ALASKA ECONOMIC TRENDS

SEPTEMBER 2009

The Denali Borough

jobs

ALASKA DEPARTMENT OF LABOR
& WORKFORCE DEVELOPMENT

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The Denali Borough: Economic Diversity in the Shadow of the 'Great One'

By Commissioner Click Bishop

This month's *Trends* focuses on the Denali Borough, which is home to North America's highest peak – Mount McKinley, or Denali, the "Great One." At more than 12,000 square miles, the borough is the size of Maryland, but has only 1,800 full-time residents, compared to 5.6 million Marylanders.

The borough's enviable broad economic base includes energy and power generation, Clear Air Force Station and the public sector. But it is tourism – spurred by Denali National Park and Preserve – that quadruples the borough's 1,000 winter jobs to more than 4,000 in the summer to cater to the 400,000 visitors that go through the borough to get to the park.

The George Parks Highway connecting Anchorage and Fairbanks, Alaska's two largest cities, has had a great impact on the borough. Its five identified communities – Cantwell, McKinley Park, Healy, Ferry and Anderson – follow the Parks Highway north through the borough. The Parks Highway was not named for Denali National Park, but for Alaska's territorial governor who served from 1925 to 1933.

The borough's resident work force works in less seasonal industries such as the public sector, including schools and federal park personnel, and power generation. In fact the work force at the local Usibelli Coal Mine, which supplies coal for power generation to Fairbanks' residents, military installations, the University of Alaska and elsewhere, is more than 90 percent Alaska resident.

The Alaska Department of Labor and Workforce Development is working with mining and other industries in non-urban Alaska to expand job opportunities for Alaskans.

For example, a first-of-its-kind apprenticeship program is delivering core driller training that will allow Alaskans to compete locally and globally in the mining industry. The training was developed for Alaskans who live in remote areas where our natural resources are being developed. The intensive core driller training program is a collaborative effort of the Alaska Department of Labor's Office of Apprenticeship, U.S. Department of Labor's Office of Apprenticeship, University of Alaska's Mining and Petroleum Training Service, Alaska's Native corporations and the mining industry.

By partnering with industry, we are developing a premier work force development model that will meet employers' needs. Our goal is to increase the ability of companies to hire locally and keep dollars in Alaska, helping to raise the standard of living throughout the state, including in our rural communities.

We know we can put people to work when government, industry and education create unique partnerships to accomplish our mutual goal – achieving work force excellence. The partnerships vary in scope and the objectives and goals vary based on who is involved. But these partnerships allow our state government to deliver services more efficiently – and the outcomes benefit all of Alaska.

The Denali Borough

Steady as she goes

The economic fundamentals of the Denali Borough have changed little since it was created in 1990. The basic economic sectors of this small borough of 1,848 residents were largely in place in 1990. Clear Air Force Station had been operating since 1961. Denali National Park and Preserve, created in 1917, had already existed for some 70 years. The Usibelli Coal Mine had been mining coal since 1943; it started exporting it to South Korea in 1985. And a power plant in the borough had been generating power for Fairbanks and elsewhere in the Interior since 1967.

In addition, the Alaska Railroad, whose existence made most of the other developments possible, has bisected the area since 1923, when President Warren Harding drove the Golden Spike in Nenana, signifying its completion.

One last event that was transformational for the borough's economy came with the completion of the George Parks[1] Highway in 1971. With that in

[1] The highway, often called the Parks Highway, was named after George Alexander Parks, the governor of the Territory of Alaska from 1925 to 1933. The fact that the highway's name had "parks" in it was an added bonus, given that the highway led to the national park and Denali State Park.
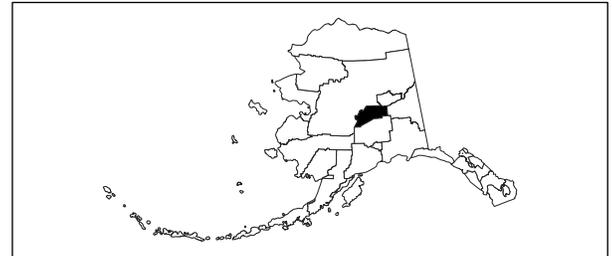
place, Alaska's two largest cities, Anchorage and Fairbanks, were directly connected, in turn creating the busiest road transportation corridor in the state. For the next 38 years, the Parks Highway facilitated the dramatic rise in visitors to the park. And the borough became a provider of support services to traffic on the highway.

As a result of all these economic assets being packed into this lightly populated rural borough, the Denali Borough may be home to one of the most stable and diverse rural economies in the state. Often economies of its size or even larger rely on fewer basic sectors to sustain themselves.

A big place with few people

Geographically the borough is large. Its more than 12,000 square miles make it larger than the

1 Denali Borough's Population
2000 to 2008

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Denali Borough	1,893	1,901	1,886	1,915	1,848	1,820	1,793	1,762	1,848
Anderson (city)	367	376	365	376	342	280	277	263	295
Cantwell	222	221	216	226	220	217	205	184	192
Ferry	29	32	33	35	38	36	34	30	38
Healy	1,000	1,015	999	1,014	1,000	1,012	993	1,021	1,025
McKinley Park	142	133	138	134	129	138	147	150	160
Remainder of Denali Borough	133	124	135	130	119	137	137	114	138

Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section, Demographics Unit; U.S. Census Bureau, Census 2000

state of Maryland. Denali National Park accounts for 70 percent of the land area. Nearly all the borough's residents live along a 70-mile stretch of the Parks Highway.

Anderson, Ferry, Healy (the borough seat), McKinley Park and Cantwell are the borough's five identified communities. (See Exhibits 1 and 2.) Anderson is at the borough's northern boundary and Cantwell is at its southern boundary. Fairbanks is 110 miles up the Parks Highway, where many borough residents get most of their services. Anchorage is roughly 240 miles south.

The elephant in the economy

Denali National Park plays a dominant role in the Denali Borough's economy. More than 400,000 visitors entered the park in 2008. (See Exhibit 3.) It's the fifth-most popular destination in the state, according to the state's Alaska Visitor Statistics Program.

The number of visitors to the park has more than doubled since 1980, and an increase in the number of hotels and other accommodations has followed that growth. In 1980, the Park Service counted 133 hotel rooms near the park's entrance. By 1990, the borough counted nearly 1,800 rooms and by 2008, it counted 2,100 rooms. (See Exhibit 4.)

Bed tax collections also illustrate the growth in overnight accommodations. (See Exhibit 5.) In addition to the hotel rooms, there's a combination of more than 900 cabins, bunks and RV spaces where visitors can overnight. And that doesn't include the 274 camping and RV spaces in the park itself.

Extreme seasonality tied to the park

During any of the summer months, the resident Denali Borough population figure of 1,848 is

Five Communities and the Park
The Denali Borough 2
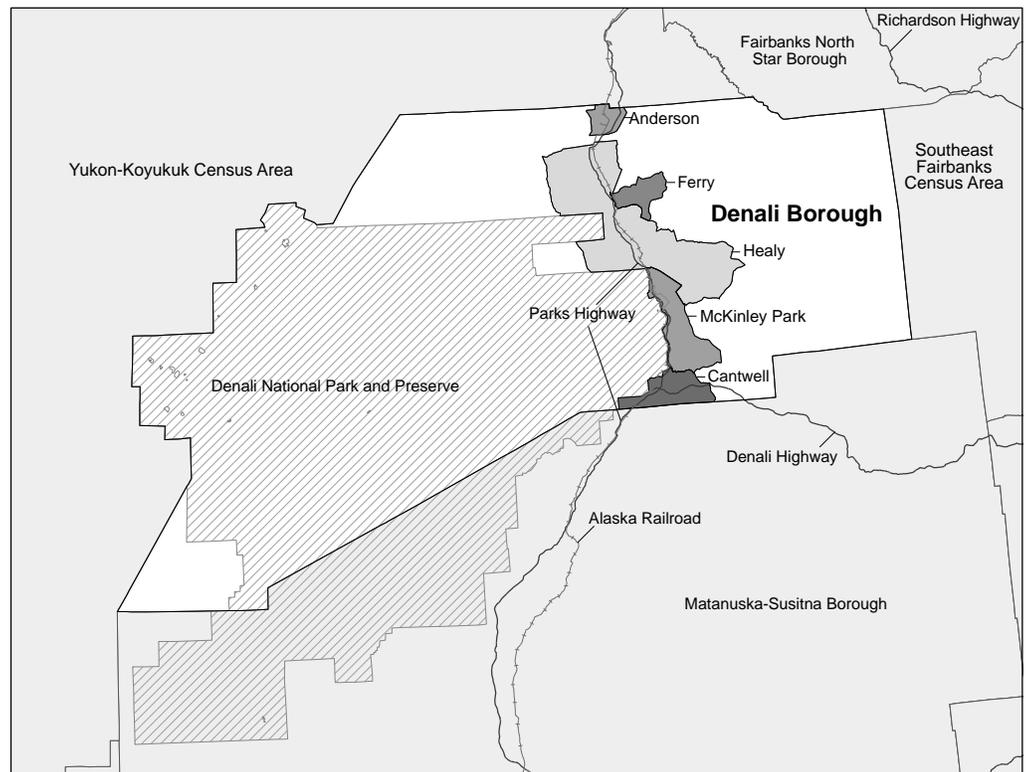
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Visitors Numbers Mostly Grow
Denali National Park, 1996 to 2008 3
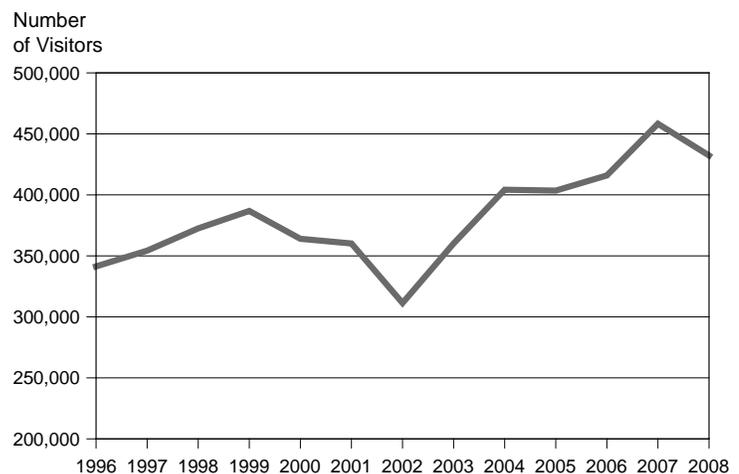
Source: National Park Service

almost meaningless. That's not just because of all of the visitors that swarm to the park each year – more importantly, it's also due to the army of workers that moves temporarily to the park to cater to those visitors.

4 The Accommodations Mix
Denali Borough, 2008

Bunks 2% 64
Rooms 70% 2,095
RV Spaces 17% 500
Cabins 11% 342
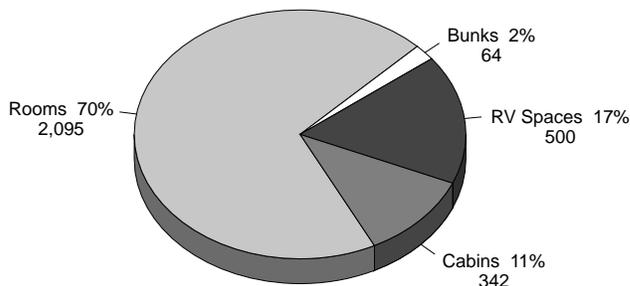
Source: Denali Borough

5 Tax Revenues from Accommodations
Denali Borough, 2000 to 2008

Accommodations' Tax Revenues

Year	Revenue
2000	$1.7 million
2001	$1.6 million
2002	$1.7 million
2003	$1.6 million
2004	$1.8 million
2005	$2.1 million
2006	$2.4 million
2007	$2.6 million
2008	$2.8 million
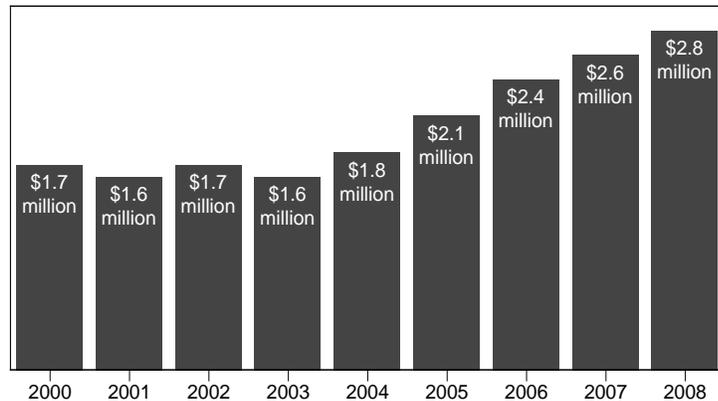
Source: Denali Borough

The borough's work force is the most seasonal in the state. (See Exhibits 6 and 7.) From trough to peak, the work force runs from less than 1,000 jobs in late winter to more than 4,000 during the peak months of the summer. That peak employment number is more than twice the borough's resident population.

The borough's unemployment numbers also show the extreme seasonality. In January 2009, the borough's unemployment rate was 20.1 percent – at that time one of the highest in the state – and last June it was 3.2 percent – the lowest rate in the state.

Many nonresident workers

The dramatic seasonality of the visitor-related activity explains why most of the Denali Borough's work force comes from elsewhere. Forty-five percent of the borough's wage and salary

work force are not Alaska residents, one of the highest ratios for an area in the state. (See Exhibit 8.)

And that only tells part of the story. Figures also exist for workers who are Alaska residents but live outside the borough. If they're added in, the nonresident worker number climbs to 76 percent.

Both the group that doesn't live in Alaska and the group of Alaska residents who live outside the borough are individually larger than the borough's local resident workers group. As a result, there's a chance that a visitor to the park may never interact with a local resident.

The area's resident work force is more likely to be working for less-seasonal employers and for employers who pay more – the Usibelli Coal Mine, Denali Borough School District, Golden Valley Electric Association, National Park Service and Clear Air Force Station. For example, Usibelli's work force in 2007 was more than 90 percent Alaska resident.

The income and poverty figures for the borough's residents also reflect that employment pattern. The median household income for the borough was $64,565 in 2007 and the poverty rate was 6.4 percent, according to the U.S. Census Borough. That compares with statewide figures of $62,854 and 9.8 percent.

Loads of tourist-type jobs

Leisure and hospitality, and other service employment, play a prominent role in the area's work force because of the sheer number of hotels, rafting operations, sightseeing tours and other visitor-related activities. (See Exhibit 9.)

More than half the average annual wage and salary employment, 58 percent, was in the leisure and hospitality sector in 2008, compared to 10 percent statewide. During August each year, the sector's share of employment in the borough reaches 64 percent. There's no other area of the state where there's such a concentration of leisure and hospitality workers.

Nearly all those workers are employed at hotels or restaurants, or a combination of the two. The remaining workers typically work for rafting companies, sled dog operations, as fishing guides, or for companies providing other forms of entertainment.

Transportation is another standout employer in the borough. It's proportionately bigger than most other places because of the vast network of buses that transport most of the visitors into the park.

The borough's top four employers provide services to park visitors and 10 of the top 15 employers rely on park activity for their business. (See Exhibit 10.)

The Denali National Park is also a source of ongoing and sometimes major construction activity. The new $9.2 million Eielson Visitor Center was completed last year, for example. Maintenance of the 91-mile road through the park, McKinley Park Road, is also a constant source of work.

Although most park-related activity shuts down during the winter season, the economic presence from that activity is felt throughout the year. Many Denali Borough residents who work in the park only earn their living during part of the year but they spend those earnings throughout the year. In addition, roughly 80 National Park Service employees work year-round.

Bed taxes collected by the borough are also an important source of economic activity. Eighty-four percent of the borough's revenue came from bed tax collections in 2008, a typical year; the borough spends that revenue year-round.

Coal mining – an old hand in the area

The Nenana coalfields were discovered long before statehood. When the Alaska Railroad reached the area in 1918, commercial production became possible. Joe Usibelli began operations of the Usibelli Coal Mine in Healy in 1943, and the mine has been one of the most important employers in the area for some 66 years. Because of the Healy deposits, coal-fired

Most Visit in Four-Month Span
Denali National Park and Preserve, 2008 **6**

Monthly Visitor Count, 2008
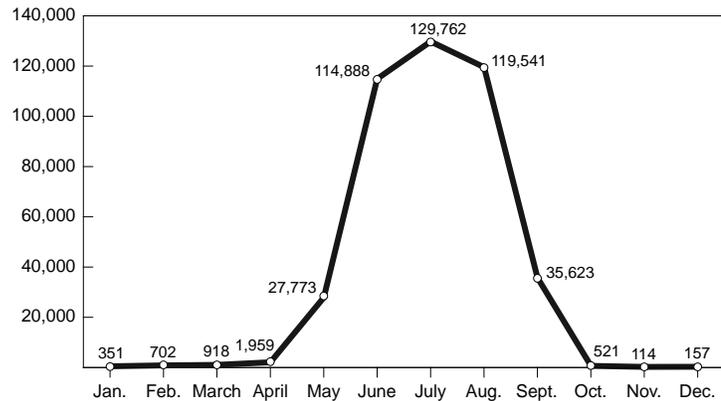
Source: U.S. Department of the Interior, National Park Service

Extreme Seasonality Reigns
Employment in the Denali Borough, 2008 **7**

Wage and Salary Employment[1]
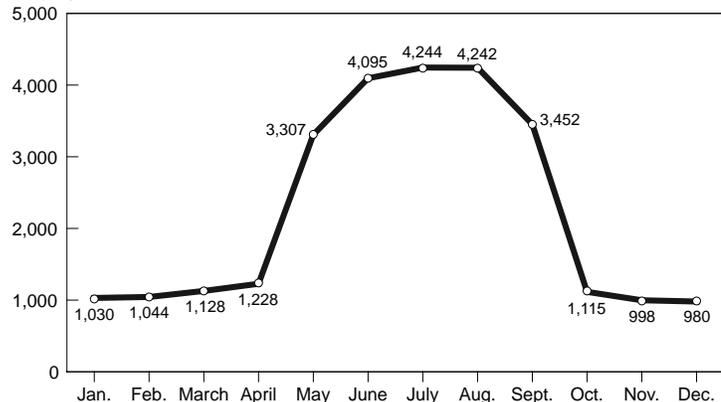
[1] Excludes self-employed workers, fishermen, domestic workers, unpaid family workers and nonprofit volunteers
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

power generation developed in Fairbanks and the Denali Borough.

The mine supplies coal for power generation and space heat to both of Fairbanks' military installations – Fort Wainwright and Eielson Air Force Base – plus the University of Alaska Fairbanks, Aurora Power in Fairbanks, and Clear Air Force Station's power plant.

The Usibelli Coal Mine also supplies the Golden Valley Electric Association's 25-megawatt mine-mouth power plant in Healy for electricity in

8 A Large Nonresident Work Force
Denali Borough, 2007

Percentage of the Work Force[1] in 2007

Region	
Aleutians East Borough	73.4%
Skagway-Hoonah-Angoon Census Area	46.1%
Denali Borough	45.3% ($11.6 million in wages)
Kodiak Island Borough	24.1%
Statewide	19.5%
Kenai Peninsula Borough	17.9%
Fairbanks North Star Borough	17.0%
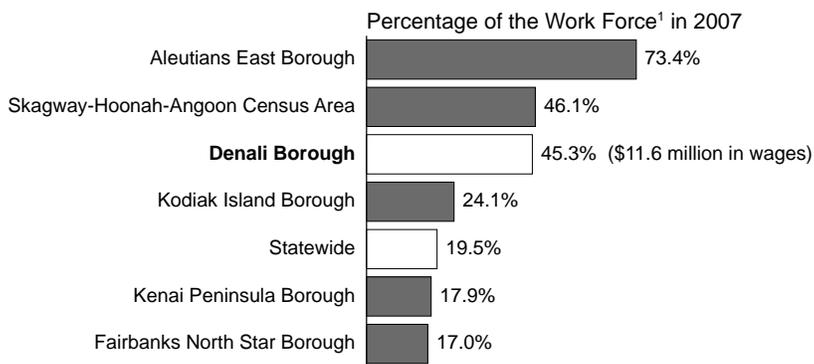
[1] Excludes federal workers and the self-employed
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Fairbanks. The mining trucks literally carry the coal from the mine to the plant, without any additional processing or transportation. Today, the Healy plant generates about 15 percent of Golden Valley Electric Association's needs and employs 39 workers.

The mine is currently mining 1.8 million tons of coal annually, which is up from 1.5 million in 2007. Slightly more than half of that coal is used locally, in Fairbanks and the Interior. The mine exports the rest to Chile and South Korea along with smaller amounts to China and elsewhere. Usibelli employs about 120 workers in Healy, according to the company. Most of the jobs are non-seasonal, high-paying jobs, with the Teamsters Union representing the miners. The mine also contributes directly to the borough's coffers with a value-linked severance tax. (See Exhibit 11.)

Adjacent to GVEA's mine-mouth power plant is the $300 million Healy Clean Coal Project 50-megawatt power plant. In 1991, GVEA entered into a 30-year agreement with the Alaska Industrial Development Export Authority, a state program that loans money for development projects, to buy power from the HCCP if the plant was successful.

The construction of the HCCP, which was completed in 1997, was partially funded by a $117 million grant from the U.S. Department of Energy to test new technologies. But, because of

problems, the plant hasn't been operational since 1999.

The plant currently belongs to AIDEA. Recently, AIDEA has been in negotiations with GVEA to possibly purchase and operate the plant – the AIDEA board approved a sale agreement Aug. 25. GVEA officials have stated that if they can work out all the details, they hope to have the plant up and running by 2011. If successful, it would translate into increased coal sales and GVEA would hire an additional 12 power plant operators.

The military plays a quiet role

Clear Air Force Station is a relatively small military installation, tucked in five miles south of Anderson. Even though many Alaskans probably haven't heard of the base, it's played an important role in the area's economy for nearly 50 years.

Clear Air Force Station is a radar surveillance site that detects and tracks sea-launched ballistic missiles and incoming intercontinental ballistic missiles. The station is part of the North American Aerospace Defense Command, or NORAD. Its secondary mission is to track objects orbiting in space for the Space Control Center.

In 1998, the Air Force launched a major $107 million radar upgrade program at Clear that was completed in 2001. The new equipment increased the station's mission capability and provided a more reliable warning system.

Currently, about 100 Air Force National Guard personnel form the 213th Space Warning Squadron at Clear. The Department of Defense has another 50 civilians working there, along with roughly 200 employees for various private contractors, including Aleut Global Solutions – a subsidiary of Aleut Corp., a regional Native corporation – and BAE Systems. Both Aleut Global and BAE are among the borough's 15 largest employers. (See Exhibit 10.)

Demographics have their own flavor

The population of the Denali Borough didn't change much between 2000 and 2008 – it

	Average Monthly Employment								
	2000	2001	2002	2003	2004	2005	2006	2007	2008
Total Wage and Salary Employment[1]	**1,797**	**1,996**	**2,101**	**1,922**	**2,082**	**2,202**	**2,323**	**2,247**	**2,239**
Natural Resources	132	133	112	86	93	98	97	101	-
Construction	15	6	9	19	15	22	28	21	15
Retail Trade[2]	53	47	51	44	38	48	52	59	64
Transportation, Warehousing[2]	348	356	379	341	403	382	367	390	-
Utilities[2]	44	44	40	36	35	36	35	35	-
Information	3	191	188	1	2	2	3	3	-
Professional and Business Services	11	12	9	195	188	189	169	189	187
Educational[3] and Health Services	20	19	16	11	13	13	10	13	14
Health Care/Social Assistance	20	19	16	11	13	13	10	13	14
Leisure and Hospitality	623	815	910	839	937	1,010	1,175	1,052	1,150
Accommodations, Food Services, Drinking Places	590	777	866	790	870	935	1,098	979	1,059
Accommodations	245	298	394	317	371	319	368	392	-
Food Services and Drinking Places	345	479	472	473	499	616	730	587	-
Other Services	10	10	12	9	10	13	15	14	-
Government	331	365	374	341	348	386	373	370	365
Federal Government[4]	198	219	226	211	209	218	210	210	214
State Government[5]	20	21	21	23	22	22	23	22	24
Local Government[6]	113	125	127	107	117	146	141	138	127
Uniformed Military Count	**132**	**107**	**114**	**111**	**85**	**97**	**93**	**95**	**96**

Note: A dash indicates that the data failed to meet Bureau of Labor Statistics' publication criteria.
[1] Excludes self-employed workers, fishermen, domestic workers, unpaid family workers and nonprofit volunteers
[2] These employment categories are part of larger categories, but those larger categories aren't shown here.
[3] Private education only
[4] Excludes uniformed military
[5] Includes the University of Alaska
[6] Includes public school systems
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Department of Labor, Bureau of Labor Statistics

declined 0.3 percent a year, compared to 1 percent annual growth for the state's overall population. That slight population loss wasn't unusual in many rural places in Alaska.

However, behind that relatively stable total resident count, the borough's demographics become far more interesting – particularly the borough's age structure and gender makeup. The demographics of the frontier remain very much alive and well in the borough.

The borough's 2008 median age was nearly 40 – 39.6 to be exact – compared to 33.5 statewide. That's not because the borough has a large senior population. Seven percent of its population is over 65, the same as statewide. The borough is home, though, to a large contingent of baby boomers (ages 44 to 62). Baby boomers make up about 34 percent of the borough's population, compared to 27 percent statewide.

Another characteristic of the borough's population is the relatively high number of men. There are more men in all age groups, except some of the very young. There are 132 men in the borough to 100 women, compared to 104 men per 100 women statewide.

The borough's population is also far less diverse than the state as a whole. Eighty-seven percent of the borough's population was white in 2006, 9 percent was Native American and smaller percentages were sprinkled among other groups. In comparison, 72 percent of the state's population was white, 18 percent was Native American and there were smaller shares of Asians, African Americans and Hispanics.

Is Denali National Park the wild card?

Given the size of the Denali Borough's population and work force, its economic base is

10 The Top 15 Employers
Denali Borough, 2008

		Average Monthly Employment in 2008[1]
1	Aramark	500 to 749
2	Royal Highway Tours	100 to 249
3	Alaska Hotel Properties (Princess)	"
4	Department of Interior (National Park Service)	"
5	Usibelli Coal Mine	"
6	Aleut Global Solutions (formerly TekStar)	50 to 99
7	Denali Borough School District	"
8	BAE Systems	"
9	Department of Defense (Clear Air Force Station)	"
10	Denali Park Salmon Bake and Cabins	20 to 49
11	Golden Valley Electric Association	"
12	Doyon Tourism Services	"
13	Black Diamond Resort	"
14	Denali Park Wilderness Center	"
15	Denali Backcountry Lodge	"

[1] These are ranges that a company's or organization's specific employment number falls into; the ranking is based on the specific number.
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

11 Tax Revenues from Coal Mining
Denali Borough, 2008

Severance Taxes[1]

Year	Amount
2000	$90,296
2001	$77,837
2002	$73,251
2003	$55,862
2004	$66,775
2005	$87,958
2006	$60,213
2007	$95,211
2008	$61,929
2009	$79,068
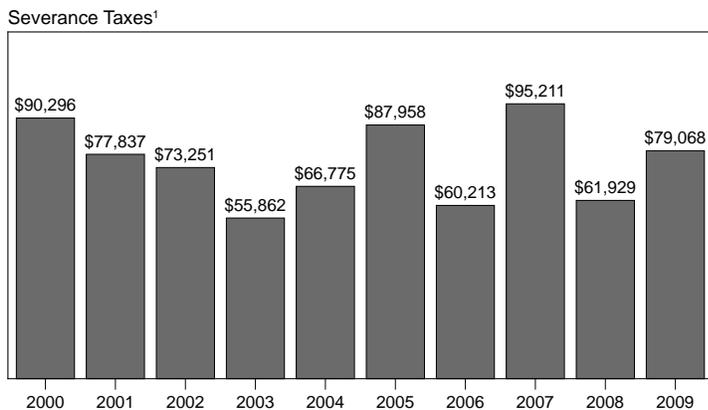
[1] In this case, a tax on the extraction of coal
Source: Denali Borough

For decades, there has been a general belief that the number of park visitors would continue to grow as far as the eye could see. However, during the past couple of years, the number of park visitors has leveled off and this year there was a sharp decline.

This year's drop in visitors is probably just a reflection of the overall softness in the statewide visitor season and is not specific to the park. Yet there are other forces that could change the number of future park visitors.

For one thing, the cruise ship industry recently announced that in 2010, it would cut ship capacity by more than 100,000 passengers for the ships ending their trips in Seward or Whittier. It's those very passengers who are the park's largest source of visitors.

For another thing, there are also plans to develop the South Denali Visitor Center in Denali State Park, about 100 miles south of Denali National Park in the Mat-Su Borough. Part of the rationale for the development is to take pressure off the national park. If those plans materialize, they could also affect traffic to Denali National Park.

What is also true, however, is that the Denali Borough is still young and its broad-based and mixed economy will for many years remain the envy of many other rural and even some urban areas of the state.

surprisingly diverse. The coal mine, power generation, Clear Air Force Station and the public sector are the stable, and for the most part, predictable, components of the borough's economy. Then there's Denali National Park, which not only adds a strong seasonal quality to the economy, but is also responsible for many of the changing dynamics of the area. The park's role as a major "change agent" in the borough won't likely change.

The Anchorage Rental Market

By Caroline Schultz, Economist

A look at renting a home in Anchorage

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

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

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

Demographic characteristics of renters

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

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

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

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

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

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

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

[1] The Municipality of Anchorage includes Chugiak, Eagle River and Girdwood. All references to Anchorage in this article are to the Municipality of Anchorage.

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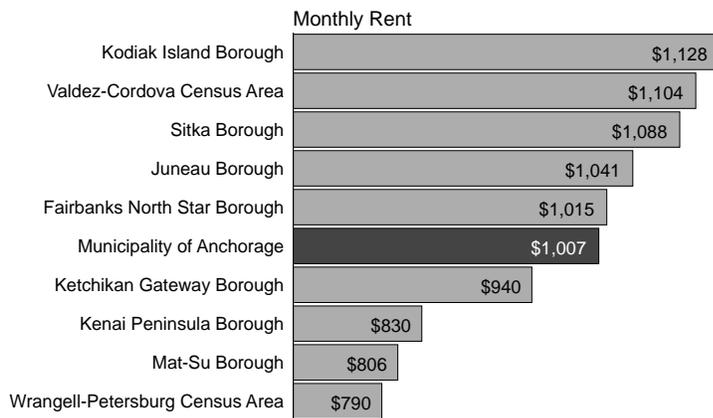
Monthly Rent

Kodiak Island Borough	$1,128
Valdez-Cordova Census Area	$1,104
Sitka Borough	$1,088
Juneau Borough	$1,041
Fairbanks North Star Borough	$1,015
Municipality of Anchorage	$1,007
Ketchikan Gateway Borough	$940
Kenai Peninsula Borough	$830
Mat-Su Borough	$806
Wrangell-Petersburg Census Area	$790

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

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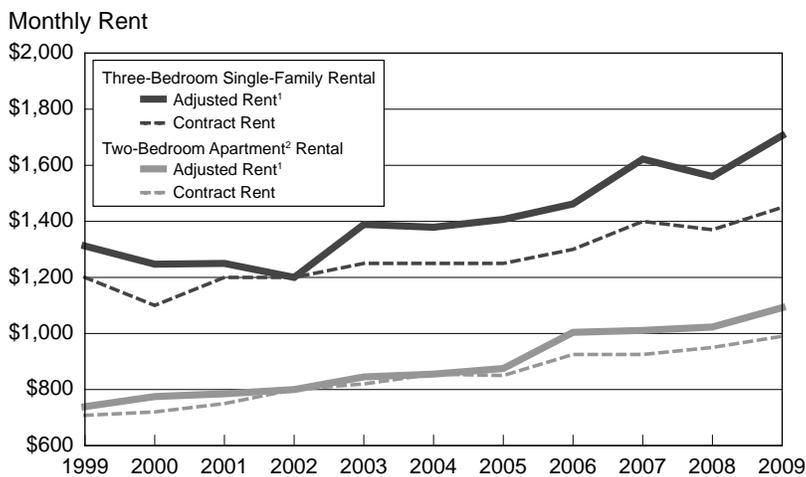
Monthly Rent

Three-Bedroom Single-Family Rental
— Adjusted Rent[1]
--- Contract Rent
Two-Bedroom Apartment[2] Rental
— Adjusted Rent[1]
--- Contract Rent

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

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

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

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

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

The costs of renting in Anchorage

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

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

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

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

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

[2] The 2009 Rental Market Survey, and earlier versions for previous years, is available on the Internet at Alaska Housing Finance Corporation's Web site. Go to www.ahfc.state.ak.us, click on "reference" in the blue bar at the top, then under "Online Reference," click on "Rental Market Surveys."
[3] The median rent is the "middle" rent when all the rents are arranged from the lowest rent to the highest rent.

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

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

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

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

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

Where to find rentals in Anchorage

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

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

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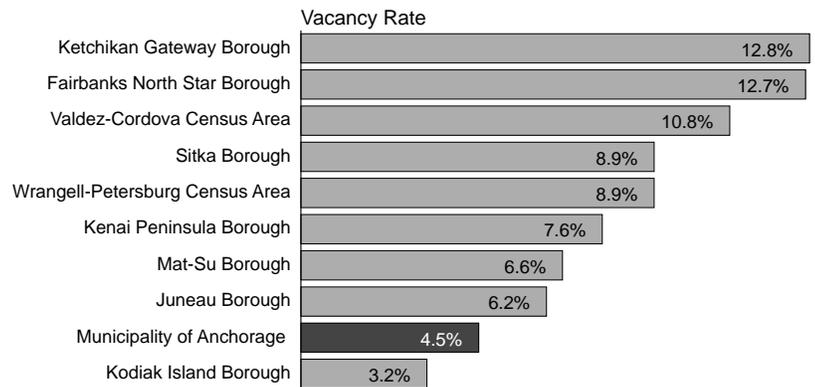
Vacancy Rate

Ketchikan Gateway Borough	12.8%
Fairbanks North Star Borough	12.7%
Valdez-Cordova Census Area	10.8%
Sitka Borough	8.9%
Wrangell-Petersburg Census Area	8.9%
Kenai Peninsula Borough	7.6%
Mat-Su Borough	6.6%
Juneau Borough	6.2%
Municipality of Anchorage	4.5%
Kodiak Island Borough	3.2%

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

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

Percentage of Wages Spent on Rent

The percentage of income dedicated to housing if an earner rented a two-bedroom apartment for the average rent in 2008

Remaining income

Income spent on rent

30% of Income

| Hourly Wage[1] | $7.25 | $10 | $12 | $15 | $20 | $23 Anchorage Average | 25 |
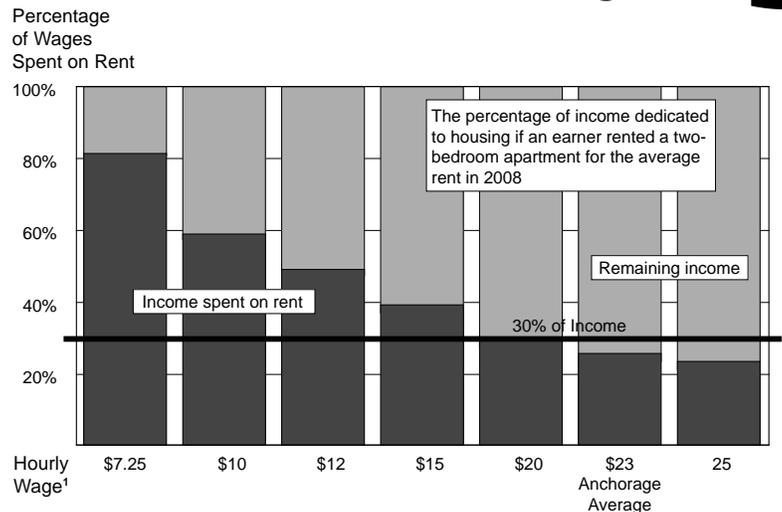
[1] The hourly wage based on working full time
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section; Alaska Housing Finance Corporation, 2009 Rental Market Survey

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

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

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[5] Census tracts are subdivisions of a borough or census area defined for statistical purposes by the Census Bureau.

Different neighborhoods, different prices

Number of Rental Units

	2 to 28 units
	29 to 100 units
	101 to 194 units
	195 to 339 units
	340 to 1,001 units
	No units reported

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

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

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

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

Compared to the citywide median adjusted price of a two-bedroom apartment, $1,092 a month, rentals in these neighborhoods are a steal. The areas are often the focus of revitalization projects to stem poverty, crime and decay.

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

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

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

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

with the exception of Fairview.

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

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

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

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

Chugiak, Eagle River and Girdwood

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

Rents for Two-Bedroom Apartments

- $800 to $900
- $901 to $1,000
- $1,001 to $1,150
- $1,151 to $1,350
- $1,351 to $1,550
- No data
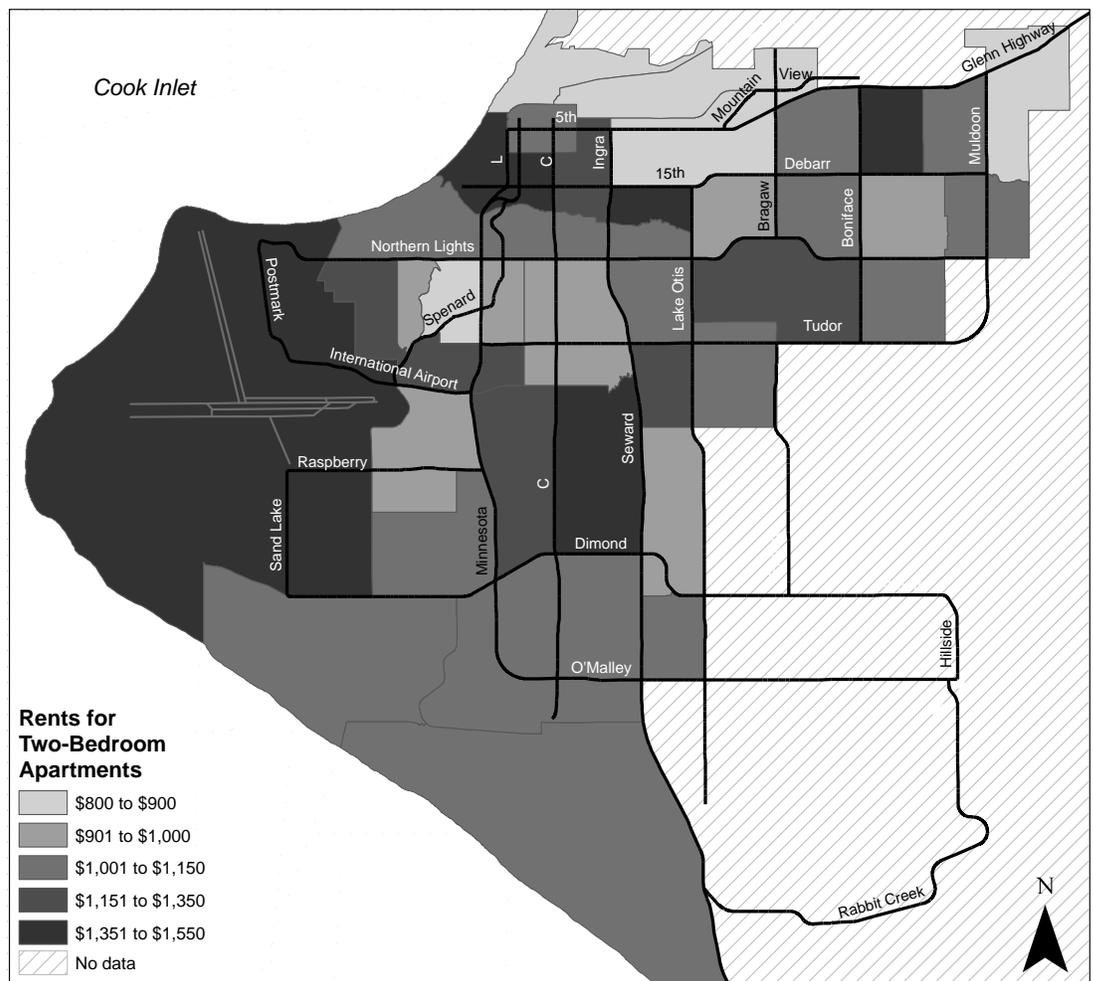
Notes:
For the purposes of this article, apartments are rentals in any multifamily housing unit, from a duplex to a unit in a building with hundreds of units.
Rents are average adjusted rents, by census tract. Adjusted rent is the contract rent, or the tenant's monthly payment to his or her landlord, plus an adjustment for any utilities not included in the contract rent.
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section; Alaska Housing Finance Corporation, 2009 Rental Market Survey

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

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

8 Rental Costs and Vacancy Rates
Anchorage, 2009

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

Municipality of Anchorage

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

[1] The median rent is the "middle" rent when all the rents are arranged from the lowest rent to the highest rent. Half of the rents in that area are lower than the median and half are higher.
[2] Adjusted rent is the contract rent, or the tenant's monthly payment to his or her landlord, plus an adjustment for any utilities not included in the contract rent.
[3] For the purposes of this article, apartments are rentals in any multifamily housing unit, from a duplex to a unit in a building with hundreds of units.
Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; Alaska Housing Finance Corporation, 2009 Rental Market Survey

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A Safety Minute

Use your own expert resources to identify hazards

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

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

> Employee: "I kind of knew it was a problem."
> Employer: "If I would have known it was going to cause an injury…"

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

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

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

Alaska's job losses remain mild

During lean economic times, the bar is set a little lower in terms of what qualifies as good news. Alaska's July unemployment and job numbers meet that lower standard in that both suggest things didn't get worse.

That's not to say that the state's situation was terrible to begin with. To the contrary, Alaska has fared quite well relative to other states in the deep national recession that began in late 2007.

But in May, the state's job count dropped below its year-ago level. Although Alaska had added an impressive number of seasonal jobs in construction, seafood processing, and tourist-related industries leading up to the peak months of summer, the increases were smaller than in recent years. As a result the over-the-year comparisons moved out of the black and into the red.

July's numbers continue that trend, but the gap isn't widening noticeably. The state's estimated 345,000 July jobs were just 1,300 fewer than in July 2008, a relatively small decline of 0.4 percent. (See Exhibit 2.) That's similar to Alaska's June over-the-year decline and much smaller than the 4.2 percent over-the-year losses for the nation in both June and July.

Unemployment rate stays at 8.3 percent

July's unemployment rate – unchanged at 8.3 percent – tells a similar story. (See Exhibits 1 and 3.) The rate is well above the 6.0 percent of early 2007, but the upward trajectory has leveled off in the last few months and the total increase is about half what the nation has seen.

Does our economy lag the nation's?

An important question for Alaska is what does it mean that the recession was late to arrive and has been relatively mild compared to what other states have experienced. Does it just mean, perhaps, that the bulk of Alaska's losses are still in the future?

Probably not. For the same reasons that Alaska has lost a relatively small number of jobs so far, the state is in a good position to weather short-term weakness in the national economy. First, Alaska has almost none of the types of manufacturing jobs that the nation has been hemorrhaging over the last few years, and the sub-prime mortgage collapse didn't burn Alaska as much as it did other states. Second, Alaska's critical oil industry has stopped growing, but it hasn't recorded significant losses and it will probably continue to be a stabilizing force on the state's economy.

Oil, and Alaska's heavy dependence on federal government spending, both military and otherwise, will likely continue to offset some of the losses in tourist-related industries and those that depend on increasingly frugal consumers.

1 **Unemployment Rates, Alaska and U.S.**
January 2001 to July 2009
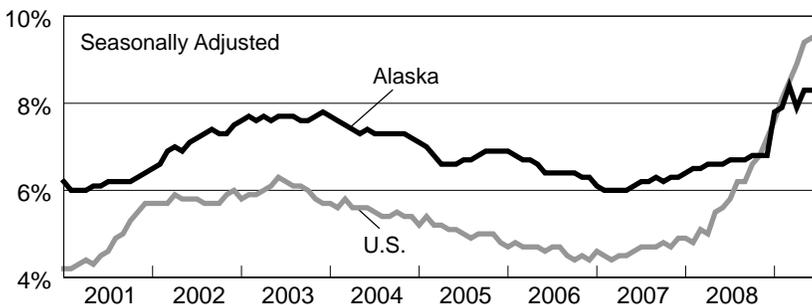
Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Department of Labor, Bureau of Labor Statistics

2 Nonfarm Wage and Salary Employment

Alaska	Preliminary 7/09	Revised 6/09	Revised 7/08	Changes from: 6/09	Changes from: 7/08
Total Nonfarm Wage and Salary[1]	345,000	339,900	346,300	5,100	-1,300
Goods-Producing[2]	57,200	50,200	58,500	7,000	-1,300
Service-Providing[3]	287,800	289,700	287,800	-1,900	0
Natural Resources and Mining	15,800	15,600	15,800	200	0
Logging	300	300	300	0	0
Mining	15,600	15,400	15,500	200	100
Oil and Gas	13,200	13,200	13,000	0	200
Construction	19,300	18,900	20,600	400	-1,300
Manufacturing	22,100	15,700	22,100	6,400	0
Wood Product Manufacturing	300	300	400	0	-100
Seafood Processing	17,900	11,600	17,800	6,300	100
Trade, Transportation, Utilities	68,200	67,400	69,800	800	-1,600
Wholesale Trade	6,800	6,600	7,000	200	-200
Retail Trade	37,200	37,000	38,100	200	-900
Food and Beverage Stores	6,700	6,600	6,800	100	-100
General Merchandise Stores	9,800	9,600	9,800	200	0
Transportation, Warehousing, Utilities	24,200	23,800	24,700	400	-500
Air Transportation	6,500	6,400	7,000	100	-500
Truck Transportation	3,400	3,300	3,400	100	0
Information	7,000	7,200	7,100	-200	-100
Telecommunications	4,700	4,700	4,400	0	300
Financial Activities	15,100	15,000	15,300	100	-200
Professional and Business Services	28,100	27,800	27,800	300	300
Educational[4] **and Health Services**	38,800	38,500	37,700	300	1,100
Health Care	28,300	28,300	27,300	0	1,000
Leisure and Hospitality	39,800	38,500	40,200	1,300	-400
Accommodations	11,500	11,000	12,000	500	-500
Food Services and Drinking Places	21,900	21,500	22,300	400	-400
Other Services	11,900	11,700	11,800	200	100
Government	78,900	83,600	78,100	-4,700	800
Federal Government[5]	17,900	17,700	17,900	200	0
State Government	24,700	24,700	24,300	0	400
State Government Education[6]	5,900	5,900	5,600	0	300
Local Government	36,300	41,200	35,900	-4,900	400
Local Government Education[7]	16,900	22,300	16,500	-5,400	400
Tribal Government	4,100	4,000	4,000	100	100

Notes for Exhibits 2 and 4:

[1] Excludes the self-employed, fishermen and other agricultural workers, and private household workers; for estimates of fish harvesting employment, and other fisheries data, go to labor.alaska.gov/research/seafood/seafood.htm
[2] Goods-producing sectors include natural resources and mining, construction and manufacturing.
[3] Service-providing sectors include all others not listed as goods-producing sectors.
[4] Private education only
[5] Excludes uniformed military
[6] Includes the University of Alaska
[7] Includes public school systems
[8] Fairbanks North Star Borough

Sources for Exhibits 2 and 3: Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Department of Labor, Bureau of Labor Statistics
Sources for Exhibit 4: Alaska Department of Labor and Workforce Development, Research and Analysis Section; also the U.S. Department of Labor, Bureau of Labor Statistics, for Anchorage/Mat-Su

3 Unemployment Rates By borough and census area

	Prelim. 7/09	Revised 6/09	Revised 7/08
SEASONALLY ADJUSTED			
United States	**9.4**	**9.5**	**5.8**
Alaska Statewide	**8.3**	**8.3**	**6.7**
NOT SEASONALLY ADJUSTED			
United States	**9.7**	**9.7**	**6.0**
Alaska Statewide	**7.5**	**8.3**	**6.0**
Anchorage/Mat-Su Region	**7.2**	**7.8**	**5.5**
Municipality of Anchorage	6.7	7.2	5.1
Mat-Su Borough	9.0	9.7	7.0
Gulf Coast Region	**8.0**	**9.0**	**6.1**
Kenai Peninsula Borough	8.8	9.6	6.5
Kodiak Island Borough	6.3	8.2	5.0
Valdez-Cordova Census Area	6.4	7.3	5.8
Interior Region	**7.1**	**8.0**	**6.0**
Denali Borough	2.9	3.2	2.0
Fairbanks North Star Borough	6.8	7.6	5.7
Southeast Fairbanks Census Area	8.7	9.8	7.3
Yukon-Koyukuk Census Area	14.9	15.8	14.1
Northern Region	**10.1**	**10.6**	**9.2**
Nome Census Area	14.0	13.5	13.0
North Slope Borough	5.2	5.7	4.5
Northwest Arctic Borough	13.6	14.9	12.2
Southeast Region	**6.3**	**7.4**	**5.1**
Haines Borough	5.4	8.2	4.7
Juneau Borough	5.5	6.2	4.1
Ketchikan Gateway Borough[1]	5.7	6.7	4.3
Prince of Wales-Outer Ketchikan CA[1]	14.1	14.7	12.3
Sitka Borough	5.7	6.5	5.0
Skagway-Hoonah-Angoon CA[1]	7.1	8.6	5.8
Wrangell-Petersburg Census Area[1]	8.1	11.0	7.3
Yakutat Borough	4.4	6.9	5.9
Southwest Region	**11.4**	**14.5**	**10.2**
Aleutians East Borough	7.4	10.6	6.1
Aleutians West Census Area	5.7	8.0	4.5
Bethel Census Area	16.0	16.8	15.1
Bristol Bay Borough	1.6	2.9	1.4
Dillingham Census Area	9.1	12.2	7.5
Lake and Peninsula Borough	5.2	8.7	4.8
Wade Hampton Census Area	22.9	31.1	21.0

[1] Because of the creation of new boroughs, this borough or census area has been changed or no longer exists. Data for the new borough and census areas will be available in 2010. Until then, data will continue to be published for the old areas.

4 Nonfarm Wage and Salary Employment By region

	Preliminary 7/09	Revised 6/09	Revised 7/08	Changes from: 6/09	Changes from: 7/08	Percent Change: 6/09	Percent Change: 6/08
Anch/Mat-Su	174,700	175,900	175,300	-1,200	-600	-0.7%	-0.3%
Anchorage	154,300	155,500	154,700	-1,200	-400	-0.8%	-0.3%
Gulf Coast	33,850	32,900	34,150	950	-300	2.9%	-0.9%
Interior	49,600	49,400	49,700	200	-100	0.4%	-0.2%
Fairbanks[8]	40,000	39,900	40,500	100	-500	0.3%	-1.2%
Northern	20,400	20,150	20,050	250	350	1.2%	1.7%
Southeast	41,950	40,250	42,900	1,700	-950	4.2%	-2.2%
Southwest	23,950	20,900	24,000	3,050	-50	14.6%	-0.2%

For more current state and regional employment and unemployment data, visit our Web site:

laborstats.alaska.gov

Job Training for Older Workers

Are you, or someone you know, age 55 or older and ready to re-enter the work force but need job training?

The Mature Alaskans Seeking Skills Training program, or MASST, gives participants job training – to learn basic computer skills, prepare their resumes and hone their job interview skills, among other things – then helps to place them in a community service position at a nonprofit organization or government agency.

There, the MASST participants get on-the-job training while they work roughly 20 hours a week earning minimum wage.[1] The U.S. Department of Labor pays their wages, and the participants stay in the program from three months to about a year. Depending on the job skills they need, they might work for several different employers or just one.

The goal of the program is to give older workers the work-based training they need to land permanent jobs where their wages aren't subsidized. At the same time, it helps nonprofits and government agencies.

The Alaska Department of Labor and Workforce Development's Employment Security Division administers the MASST program, which is Alaska's version of the U.S. Department of Labor's Senior Community Service Employment Program.

Congress authorized the federal program in Title V of the Older Americans Act of 1965 to provide subsidized, part-time, community service work-based training for older workers with low incomes who otherwise might have a hard time finding a job.

Bernardita Dobson was a stay-at-home mom for 18 years before she became a MASST participant in July 2008. She said before she got into the program, all she knew about computers was how to send an email.

Now, as an employment security specialist at the Anchorage Midtown Job Center, she helps people do self-directed computer job searches, create resumes and cover letters, register for ALEXsys (Alaska's online labor exchange system), and other things. She's one of about 12 people currently working in the state's job centers through MASST.

Dobson said she loves her job and what the MASST program has done for her. She said it makes her feel really good to be able to help people looking for work who are just as lost as she was when she re-entered the work force.

Ken Mill, assistant director of the Employment Security Division, said roughly 400 people go through the MASST program each year. He said program participants work for a host of employers, ranging from the Boys and Girls Club of Southcentral Alaska to state government. The program's priority areas are in health care, child care, education and environmental services (including in green jobs).

Statewide, 12,700 people age 55 or older registered with ALEXsys and they received 83,800 individual services through Alaska's job centers in the fiscal year ending June 30, Mill said.

For more information about MASST, go to the program's Web site at labor.alaska.gov/masst, stop by one of 23 Alaska Job Centers, or call Rita Bowen, the program's coordinator, at (907) 465-4872. Her email is Rita.Bowen@alaska.gov. For your local job center, call (877) 724-2539 (ALEX).

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[1] Alaska's minimum wage is $7.25 an hour now, and it will increase to $7.75 an hour on Jan. 1.