



Petersburg Borough Housing Needs Assessment

September 30, 2023

Summary Report

Prepared by Agnew::Beck Consulting

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Process

The housing needs assessment took place from February – September 2023. Information for the housing needs assessment came from several key sources:

Meetings with Project Team & Housing Task Force	Quantitative Data Analysis	Community Survey	Stakeholder Interviews
<ul style="list-style-type: none">• Kickoff meeting with Housing Task Force to define goals• Regular meetings with project team to inform direction of project• End-of-project meeting with Task Force to share results	<ul style="list-style-type: none">• Census and DOL data• All the Rooms data• Petersburg Borough data, including: assessors data, building permits, and vacation rentals	<ul style="list-style-type: none">• Survey of community members to understand housing needs, ideas, and preferences• 366 survey responses received in Petersburg	<ul style="list-style-type: none">• Interviews with key stakeholders, including local housing developers and major employers, to understand barriers and solutions

The initial Housing Task Force meeting in March 2023 was an opportunity to identify goals to drive the housing needs assessment:

Goals of the Housing Needs Assessment

Understand housing need and what types of housing are most in-demand in Petersburg

Quantify short-term rentals and vacation homes and their impact on housing need

Inform Borough-specific actions on housing, as well as opportunities to collaborate with partners

Use information to attract public and private investment to address housing needs in Petersburg

Start to identify solutions and an implementation plan to address the needs

Key Findings

Community & Housing Overview

Petersburg’s population is expected to decline slightly from now until 2050, alongside a slight decline in the overall population in Southeast. This is based on current State Department of Labor population forecasts that draw from historical trends; new housing opportunities could change this trajectory.

Petersburg’s population is aging overall, with the population of residents aged 65 to 84 growing 200 percent between 2010 and 2021.

Petersburg’s low vacancy rate (1.2 percent vs. 5.9 percent for the state as a whole) is a major housing challenge, both for current residents who want to move within the community and for people considering moving to the community. Low vacancy presents a particular challenge for local employers trying to recruit workers to come to Petersburg.

Petersburg’s current housing stock is aging, indicating a decline in housing condition that will need to be addressed through renovation. Housing production in Petersburg has been declining for the past 30 years, following a sharp increase in the 1970s and a peak in the 1980s.

Most housing units in Petersburg are single family homes, which account for 72 percent of housing units. Another 15 percent of housing units in Petersburg are multi-family, with three or more units.

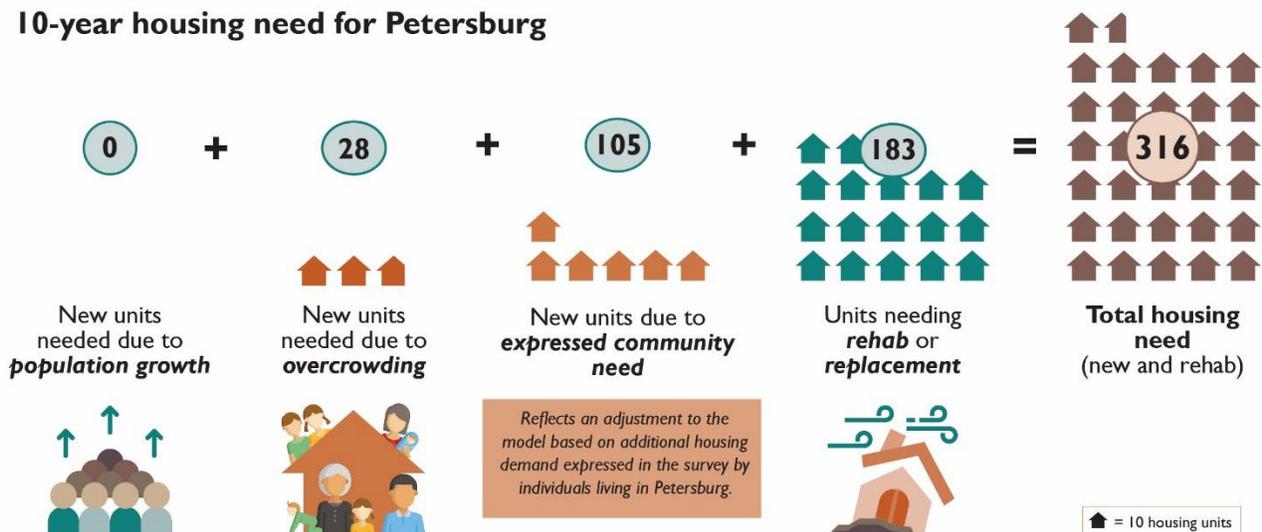
Housing affordability is another challenge locally, with over 40 percent of renter households in Petersburg considered housing cost burdened, meaning they pay over 30 percent of income to housing. About 15 percent of owner households are cost burdened.

Overcrowding in Petersburg is lower than the state average (2.3 percent vs. 6.5 percent) but still present, with 28 households considered overcrowded in Petersburg today.

Housing Needs

Petersburg needs an estimated 316 units over the next 10 years, including 133 new units and 183 rehab/renovation units, as indicated in the graphic below.

10-year housing need for Petersburg



The need for housing exists across the income spectrum. The following table breaks down the total housing need by income category, which is useful for understanding housing types, affordability, and how to meet the estimated need. The table shows a need for 61 new units for lower income households, 25 new units for middle income households, and 47 new units for higher income households over the next 10 years.

Income Category	Percent of AMI	Income Range	Affordable Monthly Housing Payment (up to 30% of income)	Housing Need (New and Rehab) Next 10 Years	New Units Needed, Next 10 Years
Lower Income	<80% AMI	\$0-68,000	\$0-1,700	134 units needed	61 new units
Middle Income	80-120% AMI	\$68,000-102,000	\$1,700-2,550	54 units needed	25 new units
Higher Income	>120% AMI	\$102,000+	\$2,550+	128 units needed	47 new units

Housing Preferences

Over three quarters (76 percent) of survey respondents agree that “finding ways to provide community housing is very important for the future of Petersburg.”

Families with children have the greatest housing-related needs in Petersburg, according to survey respondents, followed by young adults.

The majority of survey respondents (75 percent) are satisfied with their own housing situation in Petersburg today. A quarter (25 percent) of respondents are dissatisfied with their current housing situation.

A small portion (18 percent) of total respondents are stressed about their current housing situation. Respondents who are cost-burdened by their housing (using over 30 percent of their income for housing) are more likely to be stressed about their housing (42 percent).

Older survey respondents were much more likely to be satisfied with their current housing situation than younger respondents. 90 percent of respondents age 65 and over are satisfied with their housing, compared to 50 percent of respondents age 45 and younger.

According to the survey, some groups, including older residents and veterans, are more likely to own their own home today, while other groups, including young residents, Alaska Native residents, and households that include someone with a disability, are less likely to own their home in Petersburg today.

Most residents who responded to the community survey want to live in a single-family home, and affordable starter homes are of particular interest. Other housing options such as apartments and duplexes, are also of interest to some residents.

Families with children were cited as the group with the greatest housing-related challenges in Petersburg today.

Survey respondents in Petersburg prioritized a 3-bedroom single family home to own, with an ideal monthly housing cost of between \$1,000 to \$1,749/month.

Housing Solutions

The following is a summary of the more detailed “Housing Solutions” table on p. 20 of this report. Housing solutions are meant to respond to the identified housing needs in the community, which include a need for new housing across types, as well as the need to renovate existing housing at scale.

Category	Actions
Addressing the labor shortage	<p>Invest in skilled trades programs and entrepreneurial and business training.</p> <p>Facilitate the use of equipment to support manufactured and mobile home housing that requires less local labor and could improve opportunities for new housing immediately.</p>
Land disposition and development	<p>Encourage a strategic approach to Borough land disposition to achieve housing objectives.</p> <p>Connect utilities to Borough land and make it available for housing.</p> <p>Consider standing up a community land trust in Petersburg.</p>
Land use and zoning	<p>Ensure residential uses allow up to at least a duplex with an accessory dwelling unit on all properties within the Petersburg Borough, unless there is a serious health and safety issue to preclude residential.</p> <p>Consider rezoning to allow for higher density, given limited coverage of multi-family and single-family mobile home zones in Petersburg.</p> <p>Reduce minimum lot size to 3,500 ft² or 4,000 ft² for all zoning districts that allow housing to allow for smaller units and/or smaller lots to improve the feasibility of building new housing.</p>
Rehab and renovation programs	<p>Identify funding opportunities the Borough could be eligible to apply for to allocate rehab and renovation funding locally. Identify and advertise rehab/renovation funding opportunities for individual households.</p> <p>Consider implementing a “sponsor a home” rehab program where large employers, such as the Borough, offer their employees a paid day of work to provide basic upkeep and renovations services in town for those who need help. This could include painting, roof and deck repair, and light remodels. The program would be voluntary.</p>
Monitor short term rentals and “dark homes” and their impact on the housing market	<p>Continue to monitor the rise of short term rentals and the increasing trend where property owners live out of the community for most of the year and the home is dark and unused. Regulations of short term rentals seem premature and they make up about 1% of the Petersburg housing stock. Review and update definition of short-term rental in code to prepare for potential future regulation. Look into possible financial incentives to encourage owners to occupy housing units.</p> <p>Continue to discuss this issue and consider possible solutions/strategies. One example is a community-based property management company that can match property owners to those in need of temporary housing (while looking for a home or having a home built). Many owners of dark homes are not motivated by rental income but may be motivated to help contribute to housing solutions in Petersburg.</p>
Build capacity to implement housing strategies	<p>Maintain Housing Task Force and continue to support local collaboration on housing.</p> <p>Consider seeding a not-for-profit with a focus on implementing housing strategies in Petersburg. Conduct a feasibility study to form a nonprofit and estimate staffing costs/revenues.</p> <p>Continue to bring together builders, contractors, developers, local organizations to leverage funding opportunities and each partner’s strength to develop more housing in Petersburg.</p>

Community Overview

History, Geography, and Culture

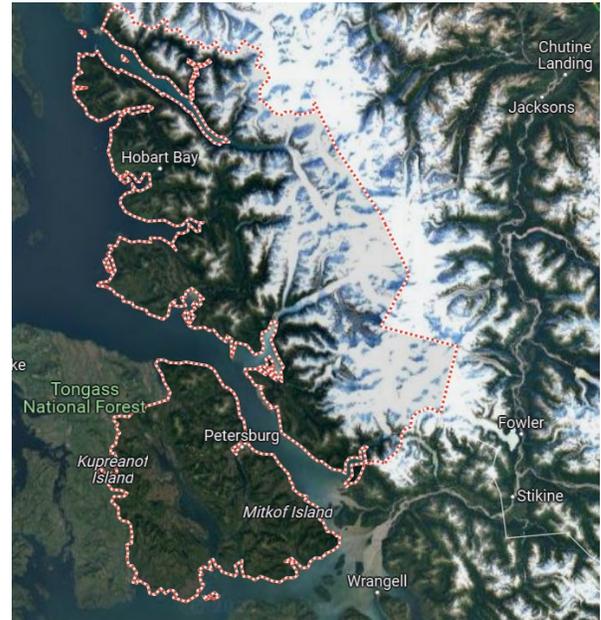
Tlingit people have lived in the area that is today the Petersburg Borough for thousands of years, with discovered remnants in the area dating as far back as 10,000 years ago.¹

The City of Petersburg was officially incorporated in 1910. The early establishment of a cannery led to year-round living in the community. The settlement at this time was largely led by Scandinavian immigrants, and the city continues to celebrate this cultural influence through events like the Little Norway Festival.

The Borough incorporated over 100 years later in 2013.

The Petersburg Borough today includes Petersburg, Kupreanof, and largely uninhabited areas along the U.S.-Canadian border. The Borough stretches from the southern boundary of Juneau down to Wrangell. Petersburg is the most densely populated community in the Borough, with just shy of 3,400 residents in 2021.

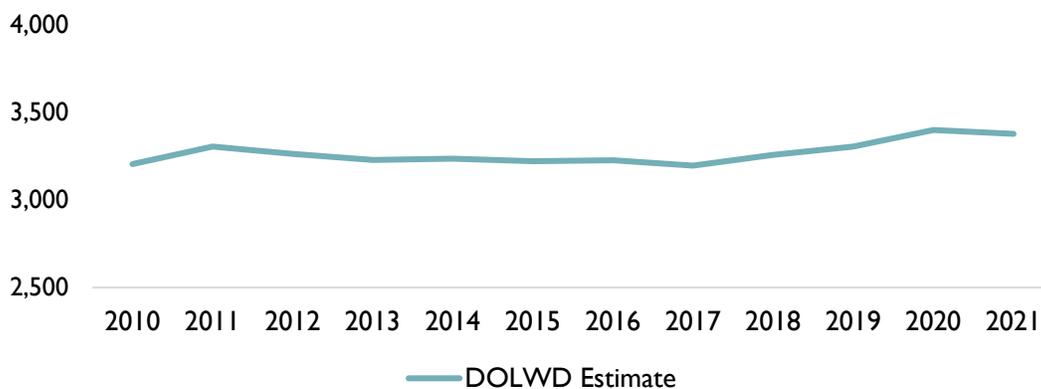
The Borough is located within Southeast Alaska, a region of Alaska with a temperate rainforest and geological features including glaciers, mountains, and fjords. Petersburg Borough is characterized by a maritime climate with mild temperatures and high annual rainfall.



Demographics

Data from the Alaska Department of Labor and Workforce Development (DOLWD) sheds light on population trends in Petersburg. Petersburg's population has remained relatively flat since 2010, with a peak at 3,398 in 2020. Annual population changes from 2010-2022 ranged from between -1.3% and 3.0% annually.

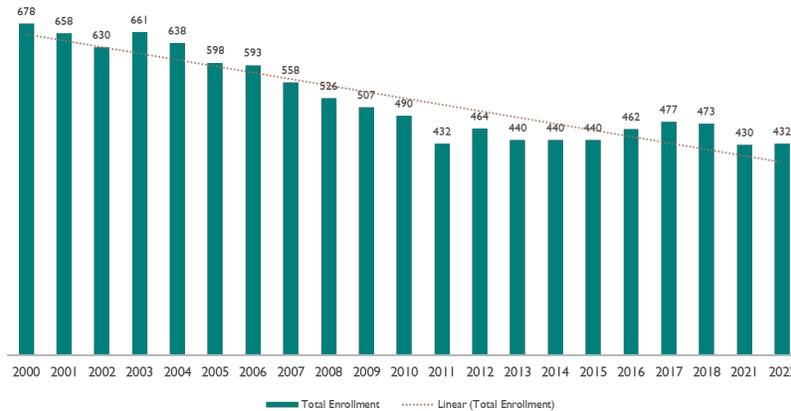
Historical Population Estimates



¹ “Archaeologists shed light on Tlingit culture near Petersburg, before Europeans,” Alaska Public Media, <https://alaskapublic.org/2017/09/08/ak-archaeologists-shed-light-on-tingit-culture-near-petersburg-before-europeans/>

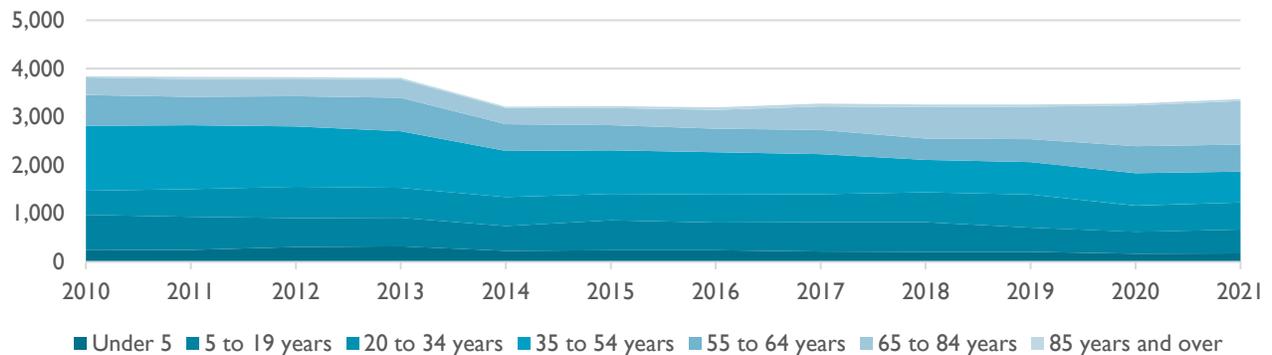
School enrollment has dropped over the past 20 years, from close to 700 students in 2000 to 432 students in 2022.

Petersburg School District Total Enrollment



The decline in school district enrollment aligns with a wider trend: Petersburg’s population is aging overall. The percentage of Petersburg residents between 65 and 84 years old increased 200% from 2010 to 2021.

Age Composition



Looking ahead, population projections for the Petersburg Borough and the Southeast Region as a whole suggests that the population will slightly decline from 2025 to 2050.

Alaska Department of Labor Population Projections, 2021-2050

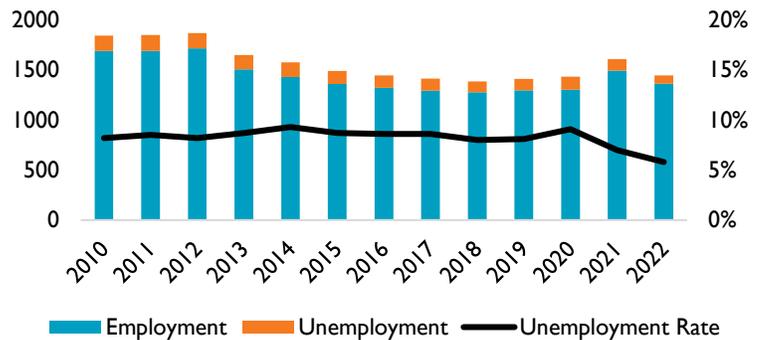
	Petersburg Borough	Southeast Region	Alaska (Statewide)
2021-2025	0.3%	-0.5%	0.2%
2025-2030	-0.3%	-0.3%	0.3%
2030-2035	-0.5%	-0.4%	0.2%
2035-2040	-0.5%	-0.5%	0.1%
2040-2045	-0.6%	-0.6%	0.0%
2045-2050	-0.6%	-0.6%	0.0%

Regional Economy & Employment

Regional employment has started to recover in recent years: total employment increased 15 percent from 2020 to 2021 and the unemployment rate has decreased from 2020 to 2022 to below 6 percent.

Commercial fishing and tourism are two critical industries in Petersburg. Jobs that produce food products fall under the manufacturing category, the largest privately owned employment category in Petersburg.

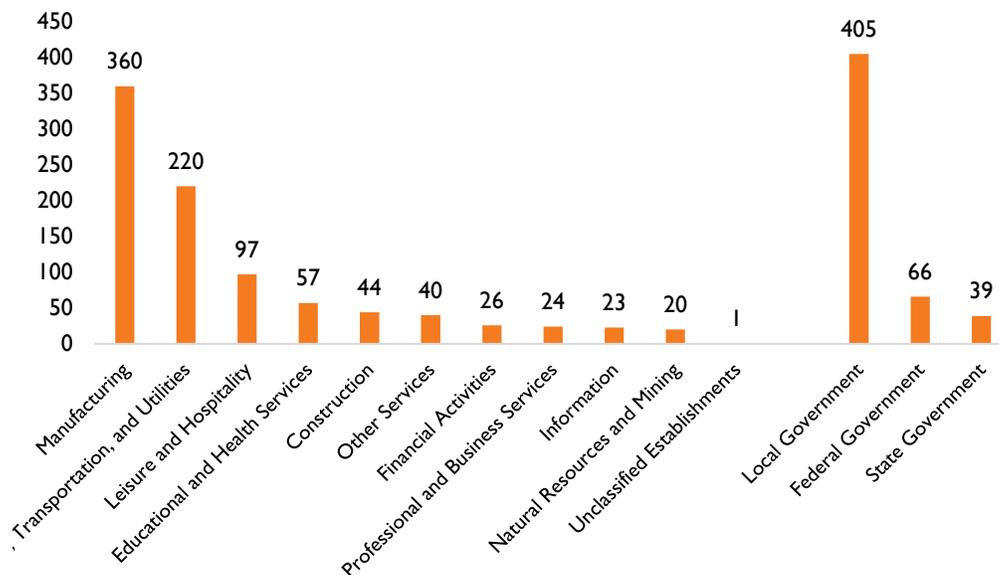
Petersburg Employment (not seasonally adjusted)



Source: U.S. Department of Labor, Bureau of Labor Statistics

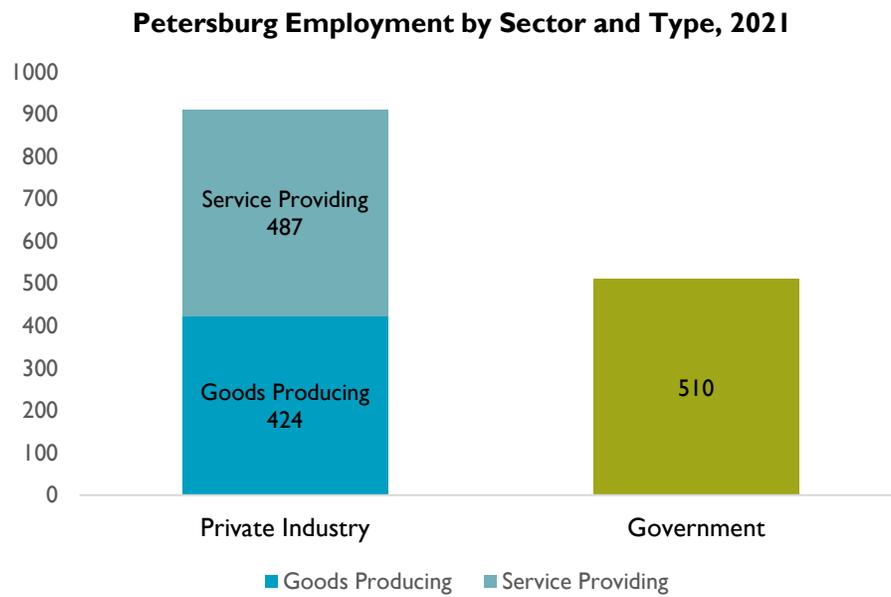
Top Industries (in order by sector and number of employees):

2021 Petersburg Average Monthly Employment



Source: Alaska Department of Labor and Workforce Development (QCEW)

In Petersburg, government jobs account for over one third of employment, and private employment is split almost evenly between jobs that provide services and jobs that produce goods. Local government is the largest single employment category as of 2021.



Source: Alaska Department of Labor and Workforce Development

Housing Overview

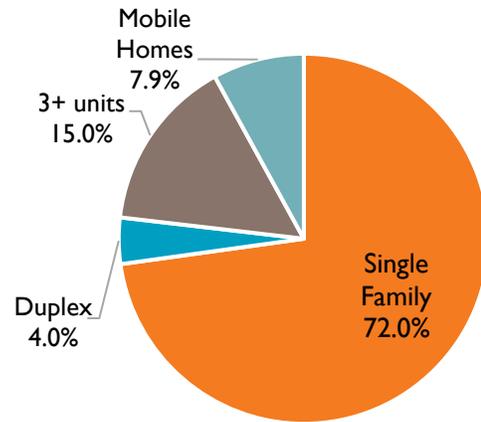
Housing Stock & Trends

Petersburg is home to 1,749 total housing units. Just under 70 percent or 1,211 housing units in Petersburg are occupied year round. Roughly 69 percent of the occupied units (832 units) are owner-occupied and 379 units (31 percent) are renter-occupied.

The majority of existing housing units in Petersburg are single family units (72 percent), only four percent are duplexes and 15 percent are multi-family housing, with 3 or more units. Mobile homes account for just under eight percent of the total housing units in Petersburg.

The data and interviews speak to a major challenge with Petersburg’s existing housing stock: a low vacancy² rate that makes finding housing challenging.

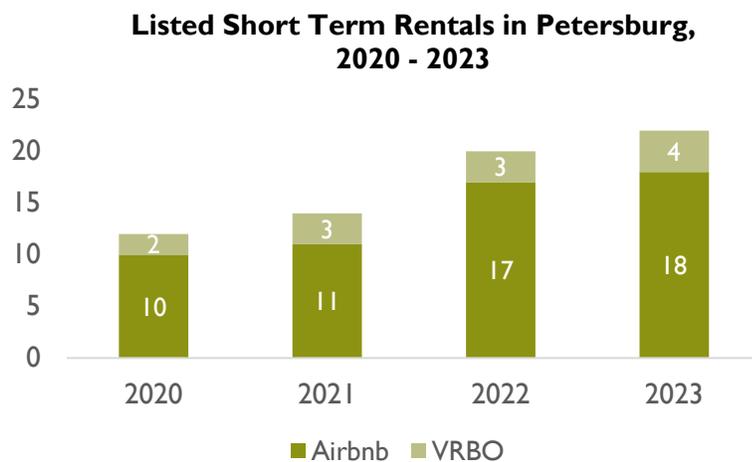
The vacancy rate in Petersburg is just 1.2% in 2023, significantly lower than the state average of 5.9%.



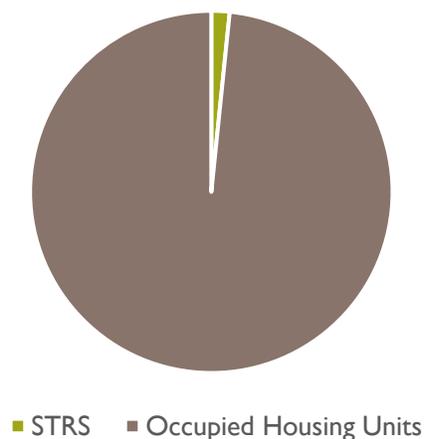
Source: 2021 ACS 5-Year Estimate Selected Housing Characteristics

Seasonal Units and Short-Term Rentals

Just over half of the vacant housing units in Petersburg are categorized as vacant for seasonal, recreational, or occasional use.³ According to data from All the Rooms, the number of short-term rentals (STRs) in Petersburg, inclusive of rentals advertised on Airbnb and/or VRBOs, has increased steadily in the last four years: from 12 STRs in 2020 to 22 STRs in 2023. The number of short-term



Occupied Housing Units vs. Short-Term Rentals



² 2023 AHFC Rental Survey, https://www.ahfc.us/application/files/7116/8996/3413/2023_Rental_Market_Survey.pdf

³ Units for Seasonal, Recreational, or Occasional Use: These are vacant units used or intended for use only in certain seasons or for weekends or other occasional use throughout the year. Seasonal units include those used for summer or winter sports or recreation, such as beach cottages and hunting cabins. Seasonal units also may include quarters for such workers as herders and loggers. Interval ownership units, sometimes called shared-ownership or timesharing condominiums, also are included here.

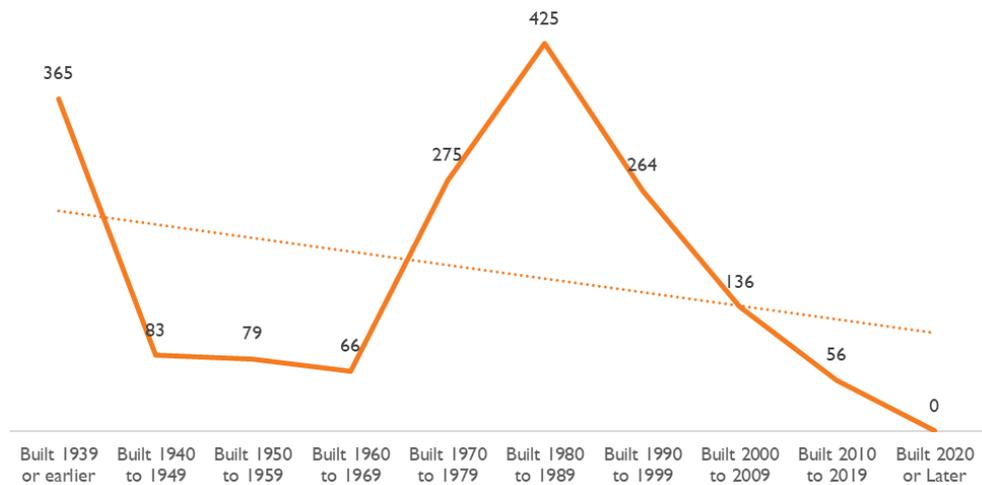
rentals in Petersburg does not account for the overall housing need in Petersburg. In fact, just 1.3 percent of total housing units (and just 1.8 percent of occupied housing units) in Petersburg are short-term rentals. However, the increase in short-term rentals was cited in interviews and project meetings as an important trend to monitor.

Homes that residents live in only seasonally represent another category of concern in Petersburg. These homes are more difficult to track in existing data, but housing solutions can be formed to help address these part-time vacancies, as outlined later in this report.

Housing Condition

Across the country and in Alaska, the housing stock is aging, as new housing development has slowed in recent decades. Housing development in Alaska peaked in the 1980s.

Housing development in Petersburg increased sharply in the 1970s, peaked in the 1980s, and has been on the decline since. The sharp decrease in housing development means that the average house in Petersburg was likely built at least 40 years ago as shown in the chart below.



Source: 2021 American Community Survey 5-Year Estimate Year Structure Built

An aging housing stock indicates a slowdown in new housing production, as well as a need to rehab and renovate existing housing to prevent existing housing units falling into disrepair and falling off of the market.

Housing Affordability and Tenure

Over half (66 percent of survey respondents disagreed or strongly disagreed with the statement “Petersburg is an affordable place to live.” Just nine percent said that the community is affordable when it comes to housing.

“Housing cost burden” is a common measure of housing affordability. A household is considered cost-burdened when over 30 percent of household income goes toward housing. 15 percent of survey respondents are housing cost burdened.

Almost 90 percent of cost-burdened households that responded to the survey are low income, making less than 80 percent of Area Median Income (AMI). The other 10 percent of cost burdened survey respondents fall into the middle-income category, making between 80-120 percent AMI. No higher income households (above 120 percent AMI) that responded to the survey are cost-burdened by their

Affordability Among Low Income Renters

379 renter households in Petersburg

Average rent in Petersburg: \$1,203

Mean hourly wage earned by Petersburg renters: \$14.08

Monthly rent affordable at mean renter wage: \$732

Source: National Low Income Housing Coalition

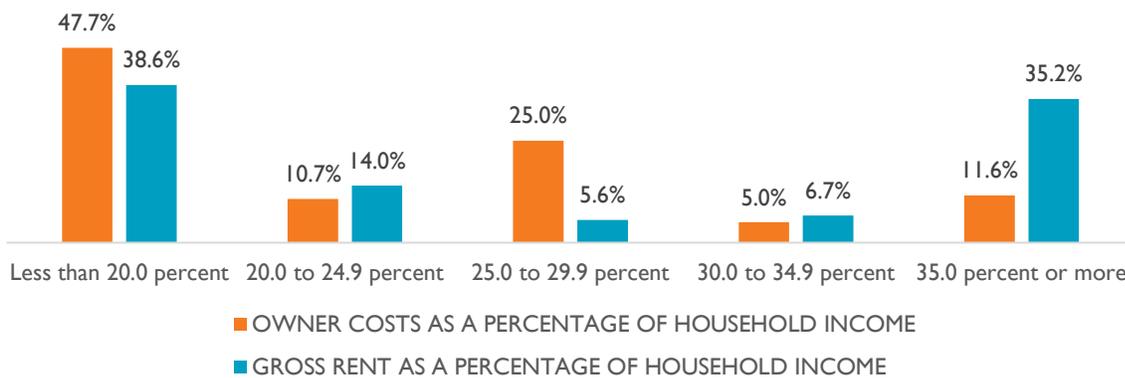
housing. In other words, higher income households are paying 30 percent or **less** of their income for housing while low-income households are forced to pay **more** than 30 percent of their income on housing, in many instances.

Lower income households in Petersburg, in general, face barriers to finding affordable housing. In Petersburg, the average adjusted monthly rent is \$1,203 per month.⁴ The rent that is affordable to someone making the mean renter wage in Petersburg is \$732 per month.

Housing tenure also typically varies by income, with lower income households more likely to rent and higher income households more likely to own. The chart below shows how housing tenure (renter vs. ownership) varies by income in Petersburg.

Over 40 percent of renter households in Petersburg are housing cost burdened, meaning they pay over 30 percent of income to housing. This includes 35 percent of renter households paying 35 percent or more of their income toward housing. About 16 percent of owner-occupied households are cost burdened.

Housing Costs as a Percentage of Household Income



Housing payments among survey respondents

Survey respondents also shared their typical monthly housing payment and current housing situation. The table summarizes responses for single family homes, which represents 74 percent of total survey responses. The responses show the highest average payment among homeowners with a mortgage, followed by renters who receive rental assistance and then renters who do not receive rental assistance. Respondents who live with others and help with rent or mortgage payments are paying an average of \$826/month.

Housing Situation	Minimum Monthly Cost	Avg. Monthly Cost for Single Family Home	Maximum Monthly Cost
Homeowner with a mortgage	\$600	\$1,643	\$3,770
Renters who receive rental assistance and renters who do not receive rental assistance	\$500	\$1,385	\$2,000
Living with others and assisting with rent or mortgage	\$200	\$826	\$1,540

⁴ AHFC Rental Market Survey, https://www.ahfc.us/application/files/7116/8996/3413/2023_Rental_Market_Survey.pdf

Housing Needs Forecast

This model has been purpose-built to forecast housing demand in Alaska communities over a specific period. The model uses data from the Census Bureau and Alaska Department of Labor and Workforce Development to estimate the need for new units, based on population growth and overcrowding, and the need for rehab of existing units based on three proxies for housing condition.

Methodology

The housing needs forecast is tailor-made to Alaska and combines three data points:

- **The number of rehab or replacement units needed due to housing condition**
 - o Measured by the percent of occupied units lacking complete plumbing and/or kitchen facilities; the percent of total housing stock built in 1970 or earlier; the percent of total housing stock that are mobile home units or units not built for long-term use.
- **The number of new housing units needed due to overcrowding**
 - o Overcrowding is defined by Census and HUD as homes with more than one occupant per room. Rooms are defined as the total number of rooms, including bedrooms, kitchen and living room, but not bathrooms or storage closets. The assumption is that if given a choice, households would prefer to have an opportunity not to live in crowded quarters.
- **The number of new units needed due to estimated population growth**
 - o Measured using population statistics from the Census Bureau and the Alaska Department of Labor and Workforce Development

After the housing needs forecast model generates an estimate based on the factors above, an additional adjustment is made:

- **The number of new units needed due to expressed need in the survey**
 - o An adjustment to the forecast model to account for current demand not captured by population and overcrowding. This adjustment is based on the survey question: “Are there people in your house who would like to be living on their own if they could?” The adjustment captures the difference between survey respondents in a community who answered “yes” and the number of new units forecasted in the model, as a measure of real expressed need for new housing. To control for duplication those who identify as needing a new unit but also indicate living in crowded conditions based on their survey response are excluded from this adjustment.

Added together, these estimates provide the total housing need estimate for the region for the next 10 years. A 10-year period is used A) to align with the population forecast and B) to account for the time it takes to plan for and develop new housing, as well as to renovate existing homes at scale.

10-year housing need for Petersburg

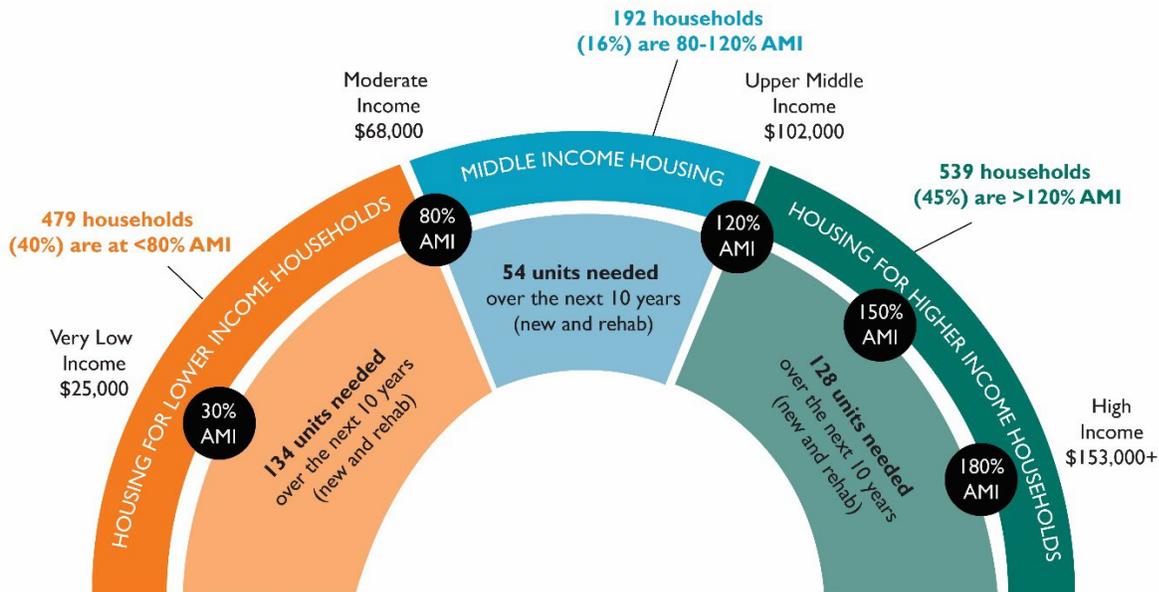


Annual targets for the next 10 years

	New	Rehab
Total Need for Next 10 Years	133 new units	183 rehab units
Need by Year	13 new units/year	18 rehab units
Current Rate (subtracted out)	- 7 new units/year	
Additional Annual Need	6 new units/year	18 rehab/renovation units/year

Housing Needs by Income

The 10-year housing need can also be broken down by income. Looking at housing need by income categories is a way of understanding the types of housing that needs to be built, as well as whether housing is likely to pencil out and be built in the current market, or whether policy change and investment are needed to spur development.

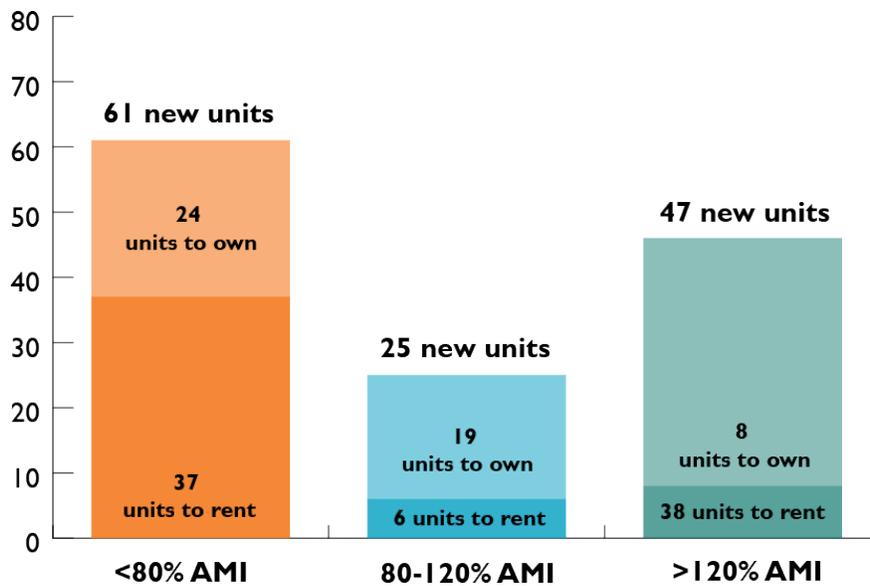


Income Category	Percent of AMI	Income Range	Affordable Housing Payment (up to 30% of income)	Housing Need (New and Rehab) Next 10 Years	New Units Needed, Next 10 Years
Lower Income	<80% AMI	\$0-68,000	\$0-1,700	134 units needed	61 new units
Middle Income	80-120% AMI	\$68,000-102,000	\$1,700-2,550	54 units needed	25 new units
Higher Income	>120% AMI	\$102,000+	\$2,550+	128 units needed	47 new units

Petersburg New Housing Need

The following chart shows this breakdown in further detail, estimating the need by housing tenure (rental vs. ownership) for different income groups in Petersburg.

Estimated New Housing Need by Income Category



Housing Preferences

Community Housing Survey

The community housing survey was open to Petersburg residents from May 19 – June 19, 2023. 366 Petersburg residents responded to the survey. 332 (91 percent) of responses were online, and nine percent came from paper forms.

The demographics of survey respondents tracked closely with overall demographics in Petersburg, indicating a response sample that reflects the current population in the community (Appendix B).

Summary Results

Community Housing Needs

77 percent of survey respondents agree that “finding ways to provide housing in the community is very important for the future of Petersburg.”

When asked which group has the greatest housing-related needs in Petersburg, 79 percent of survey respondents listed families with children, and 54 percent of respondents said youth and young adults. 30 percent said that Elders have some of the greatest housing needs.

Respondents pointed to the dual factors of housing and employment, with 66 percent sharing that Petersburg is an unaffordable place to live and 57 percent sharing that employment opportunities in Petersburg do not support living in the community.

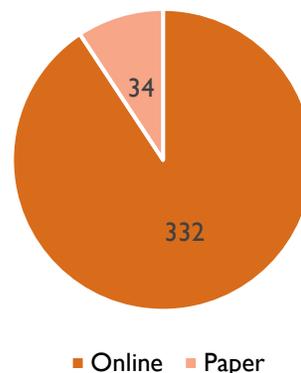
Individual Housing Situations

- 76 percent of survey respondents live in a single-family home today.
- The average monthly housing payment is \$1,336 for those who pay for housing (excluding individuals with no mortgage or housing payment).
- 75 percent of respondents shared that they were satisfied with their current living arrangements, while 25 percent of respondents are not satisfied with their current housing.
- 73 percent of respondents shared that their current home is in either good or excellent condition. 27 percent shared that their home is in adequate or poor condition, indicating a need for repairs to improve living condition.
- The most commonly cited obstacle is the cost of buying or renting a home in Petersburg today.

Housing Preferences

- Looking five years ahead, 59 percent of respondents prefer to stay in their current residence. 29 percent would like to move into a new or different residence in Petersburg, and 12 percent plan to move outside of Petersburg.
- 75 percent of respondents would prefer to own their home.
- The average number of bedrooms in respondents’ homes today is 2.81, while the average desired number of bedrooms was 2.91. Three bedrooms was the most popular selection (39 percent), followed by two bedrooms (25 percent), and then four bedrooms (21 percent).

Survey Responses



77% of survey respondents agree that “finding ways to provide housing in the community is very important for the future of Petersburg.”

79% say that families with children have the greatest housing-related needs in the community today.

- A majority of respondents (54 percent) are looking to pay between \$1,000-1,749/month for their housing.
- Respondents pointed to a need for more affordable smaller to mid-sized homes.

Survey respondents in Petersburg prioritized a 3-bedroom single family home to own, with an ideal monthly housing cost of between \$1,000 to \$1,749/month.

Housing Assistance

When asked which types of assistance would be most interesting, survey respondents shared the following:

- Funding for renovation of existing home (47 percent were interested or very interested)
- Homebuyer education and/or financial counseling (42 percent interested or very interested)
- Down Payment Assistance from partner organizations (34 percent interested or very interested)
- Moving expenses/relocation assistance (28 percent interested or very interested)
- Assistance with a security deposit/first month rent (23 percent interested or very interested)

Housing Solutions

Support for potential housing strategies varied, with respondents indicating their support for each of the following:

- Make it easier to access land for housing that can easily be developed with utility connections (81 percent)
- Set aside land for the development of manufactured or mobile homes (53 percent)
- Create and fund a housing trust (51 percent)
- Develop a warming shelter to provide a short-term emergency shelter that operates when weather or temperatures pose an eminent danger for unhoused individuals (37 percent)
- Develop a domestic violence shelter (34 percent)

Crosstabs

Survey crosstabs present an opportunity to examine the relationship between two or more survey questions. This process allows for a deeper dive into how different groups of respondents answered survey questions. For instance, this process allows us to dig deeper into the housing situation and preferences of older respondents versus younger respondents, or to understand more about the respondents who are currently satisfied with their housing vs. those who are dissatisfied. The following section lays out the profiles of respondents along several key questions/topic areas.

Housing Condition

Self-reported housing conditions show that many residents need repairs and that barriers to these improvements include money and lack of skilled labor. 73 percent of respondents shared that their current home is in either good or excellent condition, although a few minor repairs would be nice. 27 percent shared that their home is in adequate or poor condition, indicating a need for potentially major repairs to improve living conditions.

59 percent of respondents with adequate or poor housing condition are 35 years or younger with very few respondents in the older age categories in need of repairs. For those who want to repair their current housing, the greatest barriers to making improvements are: cost (65 percent), availability of skilled labor (55 percent), and time to make improvements (39 percent). Alleviating these burdens to home repair can reduce the need for new builds and improve living conditions for those most in need of improvements.

A majority of respondents with homes in adequate or poor condition would like to address both energy inefficiency (64 percent) and improve the design of the space (59 percent). The next most wanted change from this group is an add-on or increase in size of the space.

11 of 14 respondents living in a mobile home and 2 of 4 respondents living on a boat indicate a need for repairs to improve living conditions.

Alaska Native Households

8 percent of survey respondents identify as Alaska Native or American Indian, compared to 11% of the Borough population as a whole.⁵ 57 percent of Alaska Native/American Indian households own their home, which is a lower rate of homeownership than the Petersburg population as a whole (69 percent). 63 percent of Alaska Native/American Indian households live in a single family home, which is also lower than the community average of 72 percent. Most respondents in this group are looking to pay between \$1,000–1,499/month for their housing and would prefer to own their home, though a large minority of respondents are open to either owning or renting.

Alaska Native/American Indian households that responded to the survey are less likely to own their home and less likely to live in a single family home than the community average, though the majority would prefer to own a single family home.

Veteran Housing Needs

54 respondents (15 percent) shared that they or someone in their household was a veteran. 72 percent of survey respondents with a veteran in the household own their home versus renting, slightly higher than the 69 percent of total households in Petersburg that own their home. 80 percent of veteran households live in a single family home, also slightly higher than the community average.

Very few veteran households are stressed by their current housing situation. Only 4 percent of veteran households indicated that they are either stressed or very stressed by their housing, while 86 percent are not stressed by their current housing situation. 91 percent of veteran households that responded to the survey would prefer to stay in their current housing five years from now.

Individuals with Disabilities

39 survey respondents (11 percent) shared that they or someone in their household has a disability. 59 percent of these households own their home, lower than the overall average of 69 percent in Petersburg. 64 percent of these households live in a single family home, lower than the community average of 72 percent.

Most households that include someone with a disability are not stressed by their current housing, though 19 percent shared that they are either stressed or very stressed by their current housing. 39 of these households are dissatisfied with their current housing, and just 64 percent would prefer to be in their current housing five years from now. 25 percent would prefer to move to a new home in Petersburg, and 11 percent would prefer to move out of Petersburg.

⁵ U.S. Census Bureau, July 1, 2022 Population Estimates, <https://www.census.gov/quickfacts/fact/table/petersburgboroughalaska/PST045222>

Residents Who Are Dissatisfied with Current Housing

75 percent of survey respondents are satisfied with their current housing situation in Petersburg. 85 respondents (25 percent) are not satisfied with their current housing. The top reasons for housing dissatisfaction include: Currently renting but would prefer to buy; People looking for a different household arrangement; People who shared that housing is too expensive; and those who shared their current home needs repairs. **These reasons for housing dissatisfaction are tied to housing costs and housing options.**

The majority of respondents who are dissatisfied with their housing live and work full-time in Petersburg, are age 25-44, and are currently renting. While the most-cited reason for dissatisfaction comes from current renters who are looking to buy, the majority of respondents in this group are open to renting or owning.

While single family homes are the most preferred housing type (48 percent), the majority of respondents in this category are open to other housing types: apartments, duplexes, townhomes, and mobile homes.

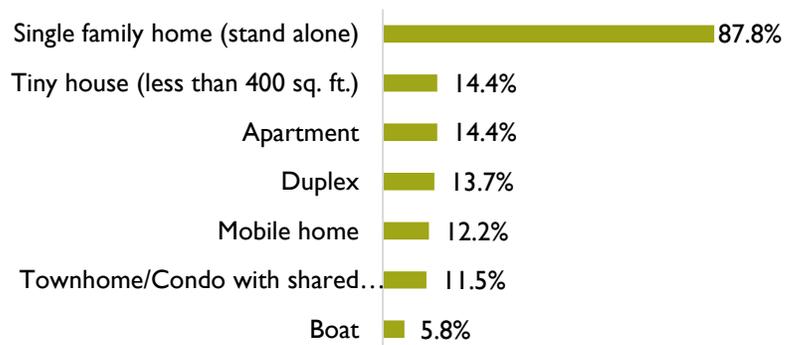
The majority of respondents who are dissatisfied with their housing live and work full-time in Petersburg, are age 25-44, and are currently renting.

Current Residents Planning to Move in Next 5 Years

Another group to consider is survey respondents who shared that they are planning to move out of Petersburg in the next five years. This group can provide insight into the push factors that might lead current residents to leave the community.

The majority of survey respondents (89 percent) plan to be living in Petersburg in five years. 41 survey respondents (11 percent) plan to move out of Petersburg in five years. The majority of respondents who plan to move out of Petersburg live and work year-round in Petersburg, are younger, and have no children. 51 percent of respondents in this group are homeowners, and 71 percent are looking to own. The majority (52 percent) of residents planning to move in the next 5 years would prefer a single family home.

Desired Home Type of Residents Who Plan to Move in Five Years (check all that apply)



Key Stakeholder Input

Stakeholder Interviews

Stakeholder interviews are an opportunity to dive deeper into housing barriers and potential solutions from a number of in-depth perspectives, including local developers, local housing finance experts, major employers, and policymakers. Interviewees for the Housing Needs Assessment included:

Gary Aulbach*	Local General Contractor; housing builder
Joyce Cummings*	First Bank; housing financing
Steve Giesbrecht	Petersburg Borough, large employer
Glenn Gellert	Swell LLC Alaska, recently built a low income housing tax credit rental project in Petersburg
Sarah Holmgren*	Petersburg Properties
Erica Kludt-Painter	Petersburg School District, large employer
Erin Michael	Petersburg Public Health Clinic, State of Alaska
Jalyn Pomrenke*	Petersburg Properties & Petersburg Indian Association, Housing Manager
Cris Morrison	Petersburg Indian Association, Tribal Council President
Chad Wright	Petersburg Indian Association, Tribal Administrator

* Member of Petersburg Borough Housing Task Force

Stakeholder Themes

Takeaways from stakeholder interviews included the following:

- Petersburg needs housing across types, from lower- to higher-income and for both rental and ownership product.
- New for-sale housing would help open up existing rentals, while more rentals could take the pressure off ownership.
- Rental vacancy is almost nonexistent in Petersburg today, making it challenging for people to come into the community.
- There has been a noticeable change in the number of short-term rentals over the last six years. Short-term rentals are not really seen as a major problem yet, but could become a greater concern.
- While Petersburg's population is aging, most older residents have housing. Younger families have the greatest need today.
- Housing is a critical barrier to attracting workers to the community.
- Major obstacles to meeting the housing need include high costs, not enough land, and the gap in skilled trades workers (both for rehab and new construction).

Housing Solutions

Borough Actions

Agnew::Beck conducted interviews with several Housing Task force members, local builders/property managers, large employers including the Petersburg School District, and the Petersburg Indian Association. Based on these conversations and the findings in the needs assessment, the following strategies are outlined for the Borough to take action on housing in partnership with other organizations.

Category	Actions	Partners
Addressing the labor shortage	<p>Invest in skilled trades programs and entrepreneurial and business training. Petersburg lacks general contractors and skilled trades subcontractors, which limits the ability to build housing in the community. Both skilled trades training and business skills are necessary to incentivize more small businesses in the housing construction industry</p> <p>Facilitate the use of equipment to support manufactured and mobile home housing that requires less local labor and could improve opportunities for new housing immediately. This could include covering the cost of a crane/boom for the building season.</p>	Peterburg School District, Existing General Contractors and businesses to share knowledge
Land disposition and development	<p>Encourage a strategic approach to land disposition to achieve housing objectives. Conduct targeted Borough land disposition for housing with specific objectives in mind:</p> <ul style="list-style-type: none"> - Manufactured housing - Smaller lots for more affordable ownership and rental product - Duplexes and triplexes <p>Note: land dispositions for housing will likely require below-market sale prices or no cost land in order to improve overall feasibility of housing that is affordable.</p> <p>Note: the strategic approach to land disposition could occur through targeted negotiations/partnerships with local organizations, such as the Petersburg Indian Association. In addition, Request for Proposal (RFP) processes could be used to select developers/contractors and associated homebuyers for selected lots with specific housing objectives. The Borough will need to build capacity internally or through contractor support to pursue these types of strategic land dispositions.</p> <p>Connect utilities to Borough land and make it available for housing.</p> <ul style="list-style-type: none"> - Aggressively pursue federal funding for infrastructure - Allocate a portion of the Property Development Fund to fund the cost of infrastructure and land development for housing projects. <p>Consider creating a community land trust in Petersburg. This idea received majority support (51%) in the community housing survey.</p>	Respondents to land disposition process; housing contractors and developers

Land use and zoning

Currently, housing is allowed in every zoning district in Petersburg except for open space recreational. Policymakers should continue this policy and ensure residential uses allow up to at least a duplex with an accessory dwelling unit are allowed on all properties within the Petersburg Borough.

Consider rezoning to allow for higher density housing. Currently, multi-family and single-family mobile home zoning, which allow for greater density, are geographically limited.

Reduce minimum lot size to 3,500 ft² or 4,000 ft² for all zoning districts that allow housing in order to allow for smaller units and/or smaller lots which improves the feasibility of building new housing.

All lots currently allow two dwellings: a duplex or a single family home with a detached ADU, which is a new policy. The Borough could consider changing to allow for a duplex and a detached ADU.

The Borough could also evaluate the potential of reducing the minimum lot size, which, with the above change, would allow up to 6 units over two lots, on what was originally an 8,000 square foot site. If this policy change is not appealing due to the potential impact, the Borough could consider allowing ADUs or duplexes only on 8,000 sqft lots or larger.

The Borough has a couple of tools that allow for additional density, including the use of a Planned Unit Development. The Borough should market those options and develop a “how to” guide to ensure more developers/contractors can access these tools.

Rehab and renovation programs

Identify and advertise rehab/renovation funding opportunities for individual households, such as:

- USDA Single Family Housing Repair Loans & Grants in Alaska
- Energy Efficient Home Improvement Tax Credit

Identify funding opportunities the Borough could be eligible to apply for to allocate rehab and renovation funding locally.

Consider implementing a “sponsor a home” rehab program where large employers, such as the Borough, offer their employees a paid day of work to provide basic upkeep and renovations services in town for those who need help. This could include painting, roof and deck repair, and light remodels. The program would be voluntary.

Partner with the Petersburg Indian Association and the Tlingit and Haida Regional Housing Authority to secure funds for rehab in Petersburg.

Monitor short term rentals and “dark homes” and their impact on the housing market

Most interviewees are concerned about the rise of short term rentals and the increasing trend where property owners live out of the community for most of the year and the home is dark and unused. Regulations of short term rentals seem premature and they make up about 1 percent of the Petersburg housing stock. Petersburg could review and update the definition of short-term rental in code, to lay the foundation for future regulation, if needed.

Regulation of “dark homes” is much more difficult. The Borough could consider instituting financial incentives for owners to live in their housing units, including evaluating local property tax exemption rules to ensure that are being applied for owner-occupied units.

Continue to discuss this issue and consider possible solutions/strategies. One example is a community-based property management company that can match property owners to those in need of temporary housing (while looking for a home or having a home built). Many owners of dark homes are not motivated by rental income but may be motivated to help contribute to housing solutions in Petersburg.

Build capacity to implement housing strategies

Maintain Housing Task Force and continue to support local cross-sector collaboration on housing.

Consider seeding a not-for-profit with a focus on implementing housing strategies in Petersburg. Conduct a feasibility study to form a nonprofit and estimate staffing costs/revenues.

Continue to bring together builders, contractors, developers, local organizations to leverage funding opportunities and each partner’s strength to develop more housing in Petersburg. Examples include the Borough partnering with Petersburg Indian Association to develop housing or the Petersburg School District partnering with Borough and Medical Center to apply for Teacher Housing, Health Professional and Public Safety funding from AHFC.

Builders, contractors, Petersburg Indian Association, Petersburg School District, Petersburg Medical Center

Housing Funding Options

The following describes some funding options to support new housing construction; some of which have recently been used in Petersburg and/or require partnerships between local organizations.

Alaska Housing Finance Corporation (AHFC) Teacher, Health Professional, and Public Safety Housing Program (THHP): The THHP Housing Grant Program funds the development of teacher, health professional and public safety housing. Funds are awarded competitively on annual basis for the rehabilitation, construction or acquisition of rural housing projects. Eligible entities include school districts, local governments, regional health corporations, housing authorities and nonprofits. A partnership between the Petersburg Medical Center, the Petersburg School District, the Petersburg Brough and a local builder could be a competitive application for funding under this opportunity.

Low Income Housing Tax Credits (LIHTC) may be a viable source of funds to support new housing construction for certain projects in Petersburg. The Alaska Housing Finance Corporation (AHFC) administers this program in the State of Alaska, under its Greater Opportunities for Affordable Living (GOAL) program. Swell Alaska LLC recently utilized LIHTC to develop the Vakker Sted rental housing project in Petersburg.

Indian Housing Block Grant: Indian Housing Block Grants (IHBG) are the single largest federal source of funding for Alaska Native/American Indian housing. Eligible IHBG recipients are federally recognized Tribes, Tribally Designated Housing Entities (TDHEs), and a limited number of State-recognized Tribes. Eligible activities for IHBG funds include housing development, assistance to housing developed under an Indian Housing Program, housing services to eligible families and individuals, crime prevention and safety, and activities that provide creative approaches to solving affordable housing problems.

Indian Community Development Block Grant: Indian Community Development Block Grants (ICDBG) are similar to Community Development Block Grants, except that they are for Tribal communities. As such, the six HUD Office of Native American Program Offices (ONAP) administer the program. Eligible applicants for assistance include any Indian Tribe, band, group, or nation, or Alaska Native villages that established a relationship to the Federal government as defined in the program regulations. In certain instances, Tribal organizations may be eligible to apply. Eligible activities include: housing rehabilitation, land acquisition to support new housing construction, and under limited circumstances, new housing construction. Other eligible activities include community facilities and infrastructure construction, e.g., roads, water and sewer facilities; single or multipurpose community buildings; and economic development.

U.S. Treasury Homeowner Assistance Fund: The purpose of the HAF is to prevent mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services, and displacements of Homeowners experiencing COVID-19 related financial hardships after January 21, 2020. These funds can also be used to address rehab/renovation need to keep homes habitable. Core eligible expenses include:

- Mortgage payment assistance
- Payment assistance for:
 - o Utilities, including electric, gas, home energy and water
 - o Internet services, including broadband internet access; and
- Measures to prevent displacement, such as home repairs to maintain the habitability of a home

BIA Home Improvement Program (HIP): To be eligible for HIP assistance, one must be a member of a federally recognized American Indian Tribe or be an Alaska Native; live in an approved tribal service area; have an income that does not exceed 150% of the U.S. Department of Health and Human Services (DHHS) Poverty Guidelines; have present housing that is substandard, as defined by the regulations; have no other resource for housing assistance; and have not acquired your present housing through a federally sponsored housing program that includes such housing assistance. HIP provides funding for the following activities:

- Interim Improvements: Provides up to \$7,500 in housing repairs for conditions that threaten the health and/or safety of the occupants.
- Repairs and Renovation: Provides up to \$60,000 in repairs and renovation to improve the condition of a homeowner's dwelling to meet applicable building code standards.
- Replacement Housing: Provides a modest replacement home if a homeowner's dwelling cannot be brought to applicable building code standards.
- New Housing: Provides a modest new home if you do not own a home, you may be eligible if you are the owner or leaseholder of land suitable for housing and the lease is for not less than 25 years at the time assistance is received.

AHFC Senior Housing: Funding can be used to provide housing for Alaska's senior citizens and Elders so that they can remain in their home communities. SCHDF distributed under the GOAL program can be used for acquisition, rehabilitation and new construction of senior housing. Grants are made to nonprofit organizations to bridge the gap between the project cost and funding from other sources.

Federal Home Loan Bank Affordable Housing Program (AHP): Under the Federal Home Loan Bank Act (FHLBank Act), the specified uses of AHP funds are to finance the purchase, construction, or rehabilitation of owner-occupied housing for low- or moderate-income households (with incomes at 80 percent or less of the area median income), and the purchase, construction, or rehabilitation of rental housing where at least 20 percent of the units are affordable for and occupied by very low-income households (with incomes at 50 percent or less of the area median income). The AHP leverages other types of financing and supports affordable housing for special needs and homeless families, among other groups.

<https://www.fhfa.gov/PolicyProgramsResearch/Programs/AffordableHousing/Pages/Affordable-Housing-Home-Loan-Banks.aspx>

Foundations/Philanthropy: Local and national foundations are interested in investing in affordable housing to help support their community-based missions. Examples include Rasmuson Foundation (Tier 2 grants and program-related investments), Alaska Mental Health Trust Authority, Denali Commission, Weinberg Foundation, and Murdock).

Appendix

Appendix A. Petersburg Housing Need by Income and Tenure

Item	Households Type			Total
	Lower Income	Middle Income	Higher Income	
% of Current Households	40%	16%	45%	100%
% Current Households: Lower and Middle Income	71%	29%	0%	100%
% Current Households who Rent	62%	12%	26%	25%
% Current Households who Own*	29%	18%	53%	75%
Housing Need: New Units				
New Units: Forecasted Population Growth	-	-	-	-
New Units: Alleviate Overcrowding	20	8	-	28
New Units: Expressed Need from Survey	42	17	47	105
Subtotal: New Units	61	25	47	133
New Units Needed: Rental	37	6	8	52
New Units Needed: Ownership	24	19	38	81

* Adjusted for non-mortgaged.

Appendix B. Petersburg Survey Respondent Demographics vs. Population

Survey respondents	Secondary data
88% of respondents live inside Service Area I	98% of the Petersburg Borough population lives within Service Area I
60% work year-round at a job based in Petersburg. 21% are retired.	56.7% of the Petersburg residents age 16 years and over are employed
23% of survey respondents are over 65	21% of population is over age 65
27% of survey respondents are under 34	37% of population is under 34
65% are homeowners, and 25% are renters	69% of Petersburg residents are homeowners, and 31% are renters
76% live in a single family home	72% of occupied homes in Petersburg are single family homes
59% have a Bachelor's degree or higher	28% have a Bachelor's degree or higher
82% of respondents are White	74% of Petersburg residents are White
7% of respondents are Alaska Native	12% of the Petersburg population identifies as Alaska Native and/or two or more races
62% have 0 children in their household	77% of households in Petersburg do not have children under 18 (23% of households do).
11% have a household member with a disability	11.7% have a household member with a disability
17% of respondents have a Veteran in their household	8.9% of population self-reported as a Veteran