

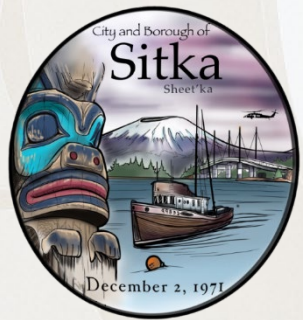
A light gray line-art illustration serves as the background. On the left, a fisherman is shown from the chest up, wearing a wide-brimmed hat and a heavy jacket, looking down at a large fish he is holding. On the right, a fishing boat is depicted on the water, with the number '99835' visible on its side. The style is simple and sketchy.

**Special Report**

**Sitka Housing Summit Report**

**Amy Ainslie, City and Borough of Sitka**

**Robin Sherman, Sitka Tribe of Alaska**



Why is it so hard to find affordable housing in Sitka?

*And what can we do about it?*

**Robin Sherman, Sitka Tribe of Alaska**

**Amy Ainslie, City and Borough of Sitka**

**May 14, 2024**

# What is affordable housing?

**Housing is affordable when housing costs are not more than 30% of household income**

- For homeowners, housing costs = mortgage + property taxes + insurance + utilities
- For renters, housing costs = rent + utilities

**Households that pay more than 30% of their income for housing are “housing cost-burdened.”**

**Households that pay more than 50% of their income for housing have “extreme housing cost burdens.”**

# Affordable housing costs based on income

	Annual household income	Monthly affordable housing cost
150% of median	\$142,892	\$3,572
Sitka median income	\$95,261	\$2,382
80% of median	\$76,209	\$1,905
50% of median	\$47,631	\$1,191
30% of median	\$28,578	\$714

Household Income	% of Sitka Households
Less than \$25,000	10%
\$25,000 – \$50,000	14%
\$50,000 – \$75,000	14%
\$75,000 - \$100,000	17%
\$100,000 - \$150,000	26%
\$150,000 or more	20%

# Types of affordability

**Unsubsidized housing:** housing that is available for sale or rent at the lower end of market prices, making it affordable without any financial support from government agencies or nonprofit organizations

**Subsidized housing:** housing that has financial subsidies from a government agency or private organization to make it affordable to households based on their income

# Types of housing subsidies

## Housing supply subsidies:

- Free or low-cost land
- Grants to pay for the cost of infrastructure and/or materials and labor

## Housing demand subsidies:

- Downpayment & closing cost assistance
- Subsidized interest rates
- Rental vouchers
- Rent subsidies
- Home energy assistance & subsidies

# Types of restrictions for subsidized housing

**Eligibility – typically based on funding source**

- **Income restrictions**
- **Demographic restrictions, e.g. veterans, Native people, first-time homebuyers, age, special needs**

**Duration:**

- **For homeownership, subsidies may come with restrictions on sale of property**
- **For rental properties, subsidies may make the property affordable for a limited period of time, or forever**

# Subsidized housing in Sitka

## Rentals:

- **BIHA Housing**
- **Sawmill Creek Apartments**
- **AHFC Housing Vouchers**
- **AHFC Housing: Swan Lake Terrace & Paxton Manor**

## Homeownership

- **S'us' Héeni Sháak - Sitka Community Land Trust**
- **AHFC and USDA Rural Development home loans**
- **BIHA rent to own program (not currently active)**
- **BIHA closing cost assistance**



# Homeownership affordability

**2023 average market price of new home in Sitka: \$531,323**

*Monthly costs with interest rate subsidy & reduced downpayment for income-eligible homebuyers*

Price	\$531,323
5% downpayment	\$26,566
Loan amount	\$504,757
Subsidized interest rate	5.88%
Monthly mortgage payment	\$2,877
Monthly taxes & insurance	\$374
Monthly utilities	\$250
<b>Total monthly cost</b>	<b>\$3,501</b>

## Homeownership affordability

### Who can afford to buy a home at average price of \$531,323?

*Total monthly cost with subsidies for income-eligible homebuyers: \$3,501*

	Annual household income	\$3,501/month as a % of income
Sitka median income	\$95,261	44%
80% of median	\$76,209	55%
50% of median	\$47,631	88%
30% of median	\$28,578	147%

Income required to make the monthly payment for the average home price affordable	\$140,050
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Affordable monthly payment for Sitka median income household	\$2,382
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## Market housing affordability in Sitka: rentals

**2023 average monthly market rent, all unit sizes,  
both apartments and whole houses, adjusted for utilities: \$1,364\***

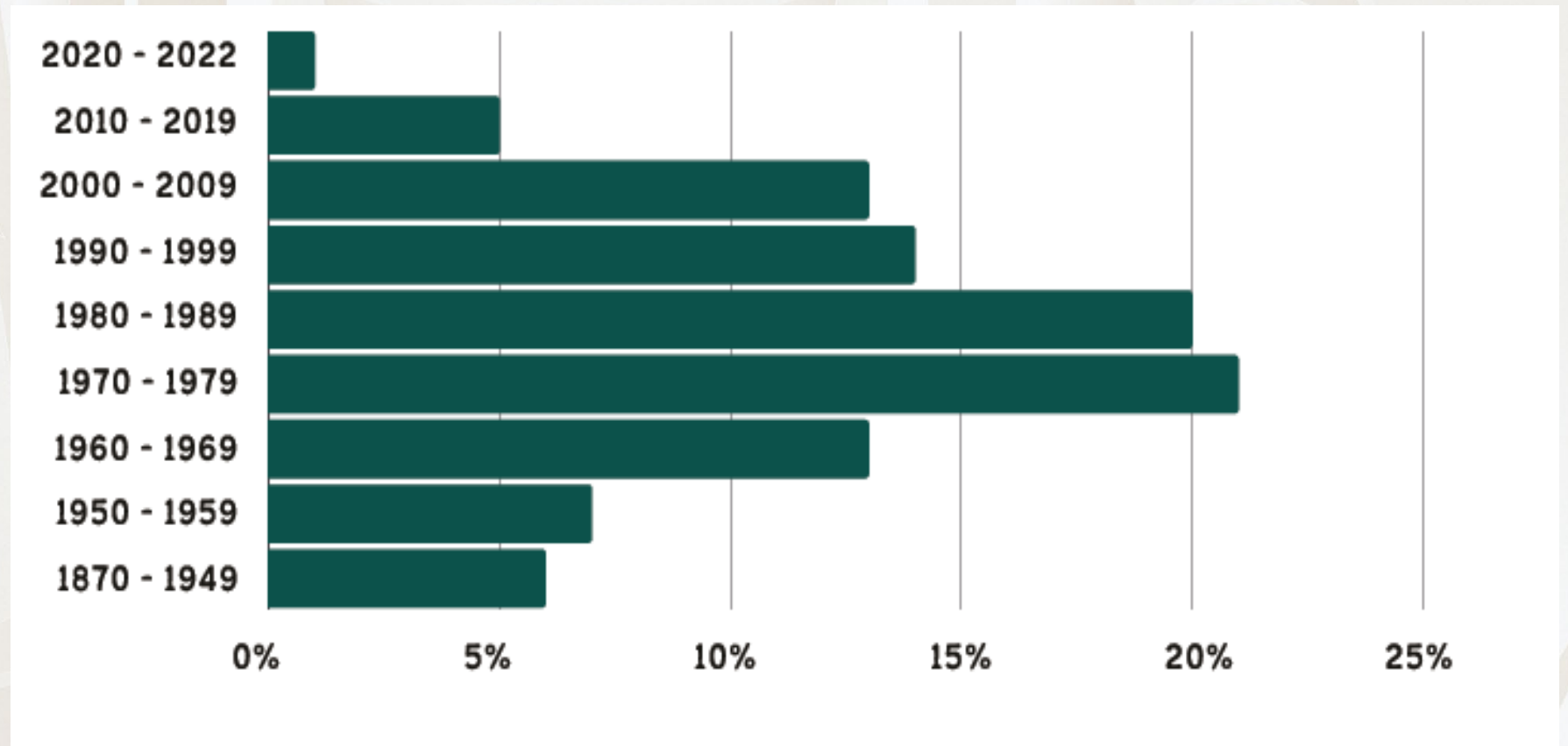
*\*Yeah, we don't believe that, either. Unfortunately, this data is collected in March*

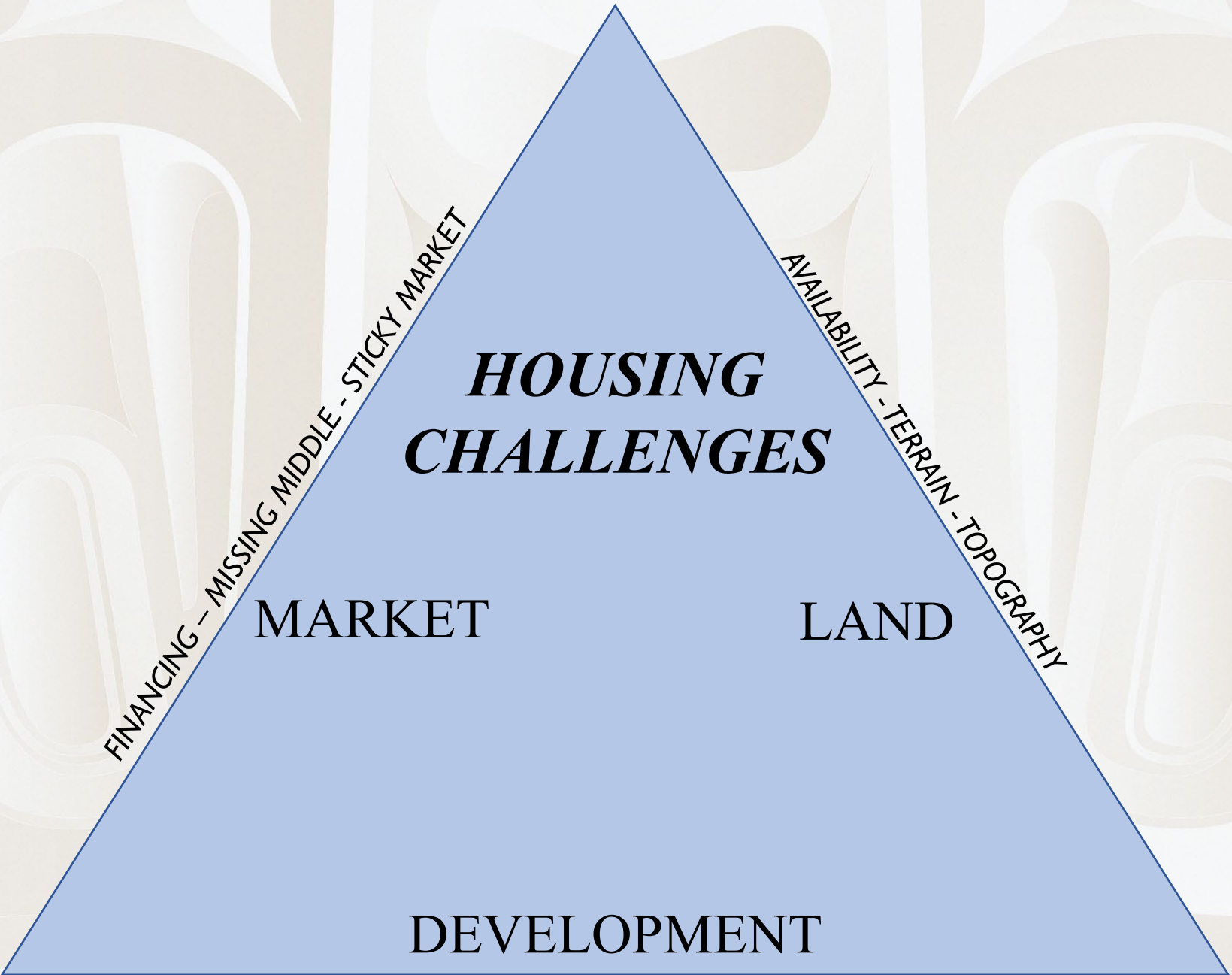
	Annual household income	\$1,364/month as a % of income
Sitka median income	\$95,261	17%
80% of median	\$76,209	21%
50% of median	\$47,631	34%
30% of median	\$28,578	57%

## Unsubsidized housing in Sitka: rentals

- **2022 occupied rental units: 1,232; this does include subsidized units but does not include vacant units that are used only on a seasonal basis – that is about 129 additional units, or 10% of units occupied year-round.**
- **Three separate rental markets: year-round renters, seasonal & short-term workers, and seasonal visitors all compete for rental housing. Year-round renters are at a competitive disadvantage.**
- **2023 total # of short-term rental listings on online platforms: 149 units. This does not include workforce housing that is rented by employers or employees for the summer season only.**
- **2023 average price of short-term rental for listings on online platforms: \$302 per night**

# Sitka Housing by Year of Construction





***HOUSING  
CHALLENGES***

***FINANCING - MISSING MIDDLE - STICKY MARKET***

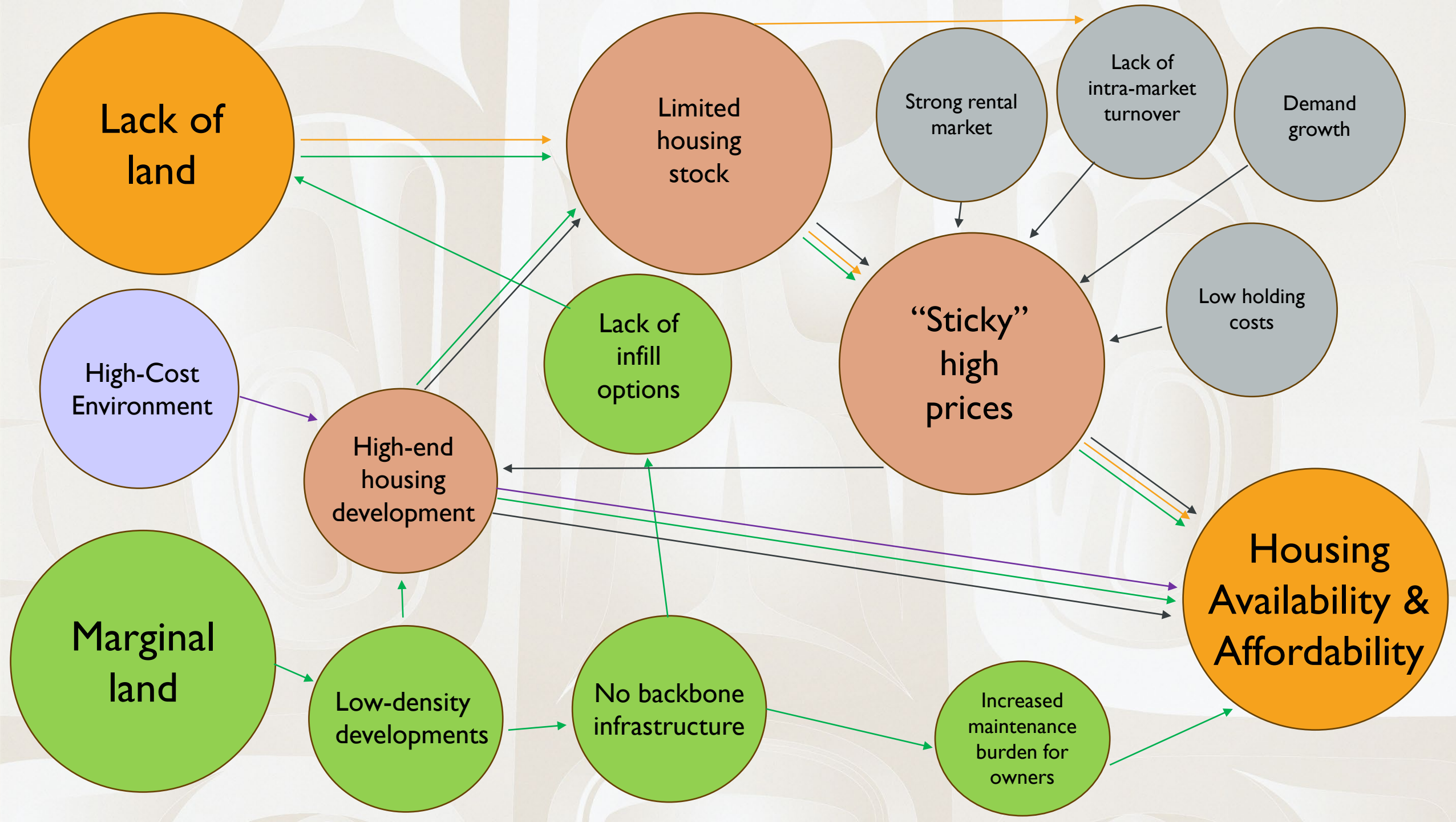
***AVAILABILITY - TERRAIN - TOPOGRAPHY***

**MARKET**

**LAND**

**DEVELOPMENT**

***HIGH-COST ENVIRONMENT - BACKBONE INFRASTRUCTURE - LONG-TERM COSTS***



## **New Affordable Housing in the Works**

- **Sitka Community Land Trust affordable rentals (4 units)**
- **BIHA affordable rentals 8-plex**
- **Sitka Homeless Coalition Hit'xi Sáani rentals (12 units)**
- **BIHA extension of Herb Didrickson St. – new affordable lots**
- **AHFC & CBS Last Frontier Housing Initiative (8 affordable units)**



## **Housing Summit action priorities**

- **Create new housing at higher densities**
- **Develop incentives for creation and retention of year-round housing**
- **Develop strategies to prevent displacement of mobile homes**
- **Create neighborhood of tiny homes with communal building & child care space**
- **Work with state & federal partners to create a wet climate housing research center**
- **Investigate options for expanding BIHA capacity and services**
- **Identify local housing champions**
- **Create a local housing network to advance these and other ideas to increase housing supply and affordability**



## Next steps & discussion

- **Tribal Council work session in June**
- **Convene Sitka Housing Network, develop working groups**
- **Other ideas?**

