



2023

Kenai Peninsula Borough Affordable Housing Report



Table of Contents

<u>Executive Summary</u>	01
<u>Methodology</u>	03
<u>Literature Review</u>	04
Demographics	04
Housing Data & Background	05
Overview of Affordable Housing Models in Comparable Communities	07
Other Actions Taken to Address Housing Issues in Comparable Communities	11
<u>Public Engagement</u>	17
Community Survey Results	18
Kenai Peninsula Housing Initiatives Interview Results	24
<u>Challenges</u>	26
<u>Recommended Action Steps</u>	27
<u>References</u>	29

Executive Summary

The purpose of this report is to document affordable housing practices within the Kenai Peninsula Borough (KPB) and comparable municipalities, while summarizing barriers to affordable housing. Barriers are identified through summarization of background information about the borough and public engagement. Concerns in Cooper Landing about a lack of affordable housing, as well as the fact that KPB recently acquired land near Cooper Landing with potential for development, have in part, prompted this report. Information Insights, a Fairbanks-based research firm, drafted this report as a deliverable for RESPEC, the prime contractor on the Kenai Peninsula Borough Land Planning Unit 395 project.

Affordable Housing Challenges in the Kenai Peninsula Borough & Cooper Landing:

- The price of land is high in the region and is in limited supply due to geographic features that also make this region a beautiful and highly sought after place to live and visit.
- Building materials and costs have risen much faster than wages in recent decades.
- Prices in the housing and rental markets have increased substantially as outside investors have purchased land and homes.
- Short-term rentals have increased exponentially, particularly in communities with large seasonal trends in tourism, reducing rental availability for residents.
- The senior population is growing, and housing with specific considerations for seniors needs to be considered.
- Costs of development are high, leading the Alaska Housing Finance Corporation (AHFC) to place emphasis on renovation projects rather than development of new projects to increase affordable housing statewide.
- Affordable housing challenges are not spread equally across Kenai Peninsula Borough (KPB), with smaller communities, including Cooper Landing, having far fewer affordable housing resources and options.

Existing Affordable Housing Models:

Affordable housing options around Alaska and the U.S. are developed through partnerships and engagement within communities. Federal funding is one of many components of financing many projects, while local and state organizations also often engage with planning and financing parts of affordable housing projects.

Local Government & Community Actions:

In addition to new housing construction, other steps that can be taken center around the review of land use and development regulations to increase the feasibility of more housing options developing that are in-line with community norms. Bringing together community resources and voices can facilitate the development of solutions specific to community needs.

Community Input:

Residents desire housing costs that are in line with their incomes and that contribute to stability and vitality of communities. Priorities that residents identified are:

- Limiting short-term rentals, creating deed restrictions, and releasing more land for the development of affordable housing.
- Single family homes, followed closely by affordable-accessible and middle housing solutions are desired and should be prioritized for year-round and lower income-earning people and families. Affordable-accessible housing is lower priced housing with convenient access to essential services and activities, and middle housing is housing that is in between single-family homes and multi-story apartment buildings, such as duplexes, backyard cottages, and townhouses.
- Kenai Peninsula Housing Initiatives (KPHI) has outlined the importance of developing relationships within communities to explore solutions. When land for development is identified, assessing feasibility and local infrastructure are important first steps.

Recommendations:

Challenges identified from the literature review and community engagement inform the recommendations that are made. Deliberate action by smaller communities in developing relationships with housing entities such as AHFC and or KPHI, and the Borough are needed to generate specific solutions that are crafted with the community's goals in mind. Local partnerships with community organizations invested in the economic stability have been fundamental to success stories in other communities with severe housing challenges. The feasibility of any project needs to be verified early in planning with regard to connections to current infrastructure and utilities, and consideration of long-term funding mechanisms.



Methodology

Literature Review

The literature review includes sources such as the United States Department of Agriculture (USDA), Housing and Urban Development (HUD), AHFC and other regional housing authorities in Alaska. These sources are primarily "grey literature," or information produced outside of traditional academic or commercial publishing channels. The focus was placed on this form of literature because academic articles are rarely intended to offer specific or actionable policy advice, particularly for unique regions such as the KPB. Background information regarding the factors contributing to affordable housing challenges in the KPB and Cooper Landing is summarized, followed by a section highlighting affordable housing practices in comparable communities.

Public Engagement

A community survey about affordable housing was created using Google Forms and distributed via public engagement events in September through November, 2022. Sixty-eight community members completed the survey; the results of the survey are included in the Public Engagement section of this report. Residents were asked about the barriers they experience, as well as what solutions they view as the best path forward.

To gather insight from a housing organization, an interview with KPHI was conducted. KPHI has been involved with new construction projects, rehabilitating existing homes, and has collaborated with other community organizations as well. Current properties are in Homer, Ninilchik, Seward, Soldotna, Kenai; KPHI have also worked with Ninilchik Traditional Council and the Sterling Area Senior Citizens, Inc. group. Questions from the interview were focused on identifying steps communities should make initially when considering the development of affordable housing, as well as funding options.



Literature Review

Kenai Peninsula Borough Demographics

The population in the Kenai Peninsula Borough was 58,957 in 2021.¹ The Kenai Peninsula Economic Development District reports that the Borough has been growing at about 0.6 percent per year between 2011 and 2020, however variation existed in communities. The Alaska Housing and Finance Corporation has reported that in the state, migration from rural to urban areas is a growing trend.² Nearly 60 percent of the Borough population falls into the “economically active age, between 20 and 65; this is slightly lower than the statewide percentage of 61.3 percent. The number of KPB residents over the age of 65 is expected to continue to increase over the next decades, which is in line with state trends as well. The KPB region is less ethnically diverse than the state, as 83 percent of residents identify as white (65 percent of Alaska residents identify as white, by contrast). About 8 percent of KPB residents identify as Alaska Native.³

The mean and median incomes were \$89,245 and \$69,245, respectively, in the KPB for 2020, according to the 2020 American Community Survey (ACS) 5-year estimates.⁴ This was lower than the statewide mean (\$98,811) and median (\$77,790) income levels. The 2020 ACS reports that 12.7 percent of all people are below the poverty level in the KPB, compared to 10.3 percent for the state of Alaska.

According to the Denali Commission, 23 of the 37 communities in KPB are considered distressed, including Cooper Landing.³ The criteria for designating communities as distressed is:

- Community-wide average incomes compared to full-time minimum wage earnings.
- Percent of populations earning more than full-time minimum wage.
- Percent of populations with year-round wage and salary employment.



Kenai Peninsula Borough Housing Data & Background

There are a variety of different indicators about housing challenges and changes being implemented in the KPB. The indicators used for this report are: availability of affordable housing, quality of current housing stock, statistics on cost-burdened households and communities around KPB, as well as statistics that indicate the growing proportion of senior citizens in the KPB and how that relates to housing.

Availability:

- Housing costs may be lower in KPB than statewide, on average, but housing availability—specifically seasonal housing—is a challenge.
- Communities with large seasonal fluctuations in workforce experience more dramatic housing gaps.³
- The availability of housing in Seward, Soldotna, Kenai, Homer, and Seldovia increased in 2020 with the construction of 95 new, primarily single-family housing units across these communities.³
- Most available affordable rentals in the KPB appear to be located in larger communities of the borough, such as Homer, Kenai, Seward, and Soldotna, however Ninilchik and Nikolaevsk also have some affordable rental options and both communities have less than 1000 people.^{5 6 7}

Quality:²

- The current housing stock in the KPB is less drafty than those statewide (29 percent versus 36 percent).
- The risk for indoor air quality issues is higher (59 percent versus 56 percent).
- More houses in KPB lack indoor plumbing (5 percent versus 1 percent).



Cost-burdened Households:

In 2018, AHFC estimated that 27 percent of all households on the KPB are cost burdened, meaning they spend more than 30 percent of their total household income on housing costs. This is less than the statewide percentage of cost-burdened households (31 percent).³ However, of households that rent in the KPB, other sources have identified that 37 percent of renters are cost burdened.⁵ According to Affordable Housing Online, which uses a variety of sources in compiling their database on affordable housing, communities in the KPB where renters are the most cost burdened are:

- Sterling (51 percent)
- Cooper Landing (55 percent)
- Kasilof (74 percent)
- Nikolaevsk (77 percent)
- Clam Gulch and Beluga (both having 100 percent of renters cost burdened)

Because most of these communities are small, the margins of error for these statistics are large, but the data does add evidence to where in the KPB the lack of affordable housing may be affecting the most people. Despite that Nikolaevsk has some affordable housing listed as we have noted above, they are still also listed as having a high proportion of cost-burdened renters, which highlights how each community likely has its own unique challenges and thus needs unique solutions.

Senior Housing:

With an increasing senior population in KPB, senior friendly housing is a growing concern.⁸ More specifically, there are about 22 seniors for every licensed senior facility bed in the KPB, which is higher than the statewide average of 15 seniors for every licensed senior facility bed. This is projected to increase to 39 seniors for each senior facility bed in the next decade.³



Overview of Affordable Housing Models in Comparable Communities

Alaskan Communities

Kachemak City

Affordable housing projects: 1

Features: East End Cottages is an affordable housing project that is a mix of regular and Low-Income Housing Tax Credits (LIHTC) units.⁹

- The LIHTC program funds development costs of building an affordable housing complex.
- Some of the 24 units are subject to the LIHTC program, so must be rented at certain reduced rates.
- Anyone can apply, but LIHTC units will only be rented to those who make no more than 60 percent of the Area Median Income (AMI).
- Utilities were considered in planning; city water was extended to include the East End Cottages address (outside of city limits) by City council.

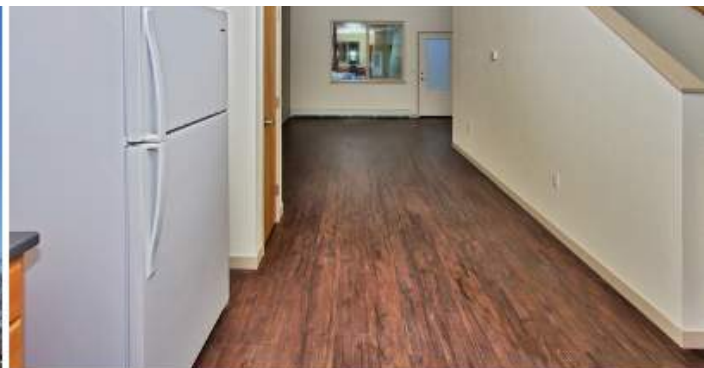
Housing type: Rentals that are triplex-style buildings. Some units have accessibility options, the complex is pet friendly, and rental vouchers are accepted.

of units: 24 apartments in the complex, but not all of them are rented as affordable housing

Cost: As a mix of LIHTC units and regular units, rent varies from \$917 for a two-bedroom apartment to \$1,290 for a three-bedroom apartment.

Funding Source: Funded in part by the Low Income Tax Credit (LIHTC) program.

Government Actions & Support: To support the project, the city council approved extending public water to this project, which is outside of city limits.



East End Cottages¹⁰

Sitka

Affordable housing projects: 1

Features: The S'us' Héeni Sháak Community cottages in Sitka is an example of one of three Community Land Trust models in Alaska.¹¹ The general model is:

- The Sitka Community Land Trust (SCLT) retains the land and only sells the homes, with a 99-year renewable lease and small fees for the land.
- Potential homeowners pick from models for the house, which are simple and small structures
- If homeowners leave, the SCLT manages the sale to keep the house affordable.
- The S'us' Héeni Sháak Community cottages will eventually be about 14 homes in a small neighborhood.

Housing type: Ownership of house, but not the land

of units: Eventually 14 homes

Cost: Affordable to those making about 80 percent of the AMI

Funding Source: The Sitka Community Land Trust (SCLT) bought the land from the city with help from the Rasmuson Foundation, the Southeast Alaska Regional Health Consortium, and other donors.

Government Actions & Support: Land in Sitka was set aside in 2006 for affordable housing, with a referendum.



S'us' Héeni Sháak Community¹²

Delta Junction

Affordable housing projects: 1

Features: Ptarmigan Heights is a project that was developed in partnership with AHFC.¹³

- Six-unit rental housing for mixed income seniors, including those with disabilities.
- A group of locals created a new nonprofit, Deltana Community Services Partnership (Deltana), to make this happen.

Housing type: Rentals in an apartment building

of units: 6

Cost: Rent ranges from \$695 for a studio apartment at a 50 percent low income limit to \$1169 for a two bedroom at a 60 percent low income limit.

Funding Source: Funded by AHFC HOME Investment, other public funds, and private funds.

Deltana reached out to a local developer and submitted a winning proposal for these state and federal grants from AHFC.

Government Actions & Support: Land was donated by the city and the city also invested in funding the construction too.



Ptarmigan Heights ¹⁴

Comparable U.S. Communities

Communities outside of Alaska were selected based on the availability of information about affordable housing projects and the community being comparable to KPB, with regard to rurality.

Moab, UT

Affordable housing projects: 1

Features: Cinema Court is a multifamily development (predevelopment to completion, 2009-2012)¹⁵

- Lessons learned:
 - Initiative-taking planning is important! Moab had an up-to-date affordable housing plan, so received priority consideration for a low-interest loan from Utah's Olene Walker Housing Loan Fund, which was critical to the project's success.
 - Bring in outside technical assistance. Rural communities often lack resident experts who can take on significant projects.

Housing type: Apartments for renting are in nine buildings and face a central courtyard with a playground.

of units: Unknown

Cost: Serves tenants with incomes up to 50 percent AMI. Rental rates depend on household size, income, unit size.

Funding Source: \$8.79 million project financed through local funds, community development block grant (CDBG) loan via Housing Authority of Southern Utah, LIHTCs, and the Olene Walker Housing Loan Fund, a state financing program for affordable housing. Utah non-profit Housing Corporation (UNPHC) and Lotus Community Development Institute (LCDI) helped local and county officials with a financial package for the multifamily development when the original development plan went into foreclosure.

Government Actions & Support: Unknown



Cinema Court¹⁶

Other Actions Taken to Address Housing Issues in Comparable Communities

Alaskan Communities

Seward

Municipality Actions to Address Housing Issues¹⁷

- City Council approved Resolution 2022-21 to commission a study on the road, power, and sewer infrastructure of the Hemlock subdivision to determine the feasibility of rezoning and re-platting the area for 40 single-family (3 bed, 2 bath, 1500 sq. ft on 6000 ft lot) homes as part of a plan to address the housing crisis.
- Other city projects addressing housing issues:
 - Infill vacant lots for residential development. The city has completed an inventory and will provide that to council for further action.
 - Working with the City's contracted engineers to develop Utility Expansion and Master Plan to expand sewer, electric, roads to private parcels.
 - Effectively use the developer reimbursement program.4 DRP projects in the works with a total of about 130 lots intended for single family homes and multi-family housing. The large 88-unit project will be starting summer of 2023.
 - The city has also invested in a feasibility study of the Mt. Alice Bench area which would require substantial investment to gaining access as well as utilities to this sight. No further action at this time is planned by the city council, however, costs for future development are now known.
 - The city is investigating land use regulation changes such as considerations to building heights, lot coverage, and Accessory Dwelling Units (ADUs).
 - The City Council recently adopted short-term rental regulations that are in place for 2023. The major change is that short-term rentals must be owner occupied (traditional bed and breakfast) in residential zones. Whole house rentals are prohibited. Additionally, adding fees for short-term rental permits to help the city cover the costs of processing and compliance tracking as well as specific short-term rental insurance being required.
 - The public works site for the city is being relocated and the previous site may afford the city 20 lots for housing.
 - Examine areas where city can sell property for reasonable and timely development.
 - Embarking on discussion with different groups in regards to opening up lands outside of City Limits for possible residential development (DNR, USFS, KPB, Alaska Mental Health Trust)
 - Community Conversations are being planned for Spring 2023. Some community members who own homes and have lived in the area a while may not be aware of the problems facing newer residents. The hope is that conversations can increase the base level of understanding of what the community is facing in terms of shortages.

Sitka

Sustainable Land-Use Code Audit & Workshop (partnership with Smart Growth America)¹⁸

- Funded by an EPA Office of Community Revitalization Building Blocks grant.
- Held an in-person workshop with local stakeholders to discuss improving barriers to zoning codes, create incentives for affordable housing, and fill regulatory gaps.
- Discussed targeted sustainable code issues and made recommendations:
 - Housing Choices (Sitka has most expensive housing market in the state)
 - ADUs were not allowed under Sitka’s zoning on large lot single family districts and were by conditional use elsewhere – recommend regulatory, code, and variance reform.
 - Short-term rentals are a growing issue. Homeowners make more money offering short-term rentals to tourists than longer-term rentals to locals. This reduces the supply of affordable units, which drives up the cost of existing housing for locals.
 - Options: have comprehensive licensing requirements to better track short-term rentals, ensure taxes being paid, require owner occupancy, and cap the number of short-term rentals.
 - Change the minimum residential lot size. Reduce lot size requirements in residential areas, if relevant, to allow for affordable developments.
- **Final Progress Report**
 - New ADU standards to open more zones for ADUs and remove numerous regulatory barriers went before the Assembly and Planning Commission.
 - Planning Commission and Assembly reviewed recommendations for new development standards that reduce lot size.
 - Adopted a Comprehensive Plan in 2019.



Juneau

- The City and Borough of Juneau (CBJ) created the Juneau Affordable Housing Fund (JAHF) to promote the creation of affordable housing.¹⁹
- In 2022, the CBJ Assembly made \$2,000,000 available for use by for-profit and non-profit organizations, public and regional housing authorities, and tribal governments interested in the creation of affordable and middle-income housing in CBJ.
- The primary purpose for establishing the JAHF is to direct resources toward creating affordable (0 percent to 80 percent AMI) and middle-income housing units (80 percent to 120 percent AMI) in the CBJ through:
 - Funding capital costs of rental and ownership housing.
 - Funding for capacity-building activities of non-profit housing developers.
 - Funding supportive services for occupants of affordable housing.
 - Funding operating expenses of housing developments.
 - Funds are typically made available as grants for non-profit organizations and public housing authorities targeting households in the affordable housing range (0 percent to 80 percent AMI) and zero-interest loans for private developers that meet middle-income housing (80 percent to 120 percent AMI) affordability requirements.
 - Qualifying projects are eligible for grants and loans up to \$50,000 per affordable or middle-income housing unit created, or for other eligible uses on a similar per unit basis.
 - For profit-developer projects using JAHF funds for middle-income housing must reserve at least 20 percent of the units for tenants with gross incomes less than or equal to 80 percent AMI for at least ten years or the life of the loan.
- Projects awarded were:²⁰
 - AWARE (non-profit that supports victims of sexual and domestic violence) Cordova Street Project (\$200,000). Funding 7 affordable studios in Douglas to provide survivors with more privacy and independence than shelters or transitional housing.
 - Tlingit Haida Regional Housing Authority Kowee Phase 1 Project (\$500,000)
 - Rooftop Properties Ridgeview Project (\$1.2 million) Market Rate housing project (Ridgeview subdivision will have 444 units eventually; this goes to the first 96 units).
 - St. Vincent de Paul for maintenance of Teal Street Shelter in Mendenhall Valley Project (\$100,000).²¹



Anchorage and Southcentral Communities

Neighbor Works Alaska (NWAK)²²

- NWAK is a 501(c)3 non-profit that focuses on Fairview, Russian Jack, Spenard, and Midtown neighborhoods in Anchorage, as well as a project in Bethel
- Has rentals and homes to sell (income limits to serve specific populations).
- Creates programs based on community-identified needs.
- Encourages investments, building relationships, and organizing resources for the benefit of the community.
- Advocates for more connected and safer neighborhoods, promoting health and food security, supporting equitable access to affordable housing, justice reform, and encouraging placemaking and connection.
- Expanding to support safe and affordable housing initiatives across Alaska and currently collaborating with partners in Bethel to bring piped water and sewer to a new subdivision.

Cook Inlet Housing Authority²³

- Focus on Southcentral communities – Spenard, Mountain View, South Anchorage, Muldoon, Midtown, Eagle River, Kenai Peninsula, and Fairview areas.
- Rental properties, mortgage programs, home improvement programs.



Comparable U.S. Communities

Moab, UT

Moab Affordable Housing Plan updated in 2016²⁴

- The Problem:
 - The housing imbalance was caused by low household income, high housing costs, external market demand, condition of existing housing supply, restrictive land use regulations that favor low-density, single family detached dwellings.
 - Housing is economic development. The shortage of affordable housing hinders business development and employee retention.
 - More than half of households earning 80 percent or less of AMI are cost-burdened and a quarter are severely cost-burdened.
 - Barriers and impediments to affordable housing include existing land use regulations, site planning and architectural design, and funding.
- Local Housing Efforts and Successes:
 - The Interlocal Housing Task Force used broad community representations to lead affordable housing efforts by targeting policies and programs addressing housing affordability and availability.
 - The city and county allocated funds toward affordable housing.
 - USDA 502-direct and 523-guaranteed loans were used, and the USDA helped to create and implement deed restrictions to preserve long-term housing affordability (e.g., 15-99 years or in perpetuity).
 - Arroyo Crossing Subdivision (2016) was the first private development to include a voluntary 20 percent set-aside for affordable housing that was negotiated with the developer and property owner.
 - Successful rezone request
 - Affordable units deed-restricted for at least 40 years.
 - Tenant eligibility: cannot earn more than 80 percent AMI and must have at least one adult working full time, be 62 or older, or have qualifying mental or physical disability.



Moab, UT

Solutions and Recommendations to Expand Affordable Housing

- More middle housing is needed, such as multi-unit or clustered housing, e.g., duplexes, triplexes, courtyard apartments, bungalow courts (single family units around shared courtyard), ADUs, and co-housing communities (single family homes built around shared spaces).
- Interlocal Housing Task Force recommendations to municipalities:
 - Increase funding for affordable housing within municipal budgets.
 - Use deed restrictions to protect affordable housing units.
 - Adopt an assured housing ordinance requiring new residential and commercial development above a given size to include some affordable housing.
 - Support employer-provided housing while providing best practices that protect employees.
 - Increase flexibility in land use codes to support residential and mixed-use developments, including “tiny home” communities.

Jefferson County (Port Townsend), WA

Jefferson County Housing Solutions Network (HSN)²⁵

- HSN works to grow networks of housing champions using a community network building approach, the core of which are community-driven housing action teams (HATs), composed of volunteers working together to identify obstacles to affordable housing and create and implement strategies toward new solutions.
 - The area needs more units that are protected as permanently affordable.
 - Interest in the community grew since the start of the pandemic, with remote workers, retirees, second or third homebuyers, and “affluent climate migrants.” Just building more houses will not decrease prices to a rate that is affordable for people who work in local industries or have lived here their entire lives.
 - HSN worked with Habitat for Humanity, Olympic Housing Trust, Peninsula Housing Authority, Olympic Neighbors, and other affordable housing groups and projects.
 - Volunteer HATs work to address issues of safe and affordable housing, with teams such as Permit HAT, Housing Connections HAT, Tiny Home Communities HAT, Outreach HAT, and Sanitation HAT.

Public Engagement

Initial public engagement in Cooper Landing was conducted between September and November 2022 with several community events and meetings. A community survey with an online link was distributed at these events and was open between November 16, 2022 and December 6, 2022. Information about the survey was distributed at the library, the post office, and within the Moose Pass Messenger, the Cooper Landing Community Crier, as well as public and private area Facebook groups. In addition, paper copies and QR codes were available at community events during the month of November.

The survey asked the following questions:

- What does affordable housing mean to you? (free long text answer format)
- What kind of housing is needed in KPB/Cooper Landing? (select all that apply format)
- Should KPB consider specific populations when thinking about affordable housing options? (select all that apply format)
- What do you think are the biggest barriers to affordable housing in Cooper Landing? (select all that apply format)
- What are solutions to affordable housing in Cooper Landing that rise to the top for you? (free long text answer format)
- How could the borough ensure residents are prioritized when purchasing, renting, or leasing new housing? (select all that apply format)

Themes were identified from the “free long text formatted” answers, with responses categorized by theme. Themes are listed in ascending order, based on how many responses aligned with a particular theme. Some quotes are used to highlight the nature of responses that were received.

Figures 1-4, show results of the “select all that apply questions” with the percentage of respondents that selected each of the provided answers. A list of the “other, please fill in the blank” responses to these questions are provided below each figure.



Community Survey Results

What does affordable housing mean to you?

1) Housing costs align with local incomes or are income-based, meaning lower wage, full time employees in Cooper Landing can afford to live there, as can seniors on fixed incomes, without having to pay more than 1/3 of their monthly income on housing costs. **(50 percent of respondents)**

“It means everything. My ability to live and work consistently and reliably in the town I cherish and call home. My ability to start my own business. My ability to have a family. It is crucial to having a future here.”

2) Affordable housing promotes community stability and growth by allowing those who work in the community to be able to live there, raise families, have businesses, provide services and a stable workforce, and invest in the community. **(22 percent of respondents)**

“Affordable housing provides a mix of opportunities for individuals and families. It should allow for affordable lots or houses for local individuals to buy to be a permanent part of the community. It also should provide housing options for people to rent based on income and help build the community as well as its workforce.”

3) Safe, reliable, efficient long-term housing (single family, multi-family, transitional) with basic amenities like plumbing, heat, and insulation. **(10 percent of respondents)**

4) Housing that prioritizes year-round residents and business owners over short-term vacation rentals or wealthy out of town buyers seeking second homes. **(10 percent of respondents)**

5) Housing that is fair market priced without subsidies or restrictions (or with limited public incentives). **(4 percent of respondents)**

6) Affordable housing is not needed year-round, is a myth, or will become an eye sore in the community and the property would have better uses. **(4 percent of respondents)**

Additional Comment:

- Developing "inexpensive" housing in Cooper Landing will be challenging because of high land values due to very high demand, high building costs due to transport distances for building supplies and specialty contractors, geotechnical issues, etc.

What are solutions to affordable housing in Cooper Landing that rise to the top for you?

- 1) Limit the number of short-term rentals (e.g., Airbnb, VRBOs, nightly rentals) to make more units available for long-term rentals. **(16 percent of respondents)**
 - Suggested mechanisms include additional taxes on vacation rentals, tax incentives for long term rentals, limit percent of residential land available for nightly rentals
- 2) Make more affordable land available for sale/development of affordable, insulated, efficient homes. **(13 percent of respondents)**
 - Suggestions: sell smaller size parcels, open more borough and federal land where roads already exist, transfer KPB land to private ownership, sell land for reasonable price with housing development stipulation
- 3) A variety of housing types and price ranges are needed. **(10 percent of respondents)**
 - Examples: mobile homes, mixed income or income based multi-family and small unit housing (apartments/duplexes/townhomes/small homes or lots), housing communities (yurts, tiny homes), or refurbish and maintain existing buildings.

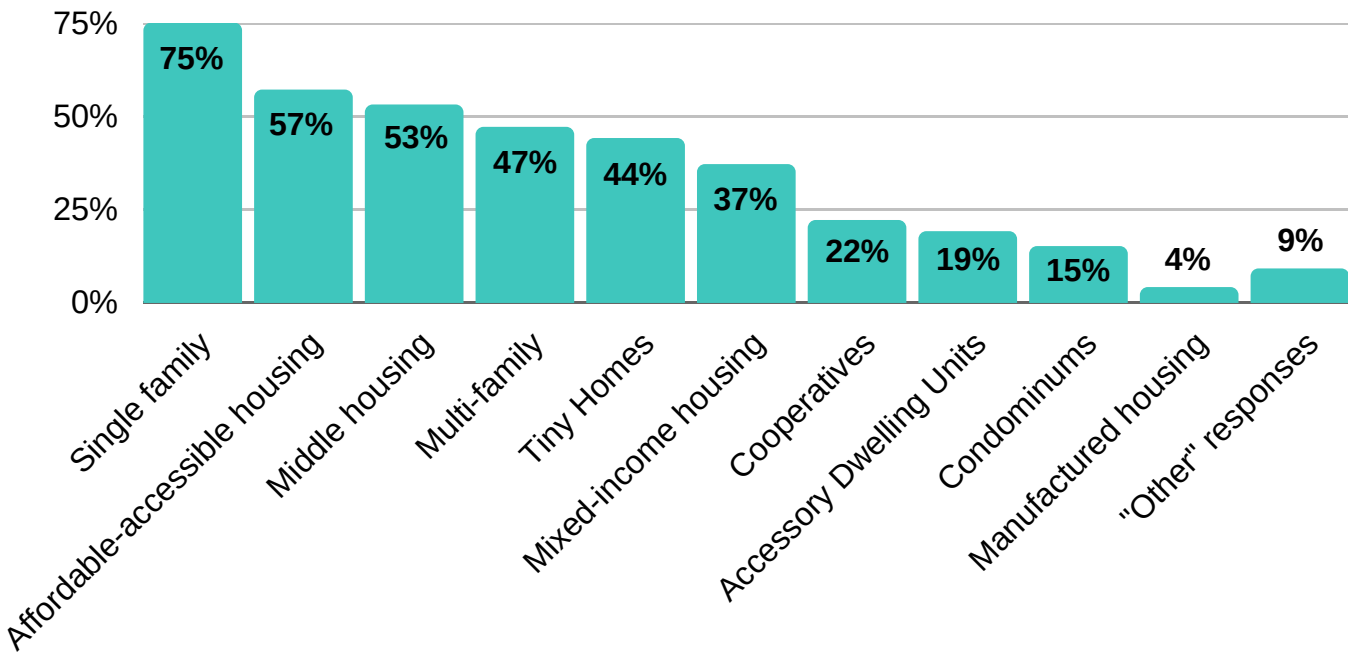
“Ending the affordable housing crisis in Cooper Landing requires a major investment in developing homes affordable to the middle and the lowest income people. The underlying cause of the affordable housing crisis in Cooper Landing is the severe lack of affordable rental homes for mid to lowest-income households – the lowest income people are the only segment of the population for which there is an absolute shortage of affordable and available homes.”

- 4) Change zoning and property regulations/taxes. **(9 percent of respondents)**
 - Examples: deed restrictions (e.g., prohibit short-term rentals), inclusive zoning, incentives (tax breaks) for building affordable homes and middle housing, building covenants on low-priced lots, permit apartment or employee housing complex developments, realistic borough land/property assessments.
- 5) Prioritize year-round residents through incentives, housing developments specifically for residents, and priority on purchasing priced lands and homes. **(7 percent of respondents)**
- 6) Finance options/assistance **(7 percent of respondents)**
 - Suggestions include create option for year-round residents to pay more during summer to ensure affordability during winter, down payment assistance for long term residents, long-term land leases through KPB that allow occupants to gain equity by building, grants to landowners to develop RV parking with hookups for summer housing
- 7) Only build affordable housing where there is access to potable water and away from the main tourist corridor, the Kenai River. **(3 percent of respondents)**

Additional Comments:

- Employers need to provide a living wage or safe and secure housing for employees.
- Build community infrastructure (e.g., a community well and community sawmill from beetle killed logs) to help with affordability.
- Consider a “housing authority” to take on building and managing housing options.

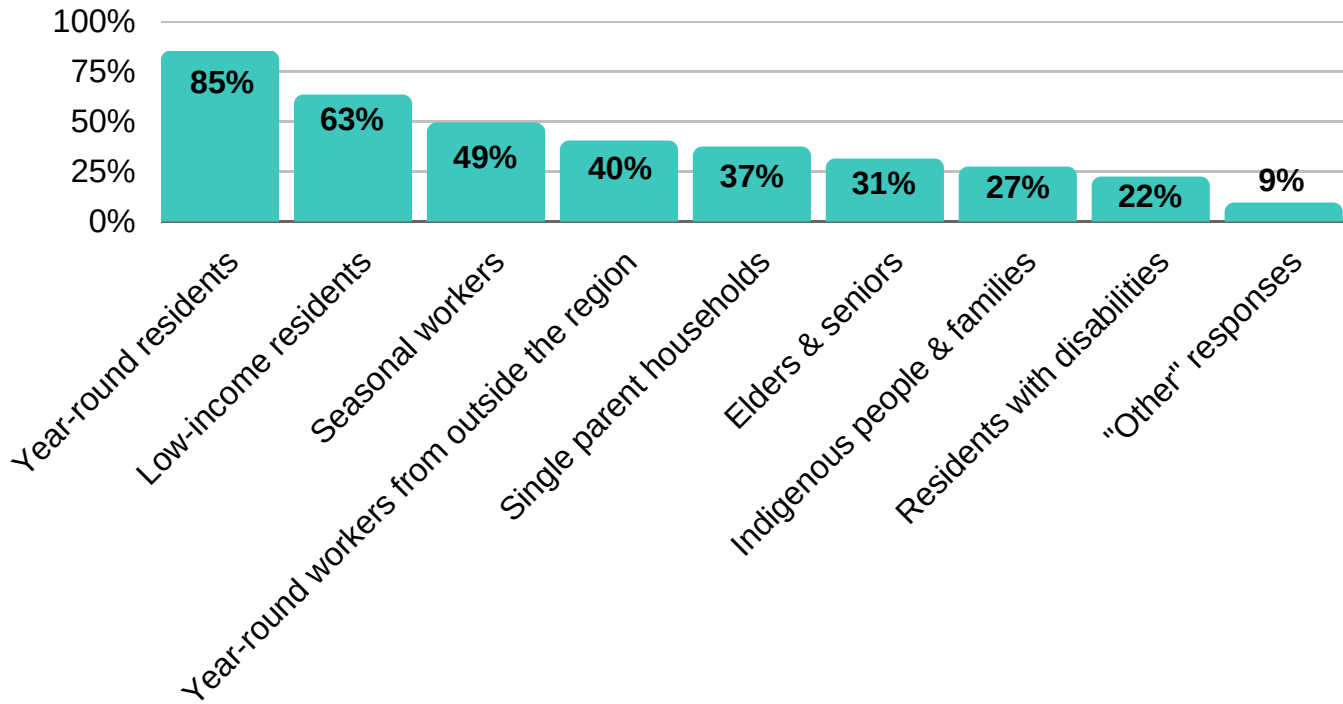
Figure 1. What kind of housing is needed in KPB / Cooper Landing? (Select all that apply)



Other, please fill in the blank responses:

- RV parks and parking / trailer homes for “snowbird” lifestyles.
- Tiny homes with bathrooms would be great
- Demand way exceeds supply currently.
- NONE! Just make it easier for landowners to host an RV or two on their property over the summer
- Yurt villages
- It is great the way it is

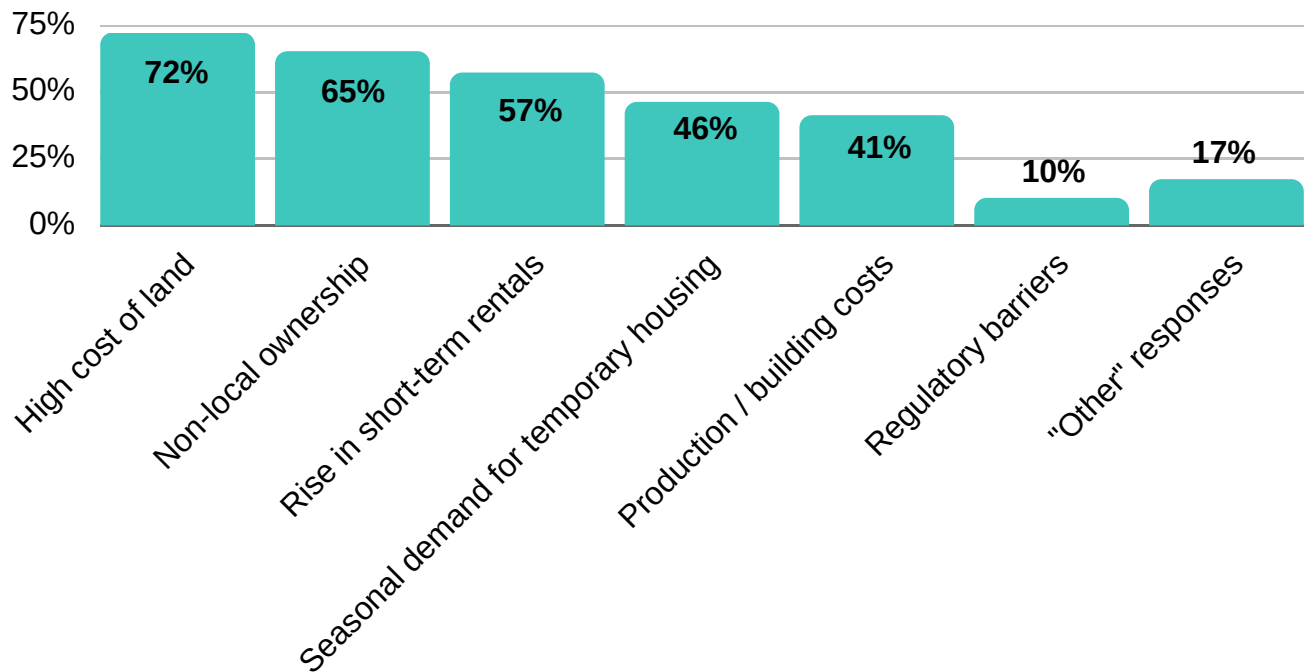
Figure 2. Should KPB consider specific populations when thinking about affordable housing? (Select all that apply)



Other, please fill in the blank responses:

- Local business owners who cannot afford to buy land and / or homes in the area where we own businesses
- Include all in the housing needs.
- Is this a trick question? Why wouldn't you consider all these groups?
- People that can afford to live here.
- Seasonal workers should be given housing by those that employ them!
- Would be useful if we could rank choices above in order of priority

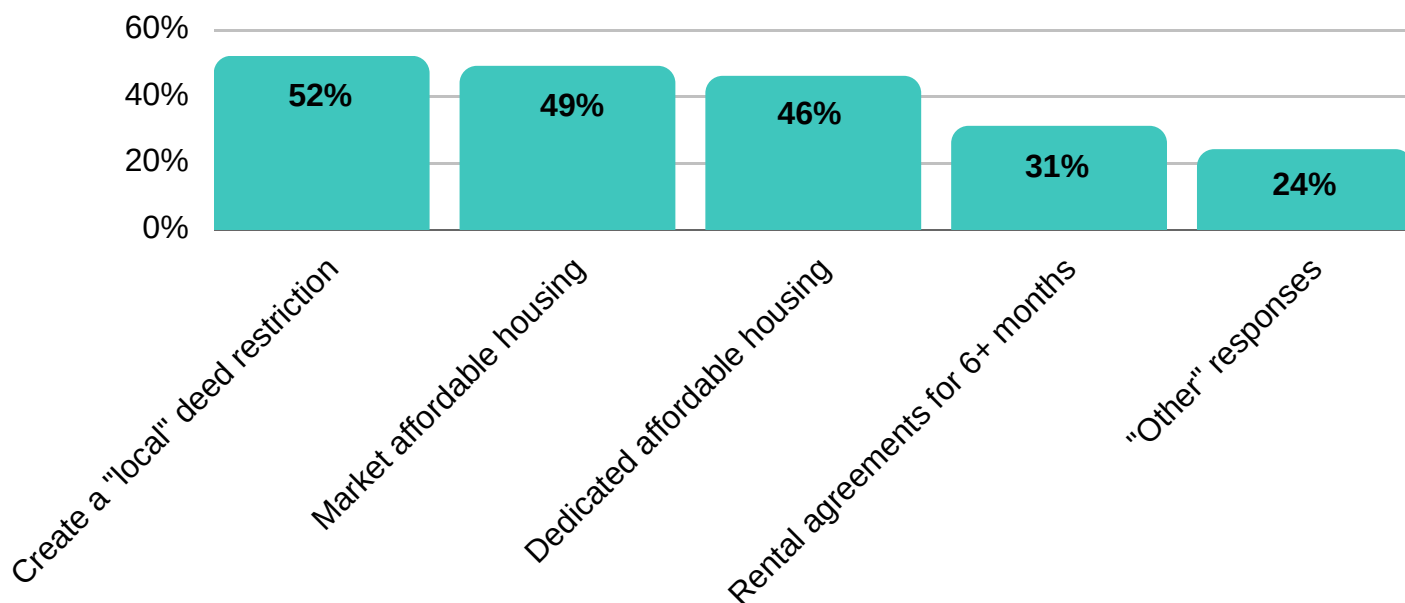
Figure 3. What do you think are the biggest barriers to affordable housing in Cooper Landing? (Select all that apply)



Other, please fill in the blank responses:

- You hit the nail on the head with these. Out of town owners who only reside in their dwelling for a small fraction of the year, cost and availability of land, and the competitive pricing of AIRBNBs and the like compared to monthly rental cost.
- Being outbid by an outsider so they can sue precious property and land to lease out for a nightly air BnB. Cost of land being exorbitant: not being able to afford to live in the town that I help run.
- Demand for land exceeds supply. Building cost are at a premium due to travel and land development cost.
- Lack of local jobs!!!!
- With the high cost of land, most year-around workers in CL can't afford to buy land and also build a decent house.
- Lack of available land for sale
- All the above though I don't know much about the regulatory barriers.
- Accessible services
- High value of living in this beautiful place
- High costs of land and development; limited year-round demand
- It's an in holding in a National Park, and a recreational destination for camping and fishing, I don't believe tourists and folks who come to enjoy this area are looking for low-income housing

Figure 4. How could the borough ensure residents are prioritized when purchasing, renting, or leasing new housing? (Select all that apply)



Notes: A "local" deed restriction could specify, for example, for a person to rent or buy a "local workforce" unit, their household must make more than 75 percent of their income in KPB, and they cannot own residential real estate within 100 miles of Cooper Landing.

"Market affordable housing" units rent or sell at an affordable price but have no binding restrictions.

"Dedicated affordable housing" comes with binding rent and/or income restrictions to ensure it is occupied by middle and low-income households).

"Rental agreements for 6+ months" often specify that the renter cannot vacate the unit for 2 or more months.

Other, please fill in the blank responses:

- The more restrictions, the fewer developers who will be interested (3 responses)
- Land restrictions on being able to VRBO / Airbnb the purchased land (2 responses)
- Some sort of deed restriction so local business owners (like myself) and others can afford to buy in CL where we own already operating businesses.
- Continue to offer Borough land for sale at market-based pricing.
- Pass legislation that aids in the development of good paying year-round employment. I.e., oil, gas, mining, logging within the KPB
- Provide rental assistance to low-income residents. Endorse federal legislation to ban housing discrimination based on source of income, gender identity, and sexual orientation, and pledge to increase enforcement of existing fair housing laws, including state and local obligations to affirmatively further fair housing.
- None of the above. Let private enterprise solve this problem. All KPB needs to do is give some encouragement through grants to make this possible. We don't need year-round "affordable" housing – just during the summer!

- The danger with affordable housing is, of course, cheap building - not "inexpensive" but "cheap" - new housing needs to be sturdy for Alaskan conditions - i.e.: water seepage into basements and crawl spaces cause a lot of problems that are difficult to deal with. These problems need to be taken into consideration when designing and building smaller housing.
- Sell state and Borough land that you can get utilities a well and a septic on. You can't get a mortgage without these things.
- I feel low affordable housing is not a great answer for this community. This is a tourist destination for camping and fishing. The jobs are seasonal, so a three-month job is not going to even qualify most people for low income. It's fishing guides and one hotel the Princess lodge that are creating the most jobs here in the summer. These jobs disappear, along with most of the people. Most of the homes here are weekend homes and are used for recreation. Most of the population that does stay on is made up of retired people with the median age of about 80 who have moved here to live in their recreational homes. I would say that about 80 percent of the population disappears in the fall over the winter. Low-income housing doesn't make any sense, certainly not enough jobs to sustain a multitude of people.

Kenai Peninsula Housing Initiatives Interview Results

An interview with Brandy McGee, executive director of KPHI was conducted to provide more depth to the recommendations of this report. In addition, KPHI has been involved with numerous successful affordable housing projects in the KPB. The importance of seeking and utilizing an existing housing entity and its expertise during project development also cannot be over emphasized.

Themes from the interview with KPHI:

- 1) There are limited funds for developing affordable housing, and demand for those funds far exceeds the supply, so diligence in applying for funds matters.
- 2) Each community with a need for affordable housing is unique and its individual challenges and needs should be considered in planning.
 - The Anchorage Land Trust operates very differently than the Kachemak Heritage Land Trust.
 - Cooper Landing's need seems dire; affordable housing there would likely "rent-up" very quickly.²⁶
 - There are a variety of different tenant types in Cooper Landing to consider.
 - Smaller communities like Ninilchik have also worked with KPHI.
 - Geologic features need to be considered carefully when planning, given the wide variety of challenges KPB communities face (limited land that is compatible with housing construction, many bodies of water, steep mountains with unstable soils, etc.).

- 3) There are multiple barriers and challenges surrounding affordable housing in KPB
- Outside investors and short-term rentals are further squeezing the market, but it is important to remember the problem is deeper and broader than just this issue.
 - When essential workers cannot afford to live in a community, the reality of providing integral services becomes difficult.
- 4) The way in which KPHI collaborates with communities is multifaceted:
- Land donation to KPHI is a key step to make projects financially feasible.
 - Typically, KPHI works with AHFC for these projects.
 - Community size does not matter (small communities can be served).
 - KPHI values developing a relationship and partnership with communities, which is important to the successful development of affordable housing.
 - Letters of community support are required for development grants from whomever is partnering with KPHI on housing.
 - Communities need to invest in the process, usually through a feasibility or market study initially.
 - KPHI typically does new development and is less often involved with renovation projects.
 - KPHI would welcome developing a relationship with either the KPB regarding Cooper Landing's Unit 395 parcel or with Cooper Landing itself.
- 5) Important items to consider about initiating an affordable housing project
- Projects with long-term goals are usually prioritized by granting organizations (30-year periods of affordability goal for a project). Sitka's Land Trust recently implemented a program with a 99-year lease on affordable homes.¹¹
 - Vet the developer and the structure of the housing to make sure it is appropriate for the environment it is being built for.
 - Be cognizant of the cost of getting utilities to a new development; this can be a huge hidden cost if it is not considered early in a project.
 - AHFC requires a market study; upfront investment in an affordable housing project is necessary to get it off the ground.
 - KPHI also must vet a project financially (market and feasibility studies).
 - There is no concrete set of steps for a community to take; it is about making connections with organizations and developing goals and partnerships.
 - The jurisdiction of the land needs to be understood; is it a city project or a borough project?
 - Middle housing structures are often the most realistic in terms of reducing costs and prioritizing the kind of housing that is acceptable to a community.
 - If looking at dry cabins or tiny homes or alternative types of housing developments, consider that housing without plumbing may not qualify for many types of grant funding and can also present problems to the longevity of a project.

Challenges

Based on feedback from Cooper Landing survey respondents, public engagement, review of affordable housing practices and availability in the KPB, and an interview with a prominent housing organization in KPB, the barriers to affordable housing in the KPB are multifaceted. Challenges are listed in no particular order.

- Housing costs have risen much faster than wages in the region in recent years, further pinching already constrained housing markets.^{27 28}
- Challenges related to housing stability often coincide with employment insecurity.³¹
- Land that is feasible to build on is limited in the region due to soils, mountains, and proximity to bodies of water. This further increases the cost of land.¹⁷
- Bringing in utilities and infrastructure to new developments can pose major financial hurdles to the development of AH, as emphasized in our interview with KPHI Executive Director Brandy McGee.¹⁷
- Although housing costs are lower in KPB than the state, wages are also lower and overall poverty is higher. Communities in KPB that experience dramatic seasonal shifts based on tourism experience more dramatic housing shortages.³
- Professionals making decent wages are being squeezed out because of extreme prices surrounding housing; this will make it economically unfeasible for recruitment and retention of professionals desiring to live in KPB.^{28 29}
- An influx of buyers seeking, and able to pay for, higher-end second or seasonal homes squeeze the housing market and make finding affordable housing more difficult for others (public engagement event).
- Vacation rentals often generate more income/month than does a full-year or part-year lease to a rental tenant, resulting is an economic disincentive for landlords to maintain long-term rental housing, especially when summer demand for housing and lodging are highest.^{17 26 29}
- Housing emerged as a major concern to those who cannot afford safe and quality housing during the public engagement process.
- The increasing senior population and expected trends suggest there will be a need for more senior-friendly homes and communities in the near future.^{3 8}
- Housing materials and construction of new facilities is expensive right now, so AHFC has put prioritization on weatherization and rehabilitation of existing buildings. This is a challenge for small communities such as Cooper Landing that don't have affordable housing in place, so would need to invest in new construction.² Additionally, migration from rural to urban areas of the state as reported by AHFC suggests that the organization is focused on larger population centers in its efforts.

Recommended Action Steps

Based on the literature review, input from community members, and an interview with KPHI, initial steps communities may consider are listed below. The research informing these steps consisted of exploring the typical challenges surrounding the lack of affordable housing in communities, and should be further contextualized for any specific community utilizing them in their own planning.

1) The literature review as well as the interview with KPHI both suggest that communities desiring affordable housing developments need to engage with community partners and local government. Community planning committees can open conversations with KPHI, AHFC, and KPB regarding key issues surrounding their particular challenges or goals, in this case, the Unit 395 land parcel:

- The feasibility of developing on this land needs to be assessed. This can and will eventually need to involve a feasibility study. Because connecting a new development to existing infrastructure and utilities is a key component of feasibility, this is a priority step.
- In addition to feasibility, a market study can help determine what kind of funds are needed to develop affordable housing on Unit 395 land.
- Communities affected should engage with the KPB about land ownership and borough intentions. Organizations such as KPHI typically rely on land donations to develop housing on. Other communities such as Sitka, Homer, and Anchorage have developed Land Trusts that purchase land with support from organizations invested in building community capacity and social capital.

2) Community feedback as well as the literature review informs the recommendation to protect the current housing stock that is available within the community. Community planning organizations can engage with the KPB or other appropriate local government bodies about current housing stock and exploring regulatory actions related to:

- Increasing the regulation of or placing caps on the number of short-term rentals. Further research could inform what communities that have taken action on short-term rentals have experienced as a result.
- Reviewing current land use codes and regulations and seeking more flexible zoning that supports development of affordable housing, such as adjusting regulations to include smaller lot sizes, identification of and planning for development of any land that is publicly owned and already connected to utilities and infrastructure.
- Engaging with large employers in the region as well as KPB regarding appropriate housing and regulations for seasonal employees that may help ease seasonal fluctuations.

3) Literature available about KPB communities suggest that accounting for smaller communities and their specific challenges is important:

- Most of KPB affordable housing exists in communities larger than 1000 people. Planning organizations in smaller communities may want to engage with Ninilchik or Nikolaevsk about how the size of the community led to specific steps in the development of their affordable housing.

4) Literature about the shifting demographics in the KPB and community feedback inform the recommendation about housing types to consider for an affordable housing development project.

- Consider development strategies and designs that include seniors in planning in terms of accessibility.
- Also consider that community survey respondents identified single family housing, affordable-accessible, and middle housing as the most preferred options for affordable housing.

5) Identify funding options that focus on issues pertinent to the specific community:

Funding sources that are commonly used for development of affordable housing are:

- | | |
|--|---|
| <ul style="list-style-type: none"> • LIHTC program • Proportion of sales taxes going to support affordable housing projects • Tenant and / or project-based rental assistance programs • HOME Investment Program | <ul style="list-style-type: none"> • Community Development Block Grants • Rural Housing Service Programs • Choice Neighborhoods • Public Housing • National Housing Trust Fund |
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