Downtown Fairbanks 2040

Demographic Analysis and Benchmarking Summary
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Introduction & Purpose

The purpose of this document is to summarize residential and demographic characteristics for downtown Fairbanks as part of the Downtown Fairbanks 2040 planning process.

Why collect market data as part of downtown planning? Market and demographic data help planners understand the economic forces at work in an area, which helps inform goals that are both realistic and effective at achieving public policy objectives. This is particularly important in downtown planning; many downtowns were developed over 50 years ago and face deteriorating market and physical conditions. Communities value their downtowns, but most downtowns are often in need of reinvestment. Properties may be contaminated, require expensive demolition of older buildings and may need to be consolidated into useable parcels for redevelopment. Additionally, developers and planners need to know what types of land uses are likely to be supported in the market and where demand is strongest? Should office or retail be the focus? What about housing or mixed-use? In recent years, downtowns have seen a resurgence in housing with a segment of the population opting to live in the urban core. More people living in a downtown provides more activity that supports local businesses. However, each downtown is different. It is important to characterize the market and demographic data as part of a downtown plan.

> Since March 2020 when the COVID-19 pandemic began, downtowns have been hit particularly hard as people work from home and spend less time interacting in public spaces. The long-term impacts of the pandemic on downtowns will take time to understand.

Comparisons to Other Downtowns

Comparisons between downtown Fairbanks and other downtowns, as well as the Fairbanks North Star Borough (FNSB) are provided to better understand key trends for Fairbanks. The comparison downtowns in this study (Salt Lake City, Utah; Minneapolis, Minnesota; and Boise, Idaho) were chosen because 1) they have some element of a northern climate/winter context, 2) have in recent years developed and implemented plans and policies focused on creating more urban downtowns, but are not considered as urban (and less comparable) as larger cities such as Portland, Seattle, or San Francisco, and, 3)these downtowns have also recently focused on increasing housing in their downtowns. The Fairbanks North Star Borough (FNSB) was also included in the benchmark analysis to provide context and insights into what is occurring in the surrounding area.

Figure 1. Comparative Statistics for Benchmarked Geographies

	Population	Square Miles	Percent Below Poverty Line	Mean Travel Time to Work (minutes)	Average Temperature-January (High/Low °F)
Fairbanks, Tract 1	1,078	0.6	10.7%	13.9	0°/-15°
Fairbanks North Star Borough	99,072	7,329.6	5.9%	18.6	2°/-25°
Anchorage, Tract 11	895	0.5	19.5%	13.5	23°/14°
Boise, Tract 1	3,695	1.6	26.9%	14.2	39°/22°
Salt Lake City, Tract 1025	3,714	0.3	24.3%	17.8	39°/27°

Source: United States Census Bureau, 2019 ACS 5-Year Estimates

Data Constraints

This analysis relies on demographic data collected by the United States Census Bureau's American Community Survey. These estimates are collected and reported by Census Tract and Block Group geographies which do not perfectly align with the Downtown Fairbanks boundaries that have been identified for the Downtown Fairbanks 2040 plan. Census Tract 1 is used as a proxy for downtown Fairbanks in the following analysis as it captures most of the downtown area. This approach ensures the analysis uses the most current Census data available for most of the study area but does exclude a portion of the downtown area to the north of the Chena River. Use of Block level data was considered, but the data is older/less reliable (over 10 years) or covers an area much larger than the study area.

Figure 2. Census Tract 1, Fairbanks North Star Brough/Proxy for Downtown Fairbanks
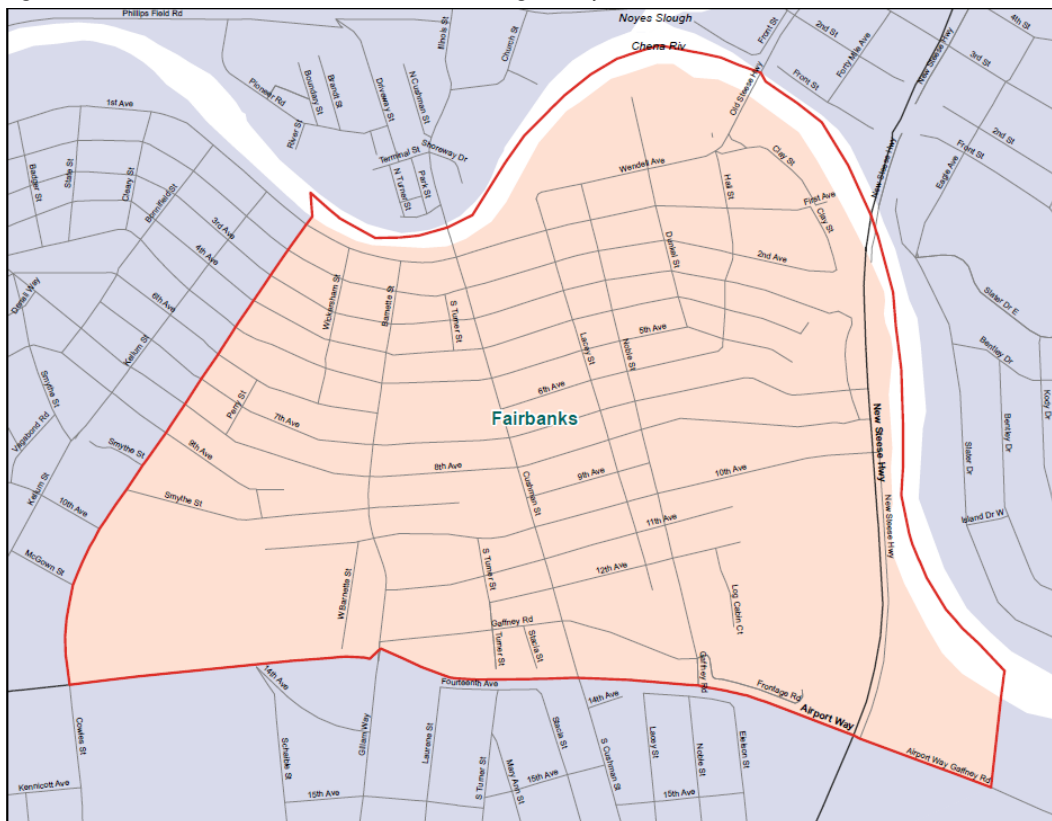
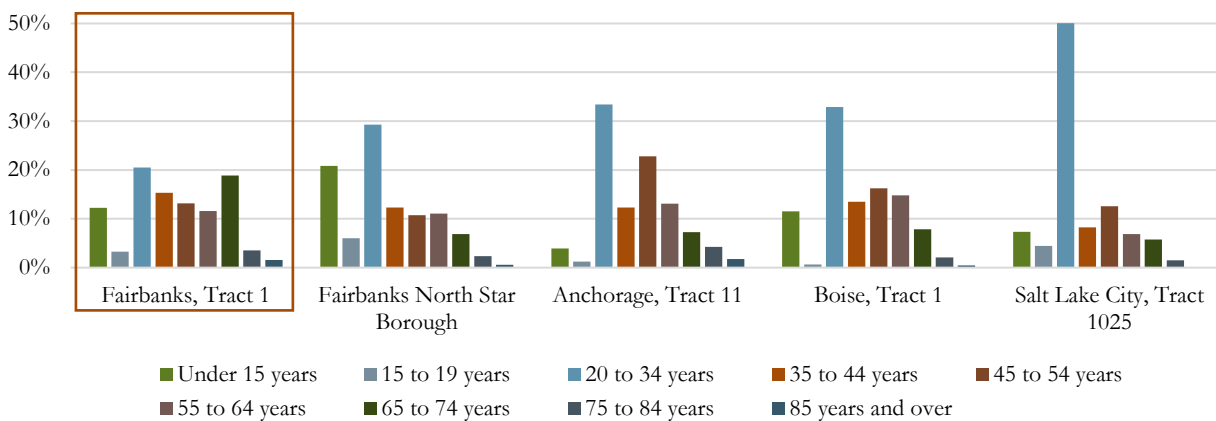Source: United States Census Bureau

Key Findings

The following population, housing, and demographic summaries have been compiled to help inform the Downtown Fairbanks 2040 plan. The comparisons are drawn between downtown Fairbanks, the FNSB and three other downtown census tracts for context.

Age Distribution

The age distribution in downtown Fairbanks is like what is found in the FNSB as a whole but is more evenly distributed than the other comparison downtowns. The other downtowns and the FNSB have a greater share of people in their twenties and early thirties, while downtown Fairbanks has a greater portion of residents who are 65 years and older. In downtown Fairbanks, 42 percent of households include one or more people 60 years or older, the majority of whom (nearly 74 percent) were living alone.

Implication for Downtown Fairbanks 2040: With a larger share of an aging population in downtown Fairbanks, planning for senior services, housing and transportation in downtown Fairbanks will be important. In future phases of downtown Fairbanks planning, it would be helpful to better understand where seniors are living and how that correlates with some of the larger multi-family apartment buildings in downtown. A survey of the larger multi-family apartment developments that asks about the share of seniors living in each building will help uncover whether the senior population is concentrated in certain locations. Understanding this helps to identify transportation and pedestrian improvements for elders in downtown Fairbanks.

Figure 3. Population by Age Group

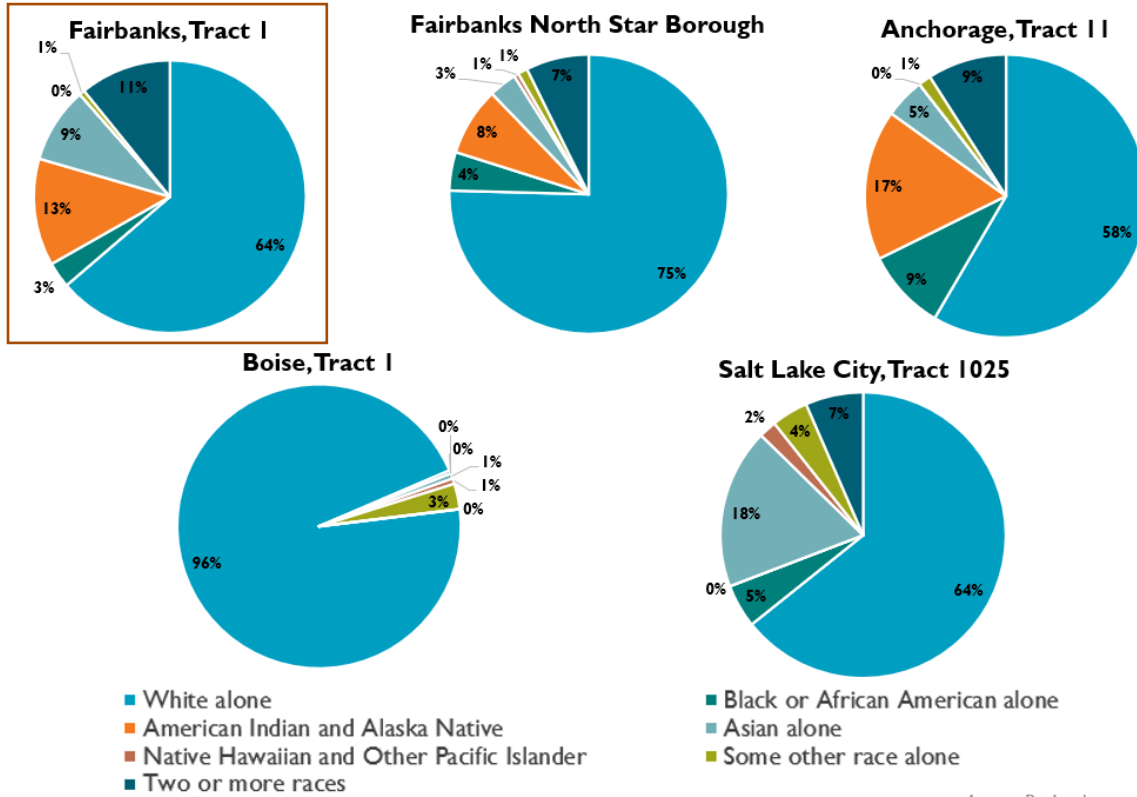Source: United States Census Bureau, 2019 ACS 5-Year Estimates
Note: Census Tact 1 is used as proxy for downtown Fairbanks

Race/Ethnicity

Downtown Fairbanks is more diverse than the FNSB as a whole and has a similar level of diversity as downtown Anchorage and Salt Lake City. Both Fairbanks and Anchorage downtowns have a larger share of Alaska Native people and residents who identified as two or more races, when compared to other downtowns and the FNSB.

Implication for Downtown Fairbanks 2040: Diversity brings vitality to neighborhoods and downtown offers market opportunities for housing and commercial activity, as well as placemaking and cultural activities. Stakeholder engagement should consider and include people of color, including Alaska Native stakeholders as part of the planning process. Related, the planning process should consider equitable access to housing, transportation and economic development opportunities as a potential criterion for policy development. Further, the planning process should consider current and proposed developments that positively feature and promote the area's Tribal and Indigenous cultures and history.
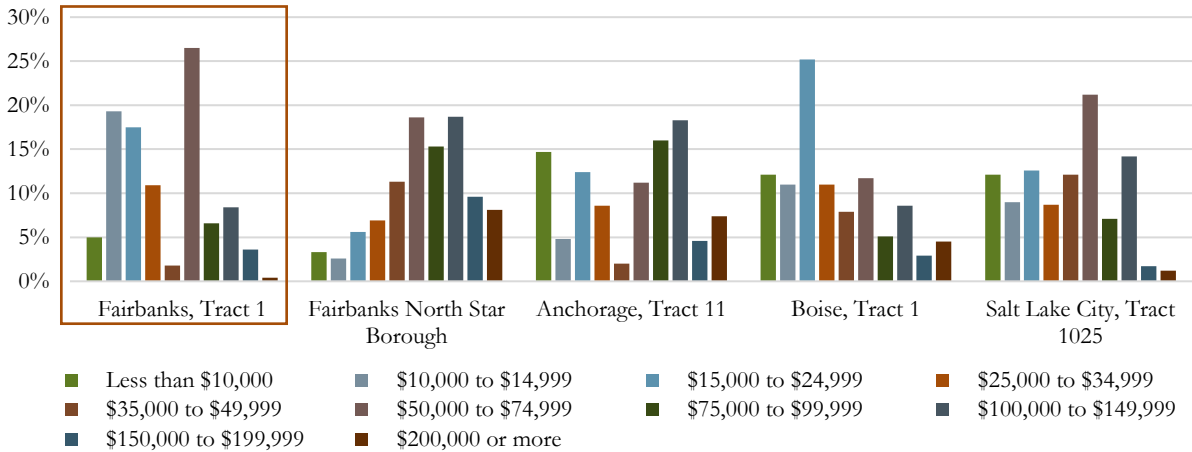
Figure 4. Race and Ethnicity

Source: United States Census Bureau, 2019 ACS 5-Year Estimates
Note: Census Tact 1 is used as proxy for downtown Fairbanks

Household Income

Downtown Fairbanks has a larger share of lower income households (household income below $35,000/year) than the FNSB and other downtown areas, but also has a higher share of middle-class households, with annual household incomes between $50,000 and $75,000. This household income distribution is most like downtown Salt Lake City. Compared to the FNSB and other benchmarked areas, downtown Fairbanks has a lower percentage of higher income households, causing it to have the lowest mean household income of the five areas considered.

Implication for Downtown Fairbanks 2040: Price points for housing and commercial opportunities should reflect the market and household ability to pay. With a higher share of low-income households, new housing may require lower more affordable rents, while the presence of middle-class households provides opportunities for market-rate housing.
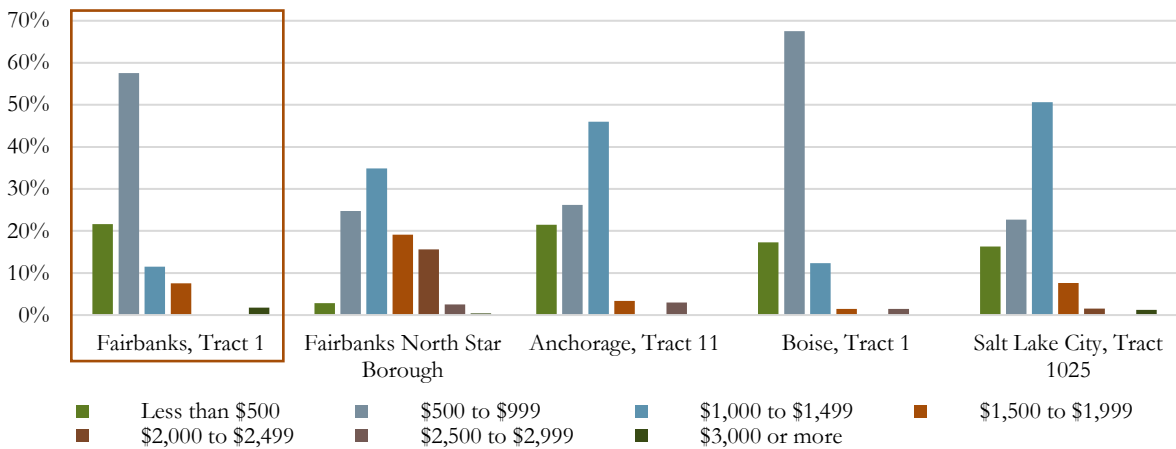
Figure 5. Household Income

Source: United States Census Bureau, 2019 ACS 5-Year Estimates
Note: Census Tact 1 is used as proxy for downtown Fairbanks

Housing Costs

Downtown Fairbanks has a higher percentage of lower cost rental housing than the FNSB and downtown Anchorage with 79 percent of occupied units paying less than $1,000 per month in rent. This is most like monthly rental costs seen in downtown Boise.
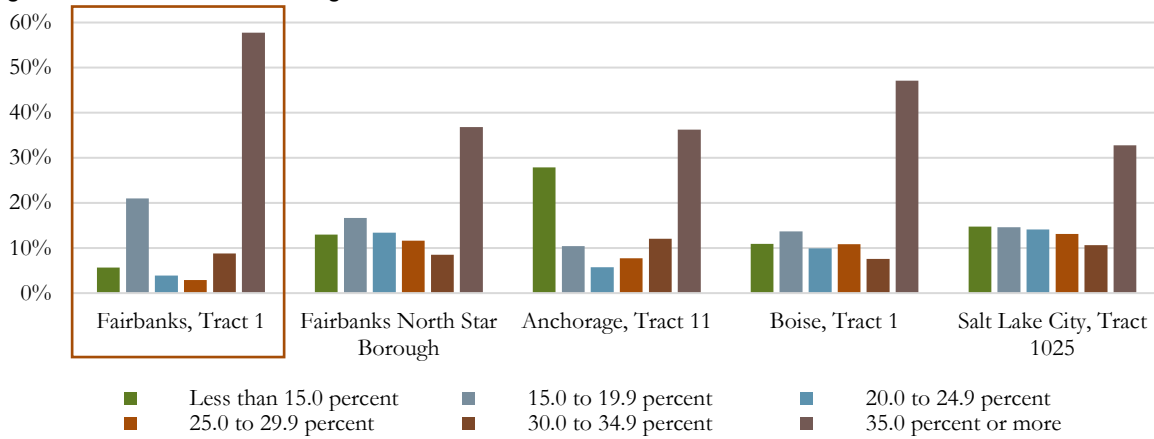
Figure 6. Gross Rent

Source: United States Census Bureau, 2019 ACS 5-Year Estimates
Note: Census Tact 1 is used as proxy for downtown Fairbanks

Despite having a larger portion of lower cost rental housing, over half of the rental housing in downtown Fairbank is cost burdened. Cost burdened is defined as spending more than 35

percent of total household income on housing. This this the highest of all the benchmarked downtowns and the FNSB.

Figure 7. Gross Rent as a Percentage of Household Income

Legend:
- Less than 15.0 percent
- 15.0 to 19.9 percent
- 20.0 to 24.9 percent
- 25.0 to 29.9 percent
- 30.0 to 34.9 percent
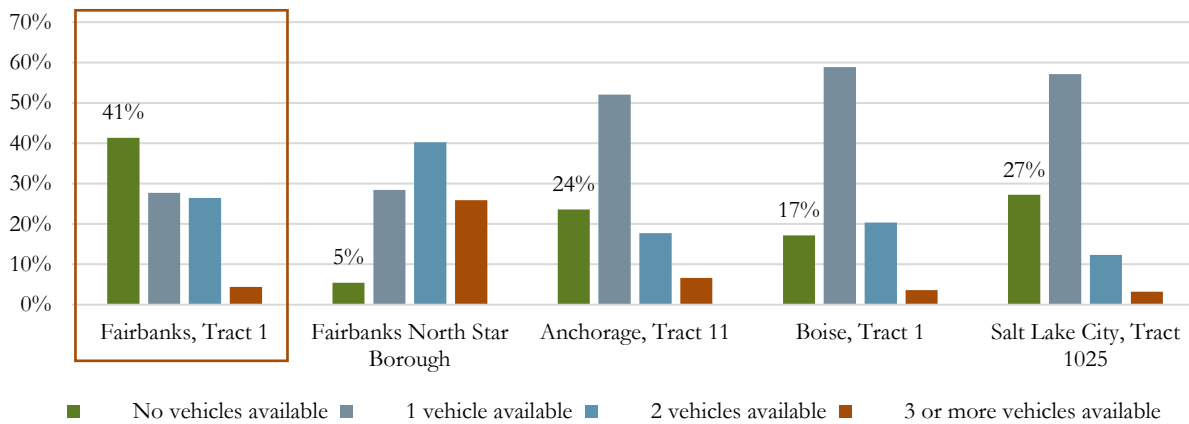- 35.0 percent or more

Source: United States Census Bureau, 2019 ACS 5-Year Estimates
Note: Census Tact 1 is used as proxy for downtown Fairbanks

Implication for Downtown Fairbanks 2040: Any new housing will compete with lower rents, which may not be feasible to cover the cost of construction.

Vehicle Ownership

Downtown Fairbanks has a significantly larger portion of households with no vehicles (41 percent) than other downtowns and the FNSB. For context, this is similar or higher than much larger metropolitan areas such as San Francisco (32 percent with no vehicle) and Seattle (20 percent with no vehicle). Why is this? It is likely the result of the large share of low-income households in downtown Fairbanks (42% make less than $25,000 per year) who may not have access to a vehicle for economic reasons. However, this does not tell the whole story because other comparison communities have a high share of low-income households and a smaller share of households with no vehicles. For example, 48% of the households in Boise make under $25,000 per year, yet 17% of households in downtown Boise have no vehicles available, compared to 41% in downtown Fairbanks.

Figure 8. Vehicle Ownership

Source: United States Census Bureau, 2019 ACS 5-Year Estimates
Note: Census Tact 1 is used as proxy for downtown Fairbanks

Implication for Downtown Fairbanks 2040: The high rate of households with no vehicle is important to consider in downtown planning for Fairbanks. This attribute should be further explored to understand if it is the result of the higher share of seniors living in downtown and/or there are more households who opt for a more walkable living experience. With 41 percent of households with no vehicle, planning should consider walkability, biking, and public transportation in downtown Fairbanks. Additionally, parking demand is likely less significant in downtown Fairbanks given these trends, or at least is driven more from those who visit downtown for work or to shop and eat.

In future phases of downtown planning for Fairbanks, it would be helpful to better understand the relationship between household income and vehicle ownership. One option is to request a special cross tabulation from the U.S. Census that shares the percentage of low-income households without access to a vehicle. This type of cross tabulation costs a minimum of $3,000 and a lead time of eight weeks. Another option includes holding focus groups with residents in downtown Fairbanks to better understand their experience living without access to a vehicle. Questions that could be asked include:

- Are households opting for no vehicle as a lifestyle choice or is the rationale based on economic reasons?
- What could be improved in downtown Fairbanks for pedestrians and those without access to a car?
- What is working well in downtown Fairbanks for pedestrians and those without access to a car?

Renter/Owner Occupancy

Similar to other downtown areas, the majority of housing units (72 percent) in downtown Fairbanks are renter-occupied. This contrasts with the FNSB, where 59 percent of units are owner-occupied.
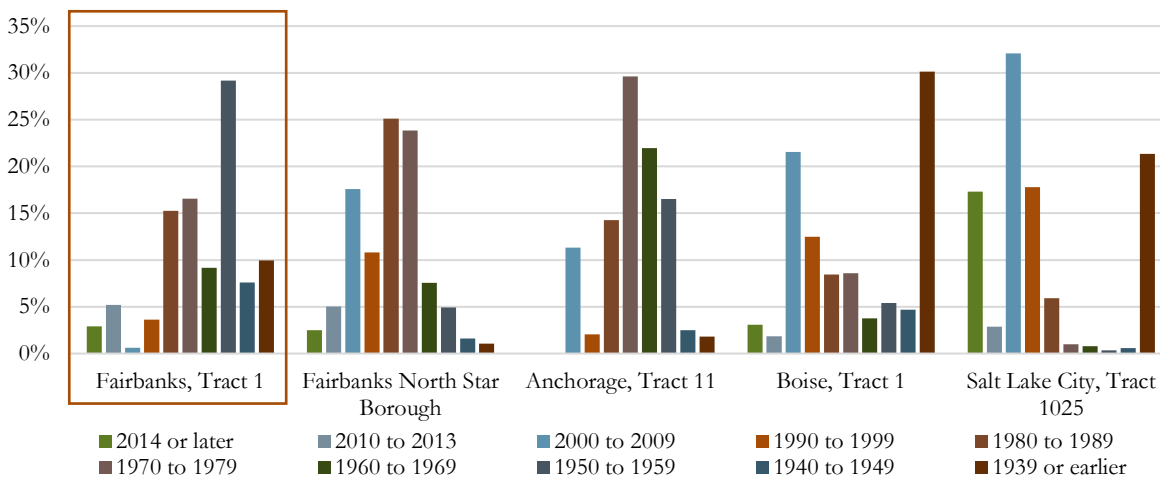
Figure 9. Owner and Renter Occupancy
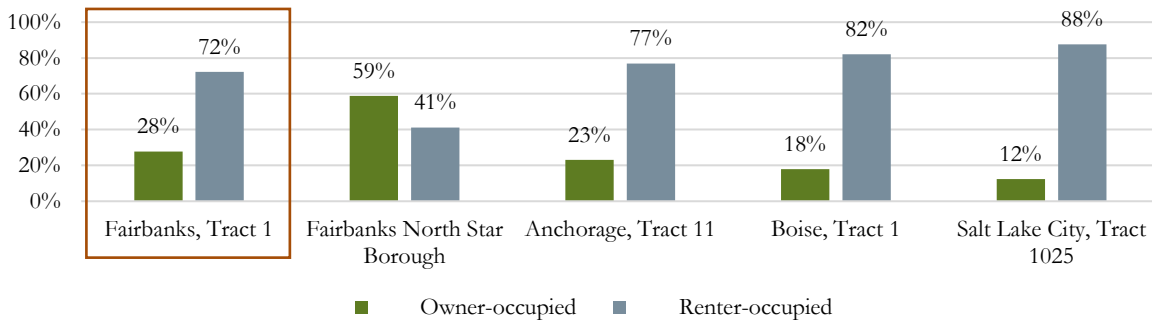
Source: United States Census Bureau, 2019 ACS 5-Year Estimates
Note: Census Tact 1 is used as proxy for downtown Fairbanks

Implication for Downtown Fairbanks 2040: Allow for a range of housing, including multi-family rental property in downtown.

Age of Housing

Roughly 72 percent of housing units in downtown Fairbanks were built in the 1970s or earlier and less than 10 percent of the existing structures were constructed in the last 20 years. This is similar to the housing stock found in the FNSB and Anchorage, but other downtown areas have a larger share of newer housing units.
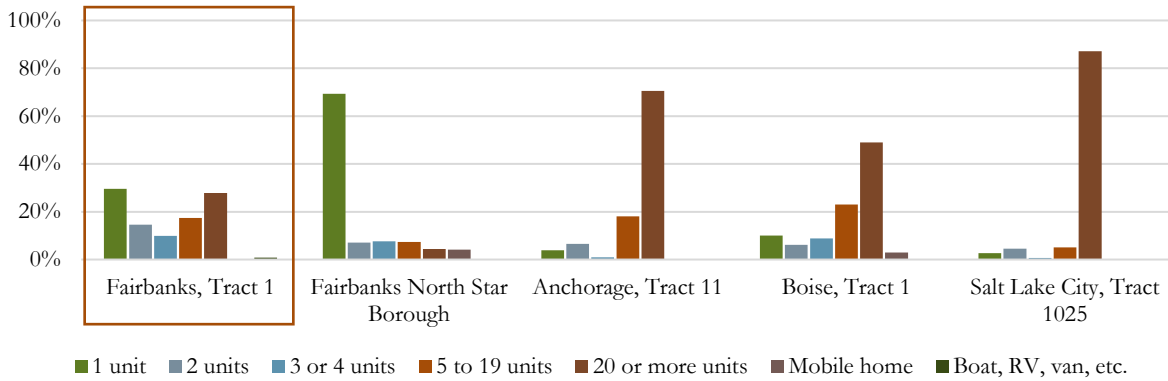
Figure 10. Year Structure Built

Source: United States Census Bureau, 2019 ACS 5-Year Estimates
Note: Census Tact 1 is used as proxy for downtown Fairbanks

Implication for Downtown Fairbanks 2040: A stock of older residential buildings often indicates opportunities for redevelopment as buildings reach the end of their useful life. Construction costs often exceed rents and values that can be generated, which can create feasibility issues for replacing older housing and other commercial buildings. The planning process may want to consider incentives for rehabbing older housing or redeveloping older buildings into new housing.

Type of Housing

Compared to other downtowns, there is more single-family housing and duplexes in downtown Fairbanks, accounting for 44 percent of the total housing units in downtown Fairbanks. The benchmarked downtowns have notably more multi-unit housing options than downtown Fairbanks, but the FNSB has a higher share of single-family housing than the other downtowns.
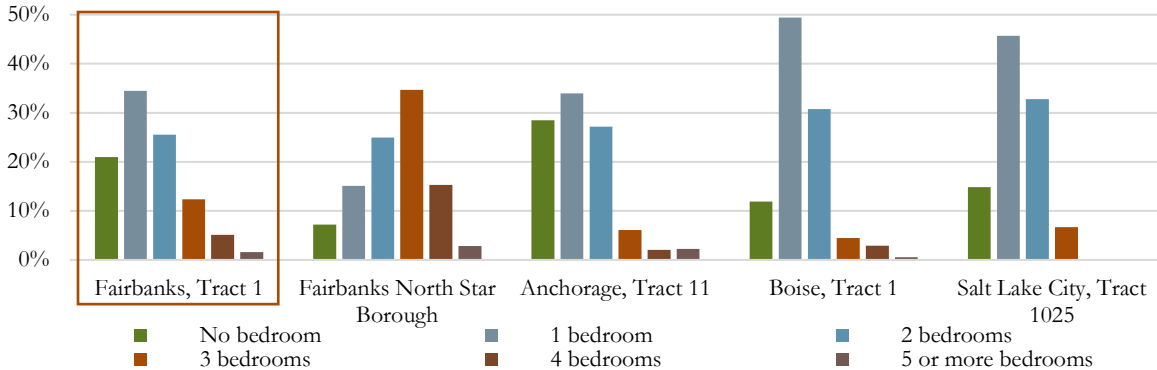
Figure 11. Units in Structure

Source: United States Census Bureau, 2019 ACS 5-Year Estimates
Note: Census Tact 1 is used as proxy for downtown Fairbanks

Housing units with one or two bedrooms are most common in downtown Fairbanks, accounting for 60 percent of the total housing units, which mirrors what is available in other downtown areas. The FNSB has a higher percentage of housing units with three or more bedrooms (53 percent), which is more common outside of downtown core areas.

Figure 12. Number of Bedrooms

Source: United States Census Bureau, 2019 ACS 5-Year Estimates
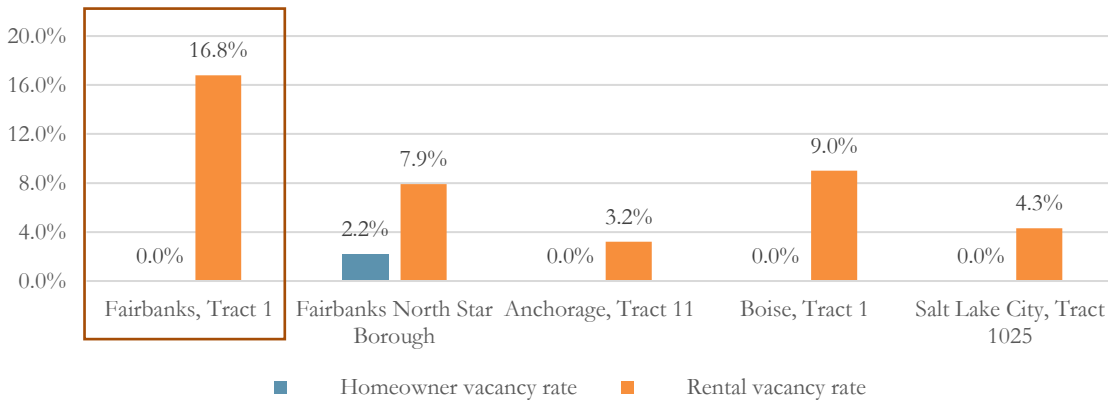Note: Census Tact 1 is used as proxy for downtown Fairbanks

Implication for Downtown Fairbanks 2040: The number of single-family homes in downtown Fairbanks is notable. Adding more housing to a downtown as single-family product is challenging given that there is typically not enough land to support additional lower density development. As the planning process proceeds, its important to understand stakeholder preference for maintaining the single-family character of downtown or whether shifting to slightly higher densities in certain locations could make sense. Accessory dwelling

units or conversions to duplex units are also opportunities to add more housing to Fairbanks's downtown within the single-family housing stock.

Vacancy

Downtown Fairbanks has a high vacancy rate at 16.8 percent for the rental market. This is higher than 5 percent, which is generally considered a healthy vacancy rate, with not too many vacant units and enough units available for people looking for new housing. The Fairbanks downtown's vacancy rate is also higher than the comparison downtowns and the FNSB. Conversely, the homeowner market in downtown Fairbanks is extremely tight with little to no vacant units available. Other downtown areas have a similarly tight homeowner market.

Figure 13. Vacancy Rates

Source: United States Census Bureau, 2019 ACS 5-Year Estimates
Note: Census Tact 1 is used as proxy for downtown Fairbanks

Implication for Downtown Fairbanks 2040: Vacancies in Fairbanks for rental product indicate more than adequate supply for rental housing but it also indicates that many of the holder housing is not desirable and people opt for something different. Ownership product in a downtown is also important and be offered through condos or townhouses in downtown Fairbanks.

Assessor Data Analysis

In future phases of downtown Fairbanks planning, an analysis of current assessor data for downtown property could lead to the following insights:

- **More reliable housing and population estimates.** Given that the Census geography does not align with the downtown Fairbanks boundary, assessor data on total housing counts could be used to estimate housing and population (using average people per household factors) for the entire downtown.
- **Absentee landlord.** Assessor data could identify property owner addresses outside of Fairbanks to estimate the share of properties with potential absentee landlords. Property owners who are not invested in the community may be looking for

opportunities to redevelop or sell their property and different methods to reach out to these property owners may be needed to discuss the future of downtown Fairbanks.

- **Existing building conditions summary**. The assessor's data includes effective year and quality grade which can be used to identify buildings that are ready for redevelopment; this can be done for both residential and commercial buildings in downtown Fairbanks. A conversation with assessor staff indicates that because the downtown is in the City of Fairbanks where building permits are issued and integrated into the assessor's database, the "conditions data" is fairly accurate in the downtown.

- **Vacant land analysis**. Assessor's data can be used to identify vacant land through the land use code and the building value fields. Vacant properties and their zoning and location can be mapped to better understand sites available for new development.

- **Financial feasibility analysis**. Future phases of downtown planning could include a pro forma analysis of possible redevelopment sites in downtown Fairbanks. This could be done by building on the vacant land and existing building conditions and developing a site specific pro forma to evaluate financial feasibility of a defined set of scenarios (residential, commercial, mixed use for example). This could help identify if there are any financial feasibility gaps, as well as the the magnitude of that gap which can be used to identify strategies for plan implementation.