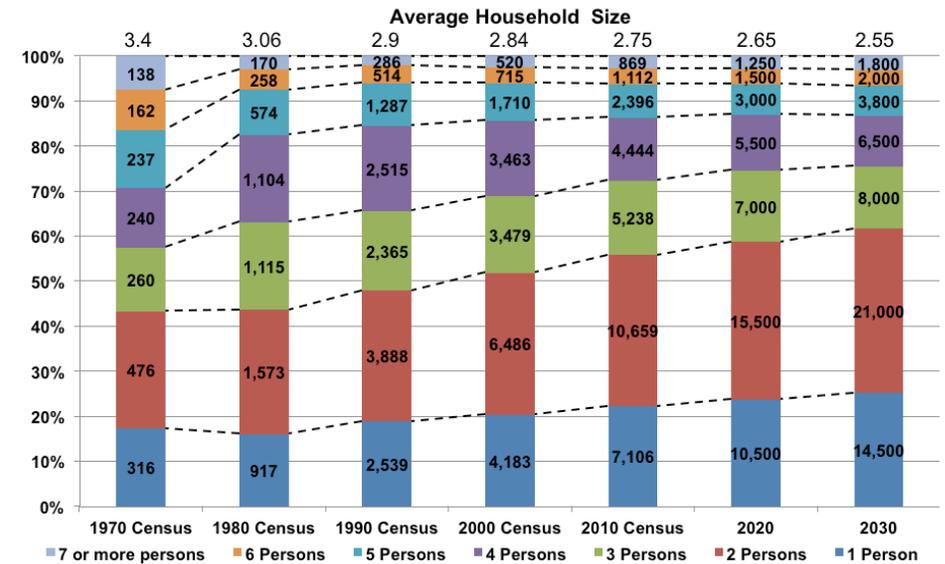
Mat-Su Borough Population

Today = 98,063

2020 = 125,000

2030 = 165,000

The senior population could account for 10,500 to 16,000 of the MSB population by 2020, and 15,000 to 35,000 by 2030.



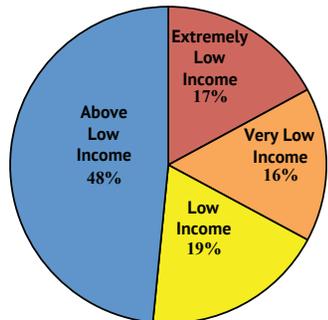
Non-Family Households are projected to become 1/3 of the population. The average household size is decreasing with the average family household at 3.3 persons and 1.3 for non-family households. Seniors make up 25% of non-family households; 60% of senior non-family households are women; and 90% of seniors in a non-family household live alone.

Housing Summit Presentation

Household Income

Being poor and in poverty are two different economic classifications. A household that is in poverty is impoverished to the point that the necessities of life are severely limited. A household that is poor is one that makes less than the median income level and is struggling economically. Median income is determined by the federal government for each state and its counties and used to develop assistance programs. Within the Mat-Su Borough, a non-family household is more likely to be struggling than a family-household. However, the number of non-family and family-households with less than the median income is similar. The extent to which these households struggle is different. Overall, almost 23,000 people, including children, in the Mat-Su Borough live in a household that makes less than the median income, which is approximately 25% of the population.

Non-Family Households



\$16,500
2,057

Extremely Low Income
Population

\$27,500
1,892

Very Low Income
Population

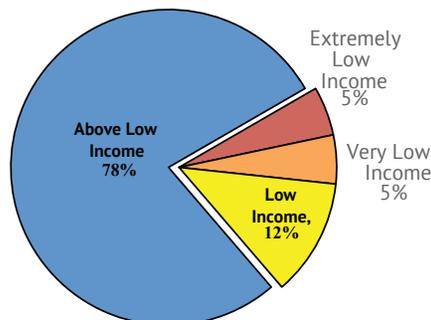
\$44,000
2,249

Low Income
Population

\$55,000
5,821

Median Income
Population

Family Households



\$24,740
3,746

\$35,350
3,722

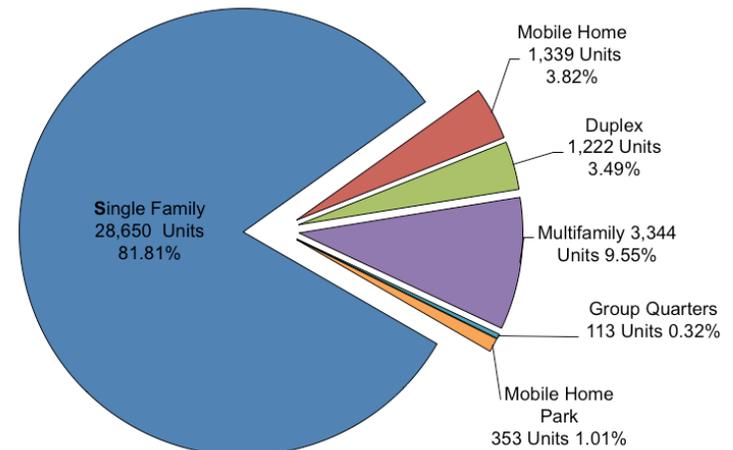
\$56,550
8,950

\$70,700
58,093

Housing Unit Supply

Presently, the Mat-Su Borough barely has enough housing units for its residents. A strained housing market exists with limited availability approaching that of Anchorage. An overwhelming majority of units are large-lot single-family homes in sprawling suburban subdivisions located in a major residential area bounded by Big Lake, Houston, Sutton, and Butte. There are very low percentages of other housing options, such as multi-family units or small starter homes in planned-unit, mixed-use, walkable neighborhoods. This limits affordable housing availability and increases transportation costs for the individual and the community. The results indicate additional housing is needed, specifically affordable-housing options, in order to keep up with population increases and employment growth, while stimulating the housing market.

Major Residential Area Housing



Projected housing shortage if development remains unchanged:

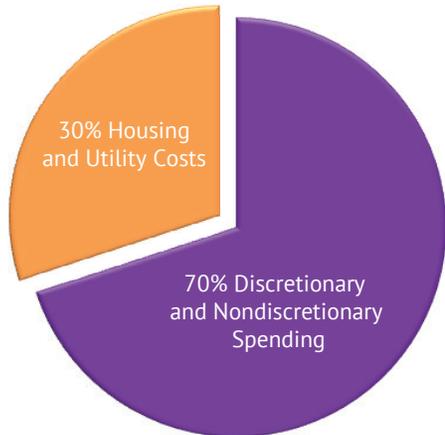
Year	Projected Population	Population Needs	Meet Avg. Vacancy	Projected Units Built	Projected Units Shortage
2020	125,000	47,170 units	57,768	~53,000	~5,000
2030	165,000	64,706 units	79,244	~70,000	~9,000

Housing Summit Presentation

Housing Cost Trends

The cost of living within the Mat-Su Borough is on the rise, especially in the rental housing market, which is increasing faster than the annual rate of inflation. Yet, median income levels are falling. The cost of rental housing may be too high for Mat-Su Borough residents, as it is comparable to, and in some cases surpasses, the cost of a mortgage.

Above 30% spent for housing is a cost burden and unaffordable for incomes at or below median.



Median Income is projected to decline. A 10-year average income for a family of three is \$68,000 and \$53,000 for a non-family household. Home sales average cost adjusted for inflation is projected to increase 2% annually. Median gross rent cost, adjusted for inflation, is projected to increase 5% annually.

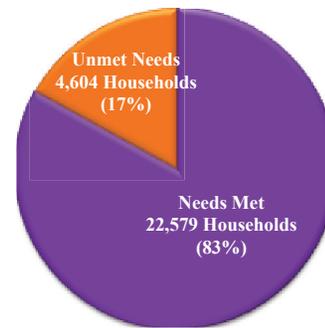
To afford the median rental cost of \$1,000 per month at 30% income, a household would have to make \$40,000 a year or \$19.23 an hour.

The cost of renting a 3-bedroom unit is equal to, if not slightly more than, the mortgage cost of owning the average home. Most 20 to 30-year mortgage options, including 0% down with a PMI payment, are more affordable than paying rent in the Mat-Su Borough.

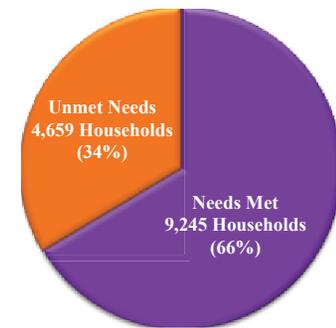
Unmet Housing Needs

There is definitely an unmet need for affordable housing. Current and past market conditions have produced too few homes to meet the demand for the Mat-Su Borough population, thus artificially raising prices and diminishing affordability within the market. This translates into 30% of Mat-Su Borough households struggling with housing costs.

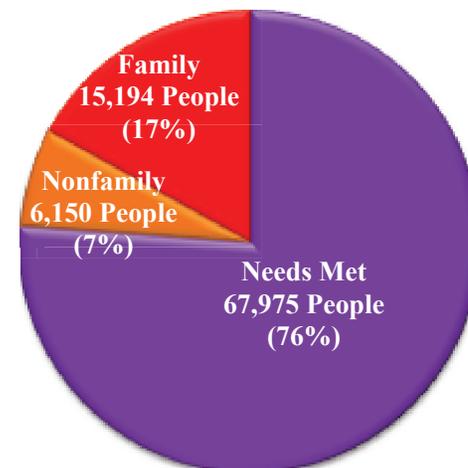
Family Households



Non-Family Households



Mat-Su Borough



Housing Summit Presentation

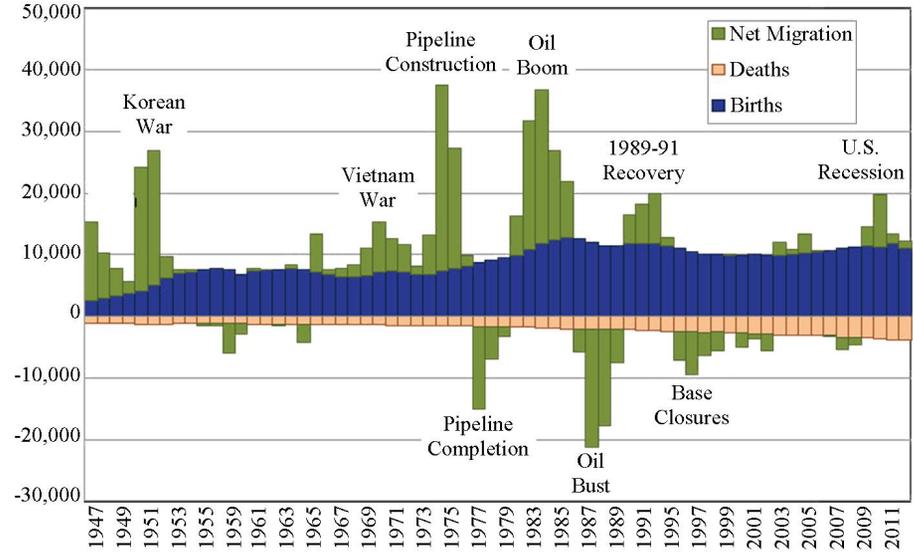
Rental Affordability

Affordable housing, which includes rent and utilities, should be 30% or less of a household's income. A limited housing market increases rent while reducing choices for households. It also profoundly affects society and the economy in negative ways, by diminishing discretionary spending. There is a sizable market for affordable housing for the growing population within the Mat-Su Borough, which is not being met under the current economic model.

	Average Rental \$975/mo + \$200 Utilities		Average Rental \$1,500/mo + \$300 Utilities	
Median Income				
Low Income (80% Median)				
Very Low Income (50% Median)				
Extremely Low Income - Poverty (30% Median)				

*Rental costs greater than 30% =
Housing Affordability Problem*

**Figure 1: Alaska's Population Changes
1947 to 2012**



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Key Messages:

- Housing mismatched to the population
- Not enough housing for workers
- Slower local economic growth forecasted
- Potential overcrowding
- Unknown housing conditions
- Increased infrastructure costs
- Educate consumers about loan requirements and support

The Housing Forum Discussion: What We Heard

The afternoon of the Housing Forum provided an opportunity for breakout group discussions based on the day's presentations. Groups were given worksheets to facilitate and capture their thoughts on challenges, opportunities and actionable strategies which emerged through dialogue. During the reporting session, participants agreed that comments generally fit into three main categories as follows:

- **Education** – An information gap exists which undermines the success of the Mat-Su Borough housing market. This includes miscommunication between consumers and lenders around credit issues, in addition to a lack of information for builders and developers on what the community needs in terms of housing stock. By and large, participants agreed that greater preparedness was essential for meeting the needs associated with population aging, while offering millennials desirable housing options.
- **Cost/Infrastructure** – Each group noted challenges associated with the costs for transportation planning investments and land use decisions across the Mat-Su Borough. Additionally, the economic challenges surrounding income and affordable housing generated a number of comments. Current and projected workforce changes, along with economic development opportunities within the Mat-Su Borough, were discussed by participants.
- **Choices/Diversification** – Comments also addressed whether the Mat-Su Borough offered appropriate housing options for both current and future residents. Discussions focused on the availability and diversity of the housing stock and how market choices might become more representative of the demographic shift underway. This included acknowledgement of population growth, an aging population, and millennials' desires in terms of housing needs.



Agenda - February 5, 2015

- 9:00-9:30 Registration
- 9:30-10:00 Welcome! Keynote: Cook Inlet Housing, Tyler Robinson
- 10-11:30 Housing Assessment Findings Joshua Allen, Mat-Su Borough
- 11:30-11:45 MSCHH - Dave Rose
- 11:45-12:15 LUNCH
- 12:45-1:00 Keynote: Raven's Roost Co-Housing
- 1:00-3:00 Breakout Group Discussions
- 3:00-4:00 Report of Findings and Next Steps

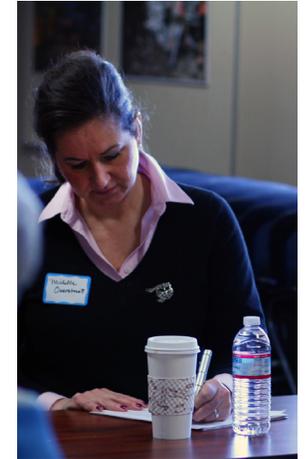
The Housing Forum Discussion: What We Heard

Breakout groups had four prompts to discuss. The responses to the following prompts are provided on subsequent pages:

- What is the biggest issue in the next 10 years of Housing for your industry?
- Why don't we have more rental opportunities in the Mat-Su Borough? What keeps people from buying a house?
- How is the housing we are offering today going to connect with the changes discussed in the presentation?
- What other aspects of our community will be affected by the changes in housing and demographics in the next 10 years?



During breakout group discussions, participants shared their thoughts on the challenges and opportunities within the Mat-Su Borough housing market.



What is the biggest issue in the next 10 years of Housing for your Industry?

Education

- Perception is a barrier to buying a home. How do we change this?
- There is a dis-connect between what we are building and what we need.
- How do we get this information out to the public?
- Better data is needed.
- We need an educational program for tenants on purchasing a home and establishing credit.
- We need more education on financial planning for individuals/families.
- We can increase incomes by offering training programs that develop skill-sets.

Cost/Infrastructure

- Transportation planning should ensure access to jobs and services.
- Mass transit is needed.
- Insufficient coordination of housing/ transportation (transportation and land use planning).
- An Uber transportation system could be considered.



- Have transportation available and affordable where there is appropriate density.
- Meet the needs of seniors by ensuring Universal Design standards.
- Growing demographic of seniors need affordable options that likely will require some form of subsidy to develop.
- Obtain financing for more senior housing.
- Build houses that can convert easily for seniors when necessary; bedroom on the first floor, ramps, etc.
- Focus on jobs and workforce employment.
- Address job growth declines.
- We need solutions to the lack of affordable land/development.

Choices/Diversification

- There is a lack of housing stock, diversity and availability in the Mat-Su Borough.
- Provide available housing to people who no longer have children at home but who are not seniors. Services available to this population are also limited.
- There is a shortage of single-family housing.
- Low oil prices, laying off workers, military downsizing, and moving tenants all need to be addressed.
- We need more low cost housing.

PEOPLE: Why don't we have more rental opportunities in the Mat-Su Borough? What keeps people from buying a house?

Education

- There is a communication breakdown.
- Information and resources available are not reaching those in need.
- We need more educational programs, maybe at the high school level.
- Improve access and availability of home buying classes.
- School boundaries should be reviewed and discussed.
- There is an opportunity we are missing: retired people can serve as mentors and offer their network and knowledge to upcoming professionals. A website could be developed to advance such a program.

Cost/Infrastructure

- Mobility, freedom, flexibility and less debt are valued.
- There is a lack of appropriate options for lower level wage earners to own and/or rent.
- Supply and demand remain an issue.
- High-end condos are needed.
- Location needs to be addressed. Housing is primarily located in one area.

- The single senior man – who has limited social security or income – won't conform to requirements of a good tenant yet cannot continue to live in a cabin.
- We need more diverse (smaller) housing at affordable prices.
- We are more of a transient population than ever. How does the housing market respond to this unless we increase rental options?

Choices/Diversification

- Finances and jobs remain a barrier to home ownership.
- Lack of job stability is also a barrier to home ownership.
- Bad credit/credit issues (student loans, credit card debt) prevent home ownership.
- Lack of good paying jobs in the Mat-Su Borough must be addressed.
- Lack of credit (no credit history) drives the rental market.
- Inability to make down payment reduces home ownership.
- Given housing costs, it is impossible to budget or save towards home ownership.

- Builders/Developers need to recoup their costs and this might make the affordable housing option impossible.
- It is not financially feasible for builders and developers to create higher density rental units. Plus, is this what residents of the Valley need or want?
- Lack of state and federal funding to advance affordable housing.
- People haven't thought of the Valley in this manner previously. The Valley has long been looked at as the single family, picket fence, suburban community where families are raised. Affordability has driven this – as compared to nearby Anchorage. These individuals desired to own, not rent. Many have been here since the HUD home days.
- Today what keeps people from buying is credit and cash reserves. These are more personal issues than housing availability in most cases.
- Lending practices prohibit home ownership.
- Affordability is challenging when it comes to renting with first and last month's rents, plus the deposit. It's costly.

How is the housing we are offering today going to connect with the changes discussed in the presentation?

Education

- Builders drive the industry. Do they know what is needed?
- Public/Private partnerships are key to creating lending programs or business plans.
- What can be done to encourage the private sector to build for future needs?
- We need to be more responsive to changing Valley demographics.

Cost/Infrastructure

- Access to community, infrastructure and transit must be addressed.
- Housing which is further from the core increases the cost of living.
- We should invest in smaller, affordable housing which is connected to good reliable transportation.
- Huge mansions have their place but don't solve housing issues for the Valley.
- I'm not convinced that millennials in the Valley are looking for what millennials nationwide are looking for. The market will generally build what people can and want to buy.

- We may be heading for a recession – delayed a year or so.
- Gasline development is important for the region's economic growth.

Choices/Diversification

- Focus on affordable, high-efficiency housing.
- Follow the trends: increase density where there is density (i.e. Palmer).
- Younger generations are seeking condo-style homes and rentals.
- Large-scale development projects should take place along major business cores, leaving larger single family homes in the outskirts.
- Our status is as a bedroom community.
- Could some McMansions be re-purposed as co-housing for young singles? Is there a business management model that could work?
- Could a church own and operate a co-housing model to help low income millennials?
- Modification is required to meet the needs.

- Available land, infrastructure and covenants must be addressed.
- Renovations will become increasingly more popular as individuals age – and age in place. As programs lose possible state funding, using equity to finance these items – including accessibility, energy, etc. – may become more common.
- We are in the midst of a market change with an increasing focus on real estate investments for retirees.
- What will the millennials do as they age and have kids. My 20-somethings want to own and they make \$30-\$40K now. Where will they go – into denser developments or do they want to emulate what they grew up with?
- Housing should be centrally located to services and recreational opportunities.

What other aspects of our community will be affected by the changes in housing and demographics in the next 10 years?

Education

- We must address aging in place.
- Create a renovation program for existing houses to become ADA accessible.
- How do we meet the increased pressure on social services?
- Changes in tax structure or tax diversification could be studied.
- Millennials and seniors will change today's "No Government" political culture – begin to elect people who will support more dense housing, transit, etc.
- Increases in economic status equals increases in health status.
- Capacity is an issue.
- Access to healthcare in the less populated areas of the Mat-Su Borough.
- Sense of isolation/lack of community makes collaboration difficult.
- Aging will impact literally every aspect from housing to transportation and certainly health care issues. Industry will only survive if affordable options exist for the workforce.
- Must bring schools, commercial interests and residential populations together.
- Schools, public assistance programs, businesses development and transportation programs must align.
- We need to address jobs and baby boomers selling their houses.
- Higher density is required but there is a resistance to change.
- Increased senior housing is required.
- As interest rates rise, what will happen to the housing market?
- Build to meet the needs of seniors and millennials (i.e. neighborhood settings, transportation, close proximity to services, etc. will be important).
- Invest in green spaces (parks, meeting spaces, etc.).
- Smaller communities – not Palmer and Wasilla – need to develop walkable areas and smaller homes or units close to the center of town.
- Pressure on social services must be addressed.
- Need to update our aging housing stock.
- Access to community fabric and more community culture is desired.
- Client-centric housing process will create more diversity.
- Planned development choices are needed.

Cost/Infrastructure

- Infrastructure expansion can be prohibitive.
- Zoning is needed.
- Transportation will align with development focused in 'village centers'.
- Roads have tremendous impact on development, so we need to invest wisely.
- We are pushing for a mix of young business professionals and family-oriented communities among business developments. This type of model, however, may also push low-income individuals to outer areas.

Choices/Diversification

- We will need more housing choices.
- Revitalization should be focused on leveraging existing areas for improvement, like downtown Palmer.

Next Steps

The Mat-Su Borough Housing Forum aimed to advance affordable and diverse housing solutions to meet the needs of the changing demographic, while stimulating local economic growth, and potentially reducing overall cost burdens. To keep the momentum from the Housing Forum going, the following actions items have been agreed to:

1.) Three Mat-Su Borough Housing Forum Groups have been created to address the issues identified during the event. These Working Groups have developed the Action Plans set forth in this report. These Working Groups will meet on a set schedule to present their progress. These meetings are scheduled as follows:

- Mat-Su Housing Forum Groups Action Plan Presentations - May 7, 2015
- Quarterly Check-In #1 - August 3, 2015
- Quarterly Check-In #2 - November 2, 2015
- Quarterly Check-In #3 - February 1, 2016
- Quarterly Check-In #4 - May 2, 2016
- Housing Summit - Year One: June 15, 2016

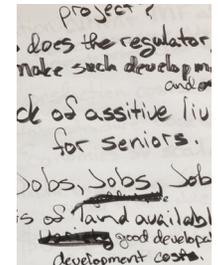
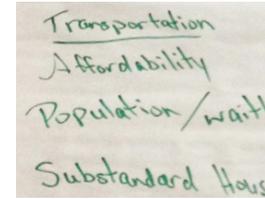
2.) An online account for the Mat-Su Borough Housing Forum Groups has been created with GroupSpaces. This online tool allows the members to send notifications, host forums, manage email communications, organize events, and monitor the discussions going forward.



Join the Mat-Su Housing Forum Online Discussion at:



<http://groupspaces.com/MatSuHousingForum/>



Working Group Action Plans

Based on the discussion at the close of the Housing Forum, a subset of participants were divided into three groups, as follows:

Education Member List

Paddy Coan
Uli Johnson
Barb Worley
Terry Boyle
Sara Jansen
Jim McCall
Aletha Harrington

Cost/Infrastructure Member List

Vince Coan
Susan McNeil
Suellen Appellof
Sandra Garley
David Rose

Choices/Diversification Member List

John Rozzi
Lizz Rautenkranz
Sherri Rusher
Don Carney

The first task for each of these groups is to identify at least three (3) objectives which the group can accomplish over the course of one (1) year and to draft an Action Plan. Action Plans will be presented and discussed at a meeting on May 7, 2015.

Action Planning worksheets are included in the appendix of this document, and can also be found on each GroupSpaces Forum page: <http://groupspaces.com/MatSuHousingForum/forum/>

Setting SMART criteria can assist the groups in achieving their goals. Utilizing the following guiding questions will ensure that actionable strategies emerge. *Source: http://en.wikipedia.org/wiki/SMART_criteria*

*S*pecific

- *What do we want to accomplish?*
- *Specific reasons, purpose or benefits of accomplishing the goal.*
- *Who is involved?*
- *Identify requirements and constraints*

*M*easurable

- *How much?*
- *How many?*
- *How will I know when it is accomplished?*
- *Indicators should be quantifiable*

*A*ttainable

- *How can the goal be accomplished?*
- *How realistic is the goal based on other constraints?*

*R*ealistic

- *Does this seem worthwhile?*
- *Does this match our other needs/efforts?*
- *Is it applicable?*

*T*imely

- *When?*
- *What can we do today?*
- *What can we do in 6 months?*
- *What can we do in one year?*

Appendix

Objectives <i>(List of Team Objectives)</i>	Tasks <i>(what you need to do to achieve your objectives)</i>	Success Criteria <i>(How you can identify your success)</i>	Time Frame <i>(by when you need to achieve the tasks)</i>	Resources <i>(What Resources you need for each task)</i>