

## CHAPTER 2 BACKGROUND INFORMATION

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### Introduction

This chapter gives an overview of Palmer's history, current conditions and trends, and sets the stage for the policies presented in the remainder of the plan. Specific subjects covered include history, natural setting, and trends in land use and economic activity.



### History

Athapaskan natives, specifically the Ahtna and Dena'ina, have lived in the Matanuska Valley for centuries. According to archaeological evidence the Athapaskan people moved into the area displacing Eskimo populations, sometime around 1000 AD (de Laguna 1975). Historical accounts and oral traditions refer to at least two villages at the head of the Knik Arm, near the mouth of the Knik and Matanuska Rivers. Another village was once located near the Matanuska Bridge on the Palmer side (Karl & Fall 1987:272-273). During the time of Russian fur trading, the Ahtna traveled along the Matanuska River, transporting furs from the Dena'ina to Copper Fort near Chitina. George Palmer came to the area in 1893 and was an early storekeeper in Knik.

In 1912 Alaska was made a territory of the United States. At that time U.S. Navy ships operating in the Pacific ran on coal from the east coast, which was shipped, at great expense, by railroad. The Navy was interested in establishing a northern Pacific supply of coal. In 1912 President Taft appointed a study team to examine the possibility of a railroad to open up the interior of Alaska to access the reported mineral wealth. The study team recommended that a railroad be built from Seward to the Tanana River with a spur to the Matanuska coal fields. On March 12, 1914 Woodrow Wilson, acting on those recommendations, signed a bill authorizing a government-built railroad. The intention was to open Alaska to settlement in the same way railroads had opened the American west.

Congress allowed the leasing of coal reserves in 1914 and one year later construction on the railroad began. The Evan Jones mine opened in 1920 and operated until 1968. Railroad construction brought an influx of workers and homesteaders who settled in the area near Matanuska Junction and present day Palmer. In 1916 a siding was constructed at the present site of Palmer. The White brothers began operating a new post office under the name "Palmer" in 1917. At that time Palmer consisted of a section house, a small depot and a homestead cabin which was used as the post office. That same year the U.S. Department of Agriculture built an experimental station near Matanuska to encourage agriculture. Many of the homesteaders provided agricultural products for the railroad supply center in Anchorage. Between the end of World War I and the beginning of the Great Depression the population of the area declined. In 1929 the Alaska Railroad attempted a colonization effort to encourage settlement along its service area. M.D. Snodgrass of the experimental station headed the settlement program which brought 55 families to the area by 1934.

In 1935, Palmer became the site of one of the more unusual experiments in American history: the Matanuska Valley Colony. The Federal Emergency Relief Administration, one of the many New Deal relief agencies created by President Roosevelt, planned an agricultural colony in Alaska. Two-hundred

and three families, mostly from Michigan, Wisconsin and Minnesota, were invited to join the Colony. They arrived in Palmer in the early summer of 1935. Although the failure rate was high, the people who came found a way to make a living and stay in the area, and many of their descendants still live in the Matanuska-Susitna Valley today. With the establishment of the agricultural colony, Palmer grew to include schools, churches and businesses. The Anchorage-Palmer highway opened in September 1936 providing better access to markets for valley-grown produce.

The Mat Maid complex was constructed in 1935. The 80,000-square foot structure originally functioned as cannery, creamery and warehouse. It was operated by the Alaska Rural Rehabilitation Corporation, a federal agency.

World War II brought thousands of troops and civilian workers to Alaska. Major transportation projects included airports, harbors and roads. Construction of the Glenn Highway began in 1941 linking Palmer to the port in Valdez. The following year construction of the Alcan Highway began, joining Alaska to the lower 48. Plans were made to lengthen the Glenn to connect with the Alcan.

In 1944, 300 area residents requested action be taken to develop a safe landing field. Construction of the Palmer Airport began in 1946. Construction was directed by the Territorial Board of Road Commissioners. The work was completed using equipment borrowed from the road commission, and labor donated by Boy Scout Troop No.54. In 1950 the airport was upgraded and additional land was acquired.

After the war, defense building provided jobs and markets for the farm produce of the valley. Various homesteading programs enabled ex-military and railroad workers to acquire land. Palmer was incorporated as a city under the territorial government in 1951. Dairy farming boomed and in 1952 there were 42 grade-A dairies. Agriculture production peaked during the 1950s and early 60s.

Coal mining has had a significant impact on Palmer's history. The mining areas at Wishbone Hill, Eska, Chickaloon, Sutton, and Jonesville produced large quantities of high grade coal during the early part of the century. At one time two train loads of coal per day passed through Palmer on the way to the military bases in Anchorage. The mines were largely underground operations and much of the Wishbone Hill area is underlain by tunnels and mining works. Potential still remains for future development.

The city received title to the airport from the state in 1963 and the FAA established a manned flight service station in 1966. The airport has been continually upgraded over the years and today it is one of the most complete small community airport facilities in Alaska.

The Mat-Su Borough incorporated in 1964, with Palmer as the government seat. Palmer evolved into the center for federal, state and borough government. Oil and gas development, which began in the late 1950s in upper Cook Inlet, brought with it new people, industry and business. The valley gradually evolved from an agricultural center to a mixture of farming and residential subdivisions.

The late 1970's and early 1980's brought an unprecedented period of growth to south-central Alaska. The building of the Trans-Alaska Pipeline, the development of the North Slope oil fields and rising prices for petroleum products pumped billions of dollars into the state economy. The population of many cities and communities increased dramatically. The Valley experienced rapid economic and population growth. The city constructed an industrial park in the early 1970's.

Declining oil prices brought on a deep depression in Alaska and the Mat-Su Valley during the late 1980's. Bank failures and foreclosures were common from 1986 to 1989. Although Palmer suffered from the recession, from 1990 forward, the community has seen steady growth in population, jobs and residential and commercial valuations, as outlined in more detail later in this chapter.

# Natural Environment

## Topography

Palmer is located on the upper Cook Inlet near the confluence of the Matanuska and Knik Rivers in the Mat-Su Borough. Anchorage is about 45 miles south. The Matanuska Valley is formed by the Matanuska River and two mountain ranges, the Talkeetna range to the north and the Chugach to the east and south. The geology of the area is very complex as the Talkeetna and Chugach Mountains have different geologic backgrounds. The Knik River joins the uppermost reach of Cook Inlet just south of Palmer. The river valley and Knik Glacier form a low pass, saddled by glaciers, connecting to Prince William Sound.

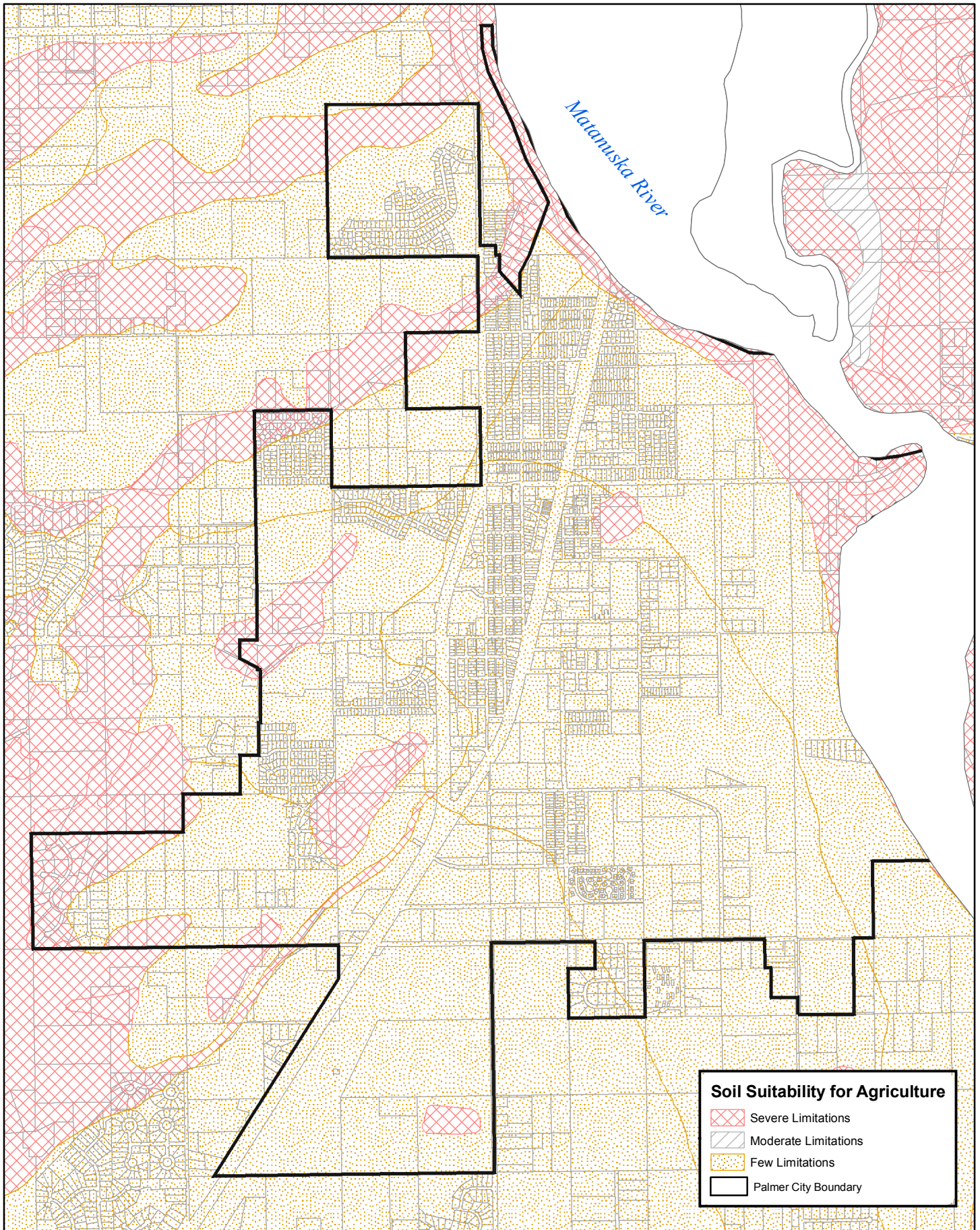
North of City limits, the Glenn Highway follows the edge of a glacial terminal moraine extending west of the highway. This terrain is comprised of low rolling hills which vary in height by about 200 feet. The area south of the city limits and east of the highway is formed of nearly level glacial deposits. The Palmer airport is listed as 232 feet above sea level. The Matanuska River emerges from its narrow canyon just upstream of the George W. Palmer Bridge on the old Glenn Highway and meanders through this flat area to where it meets the upper reaches of Cook Inlet.

The City of Palmer is located on a nearly level to rolling terrace of glacial deposits and bedrock. These deposits vary in depth and in some areas are very deep as evidenced by the bluff along the Matanuska River just east of the airport. Urban intensive land uses in the City are adequately separated from cut banks of the braided Matanuska River channel, with the exception of a small area abutting the river bank along the City's northern boundary. The City's sewage treatment center facility, south of town, is also located on the Matanuska River.

## Geology and Soils

The soils of the Palmer area have played an important role in the City's development. It was this natural resource that first enabled people to homestead and farm the area. The principal soil series in the area is the Bodenbergs series. These soils have formed in deep, wind laid silts and very fine sands over gravelly coarse sand. The Bodenbergs soils naturally support a forest of white spruce, birch and cottonwood. Most of the level areas in the Palmer locality have been cleared for use as crop land. The mantle of wind-laid material ranges from 30 inches to 10 feet in depth, but is generally less than 40 inches deep. The level nature and great depth of these soils were an exciting discovery to the early farmers of the area. The ease of tillage, excellent drainage and the lack of major erosion control problems enabled farmers to maximize the short Alaskan growing season. Produce and vegetables grown in the area are still marketed and are famous world wide (see Agricultural Soil Suitability map on following page).

Unlike much of southcentral Alaska, Palmer's gentle terrain and well-drained offer soils very few limitations for building. The deep deposits of gravel underlying the area provide ample storage area for ground water.



City of Palmer  
Comprehensive Plan

# Agricultural Soil Suitability

## Natural Hazards

**Earthquakes** - Palmer is located in seismic zone 4 for earthquakes. This risk does not pose significant constraints to development, but as is the case throughout Southcentral Alaska, the potential for earthquakes requires a high standard for building foundations and structures.

**Flood & Erosion Hazard** - Ninety-nine percent of the City of Palmer lies outside of the flood plain areas. For more information consult the Flood Insurance Rate maps (FIRM). Flood damage prevention regulations require developers and owners of land located within federally designated flood hazard areas to obtain a Flood Development Permit pursuant to Mat-Su Borough Code 17.29. The permit requires use of specific design criteria intended to minimize flood damage.

Where the Matanuska River directs its force into the banks and there is no stable underlying bedrock, erosion can be significant. The river eroded a large area and took out several homes on the eastern side of the river, in the Butte area. Eroding river bluffs have also impacted portions of the old railroad line now planned as a trail that runs north out of Palmer. More investigation is needed to determine the degree to which river bank erosion is a hazard in specific areas along the Palmer side of the river.

## Vegetation

According to Alaska Regional Profiles, Southcentral Region, Palmer is primarily of one vegetative type - bottomland spruce-poplar forest. This vegetative type is described as a tall, relatively dense forest system which primarily contains white spruce, locally mixed with large cottonwood and balsam poplar, and is found on level to nearly level floodplains, low river terraces, and more deeply thawed south-facing slopes. Both black cottonwood and balsam poplar quickly invade floodplains and grow rapidly. Alaska paper birch and quaking aspen are often present. These species are in turn replaced by white spruce in the successional process. Shrubs that are prevalent are American green alder, Thinleaf alder, willow, rose, Labrador tea, raspberry, blueberry, huckleberry, high bush cranberry, bearberry and service berry. Associated grasses, herbs, etc., are blue joint, fireweed, horsetail, wintergreen, parsley fern, marsh fern, lady fern, lichens, mosses, liverworts, mushrooms, and other fungi. The Alaska Cooperative Extension Office located in Palmer provides detailed information about the multitude of various native species that grow profusely in the area.

## Climate

The presence of nearby Cook Inlet moderates both summer and winter temperatures. Summers in Palmer are characterized by long, often beautiful days with daily high temperatures averaging in the upper 60's during the months of July and August. Winters are long with freeze-up usually complete by the end of October and break-up beginning in mid-April. The average winter high temperature in December and January is about 22 degrees. The City enjoys about 19 hours of daylight during the summer. The winter minimum on December 21 is 5 hours. Rainfall averages about 16.5 inches and the average total snow fall is 57 inches. The amount of precipitation in Palmer is moderated by the surrounding mountains. Snow cover is usually minimal due to winds which can blow strongly for long periods.

The winter winds are generally either from the Susitna Valley (northwest) or the Matanuska Valley (northeast). In the spring the strongest winds are usually from the Knik Glacier southeast of the city.

## Fish and Wildlife

Not far from Palmer are areas with abundant fish and wildlife resources, including the Jim-Swan Lakes area, Palmer Hay flats, and the slopes leading into the Talkeetna and Chugach mountains. These resources are important for hunting and sportfishing, wildlife viewing and, for some residents, for subsistence. Most of the City of Palmer has been developed for urban land uses, or cleared for agricultural activities. Open areas are used seasonally by waterfowl and other wildlife. The only wetland areas identified in the Palmer vicinity are a few isolated ponds and stretches along the Matanuska River. No unique or unusual wildlife habitat values or concerns have been identified within the city. Small game is occasionally seen in the city and in the winter moose visit city residences to browse.

## Social Environment

### Regional Growth

Since the late 1980s, the southern Mat-Su Borough<sup>1</sup> has experienced dramatic growth, driven by the advantages the area offers over Anchorage - lower land prices and lower property taxes, excellent recreation amenities and growing access to jobs. Table 1 below shows the remarkably rapid increase in population in the Mat-Su Borough. For the year 2004, the Mat-Su was the 38<sup>th</sup> fastest growing area in the United States.

Table 1. Mat-Su Borough Population Statistics 1960-2000

Year	Population	Average Annual Growth
1960	5,188	-
1970	6,509	2.3%
1980	17,816	10.6%
1990	39,683	8.3%
2000	59,322	4.1%
2005	74,041	4.6%

Source: Alaska Department of Commerce, Community and Economic Development 2005 population estimates.

### Palmer Population Trends and Demographics

Palmer's population declined throughout the 1960s and early 70s because of coal mine closures and decreasing industrial activity. Since this period, Palmer has experienced steady population growth, at a pace almost matching the remarkable growth of the borough as a whole. Table 2 below shows Palmer's steady growth since this recession. Palmer has continued to grow despite the relatively limited supply of undeveloped land within the community's city limits.

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<sup>1</sup> This and following sections include a range of information about the Mat-Su Borough, in addition to information specific to Palmer. This information is included for several reasons. In some instances, data is only available for the Borough. In many instances data on the MSB provides a helpful reference for better understanding statistics about Palmer. Finally, particularly for economic data, trends in the borough match those for the Borough as a whole.

Table 2. City of Palmer Population Statistics 1960-2000

<b>Year</b>	<b>Population</b>	<b>Average Annual Growth</b>
1960	1,181	-
1970	1,140	-0.4%
1980	2,141	6.5%
1990	2,866	3.0%
2000	4,533	4.7%
2005	5,382	3.3%

Source: Alaska Department of Commerce, Community and Economic Development 2005 population estimates

Palmer has a relatively young median age at 28.8. Despite the relative youth of Palmer's population, nine percent is over 65, compared with six percent for the Mat-Su Borough and the state. A more established population, the community's colony heritage, and a Pioneer Home may help explain the size of Palmer's over 65 population. Table 3 below describes ages in Palmer, the borough and the state; Table 4 gives a more complete breakdown of population by age groups in Palmer.

Table 3. Comparative Age Statistics, 2000

<b>Location</b>	<b>Median Age</b>	<b>Percent 65 &amp; Up</b>
Palmer	28.8	9.1
Mat-Su Borough	34.1	5.9
Alaska	32.4	5.7

Source: Alaska Department of Labor and Workforce Development. Alaska Trends: The Matanuska-Susitna Borough.

Table 4. Age Statistics for City of Palmer, 1990-2000

	<b>1990 Population</b>		<b>2000 Population</b>	
	<b>Number</b>	<b>Percent of Total</b>	<b>Number</b>	<b>Percent of Total</b>
Total Population	2866		4533	
9 and Under	515	18.0%	789	17.4%
10 to 19	552	19.3%	926	20.4%
20 to 34	626	21.8%	975	21.5%
35 to 44	556	19.4%	670	14.8%
45 to 54	166	5.8%	533	11.8%
55 to 64	148	5.2%	228	5%
65 and Over	303	10.6%	412	9.1%

Source: US Census Bureau. Note: US Census Bureau's 2000 population is slightly different from Alaska State department's number.

# Trends in Land Use & Housing

## Land Use Patterns & Capacity

Until the last decade, the southern Mat-Su Borough was to a significant extent a bedroom community for Anchorage, with relatively limited locally-based shopping, services and jobs. This has changed in the last 10-15 years, as the population grew to a scale where a wider range of commercial services can be supported locally.

Residential subdivisions remain the predominant use of developed land in the southern Mat-Su Borough. Under Mat-Su Borough regulations, residential lots relying on on-site water and sewer must be at least 40,000 square feet in size (just under an acre). While subdivisions of three to five acre lots were once common, smaller lots, often at the Borough minimum, are now the predominant lot size. Community water systems are becoming more common, allowing for 20,000 square-foot lots.

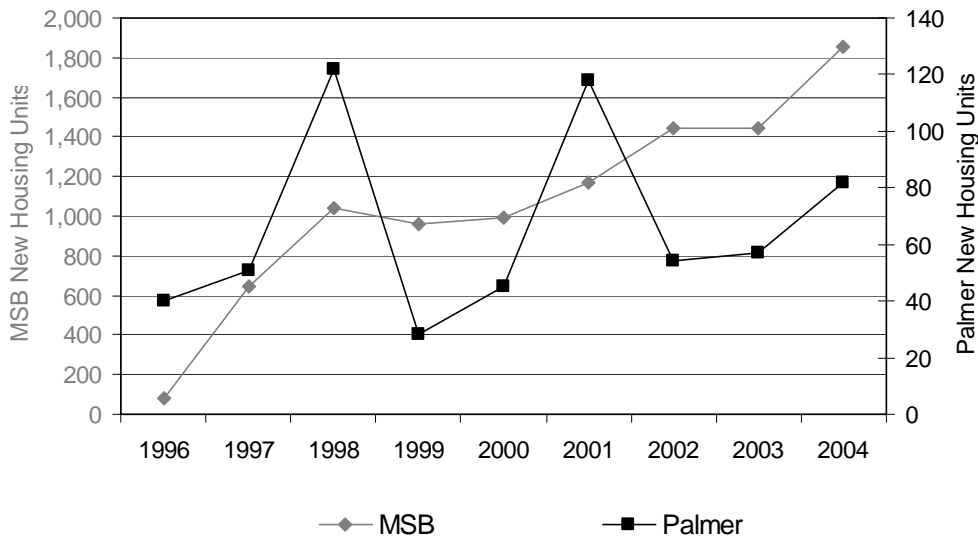
Table 5 shows the new housing units starts in the Mat-Su Borough and the City of Palmer from 1996 through 2004<sup>2</sup>. New housing includes single-family, multi-family, and mobile home units. The percentage break-downs of new housing units by housing type are provided in Table 6. During this period, the annual average Borough growth rate was 48 percent. This statistic is somewhat misleading, as 1996 was a relatively slow year for housing starts. In Palmer, growth was less dramatic, with significant peaks in 1988 and 2001. This pattern – where strong years are followed by slow years – has often been followed in Palmer and the borough, and should serve as a point of caution for projecting the future based on past trends.

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<sup>2</sup> Information presented in this section was provided by the State Division of Labor and Workforce Development (DOLWD) Research & Analysis Section, which conducts a quarterly survey of new housing starts and building permits. The survey is based upon voluntary participation, so it does not provide a comprehensive picture of the market, but is a good starting point for understanding the housing market. Information from the Alaska Housing Finance Commission and the Alaska Multiple Listing Service are used to supplement the DOLWD Research & Analysis Section information.



Table 5. New Housing Units in the Mat-Su Borough and the City of Palmer, 1996 through 2004



Source: Kreiger, R., DOLWD Research & Analysis Section, 2005

Table 6. Alaska New Housing Unit Survey—Mat-Su Borough, Palmer, 1996 through 2004

	1996	1997	1998	1999	2000	2001	2002	2003	2004
<b>MAT-SU BOROUGH</b>	81	646	1,038	962	993	1,169	1,440	1,442	1,857
Single family (%)	88.9	89.6	94.8	96.2	88.5	80.8	85.9	83.9	71.8
Multi-family (%)	9.9	9.9	5.2	3.4	11.2	19.2	14.1	15.0	27.2
Mobile homes (%)	1.2	0.5	0.0	0.4	0.3	0.1	0.0	1.0	1.0
<b>Palmer</b>	40	51	122	28	45	118	54	57	82
Single family (%)	100.0	100.0	67.2	100.0	46.7	23.7	44.4	61.4	63.4
Multi-family (%)	0.0	0.0	32.8	0.0	53.3	76.3	55.6	35.1	34.1
Mobile homes (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.5	2.4

Source: Kreiger, R., DOLWD Research & Analysis Section, 2005.

In recent years, multi-family housing development has become more popular in Palmer. In 1996, 1997, and 1999, no multi-family units were developed, but in all other years since 1996 multi-family units have accounted for between 33 to 76 percent of total new units developed on an annual basis.

Table 7 shows the new building permits issued each year by the City for housing, commercial and public buildings, from 1991 through 2004. The total new housing unit permits issued has fluctuated from one year to the next, and as mentioned earlier, the number of new housing units that are multi-family or duplexes versus single family homes has increased.

Table 7A. Building Permits Issued by the City of Palmer, 1991 through 2005

	<b>SF Homes</b>	<b>Duplexes</b>	<b>Multi-Family</b>	<b>Total New</b>	<b>Comm./Ind. Buildings</b>	<b>Public Buildings</b>	<b>Total Commercial and Public Buildings</b>
1991	2	-	0	2	4	0	4
1992	34	-	0	34	4	10	14
1993	8	-	0	8	1	4	5
1994	50	-	1	51	4	1	5
1995	46	-	0	46	4	0	4
1996	40	-	0	40	1	1	2
1997	52	-	0	52	7	2	9
1998	82	-	4	86	4	2	6
1999	28	-	0	28	2	5	7
2000	22	-	5	27	6	1	7
2001	28	18	8	54	3	1	4
2002	24	12	2	38	7	2	9
2003	35	7	1	43	8	4	12
2004	52	0	3	55	7	3	10
2005	48	2	1	51	10	1	11

Source: City of Palmer, 2005. Note: The number of building permits issued for duplex is not available prior to 2001.

Table 7B. New Housing Units, 1991 through 2005

	<b>SF Homes</b>	<b>Duplex Housing Units</b>	<b>Multi-Family Housing Units</b>	<b>Total New Housing Units</b>
1991	2	-	0	2
1992	34	-	0	34
1993	8	-	0	8
1994	50	-	24	74
1995	45	-		45
1996	40	-	0	40
1997	51	-	0	51
1998	82+1 addition	-	40	123
1999	28	-	0	28
2000	21+1 addition	-	21	43
2001	28	36	56	120
2002	24	24	6	54
2003	35	14	6	55
2004	52	0	28	80
2005	48	4	5	57

Source: City of Palmer, 2006. Note: The number of housing units generated by building permits issued for duplex is not available prior to 2001.

Table 8 shows the City tax revenues from property and sales taxes from 2000 through 2004. The City levies a three percent property tax. Combined property and sales taxes received by the City increased by almost seven percent annually between 2000 and 2004. This increase reflects both the increase in number of units, and the increase in average prices for land and housing.

Table 8. City of Palmer Tax Revenues, 2000 through 2004

	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Total Taxes Reported</b>
2000	\$489,644	\$2,346,929	\$2,836,573
2001	\$552,329	\$2,464,268	\$3,016,597
2002	\$583,931	\$2,760,798	\$3,344,729
2003	\$625,633	\$2,914,417	\$3,540,050
2004	\$622,879	\$3,066,089	\$3,688,968

Source: Department of Community and Economic Development. 2000 through 2004. Alaska Taxable: Population and G.O. Bonded Debt, Full Value Determination, Municipal Taxation, Rates and Policies.

## Economy

### Introduction

The economy of Palmer is closely related to the greater Mat-Su Borough economy. Facts about the remarkable growth of the borough economy are listed below:

- An increase in jobs from 1990 to 2004 from 7000 to over 16,000 jobs.
- 2004 saw the greatest increase in jobs ever in the borough, with 1,207 new jobs created.
- In the decade from 1994 to 2004, jobs increased 67% in the borough vs. 17% in Alaska, and 21% in Anchorage
- The most rapid growth sectors from 2000-2004 were health care and social services, leisure and hospitality, retail trade, construction and government.
- In 2004, 55% of residents held jobs in the Valley, 34% in Anchorage, and 4% in the North Slope.
- Average annual earnings in the borough in 2004 were \$31,012; in Anchorage \$41,484.
- Average single family home prices in the Borough have grown from \$60,000 in 1990, to \$219,500 in the first half of 2005. During this same period the gap between borough and Anchorage prices has steadily decreased. In 1990, the price of the median Anchorage single family homes was double the average borough price; by 2005 this difference had fallen to just 15%.
- Sales tax income in Wasilla and Palmer has increased from \$4.9 million in 1994, to \$13.2 million in 2004. Agricultural production has increased from \$8 million to \$11 million.

Source: State Department of Labor

## Palmer's Economy

Agriculture has been the historic base of Palmer's economy. The Matanuska Valley remains Alaska's leading agricultural area, accounting for over one half of the state's agriculture production. Nearby coal and gold mines once played an important part in Palmer's development; however, this role largely ended with mine closures in the 1960s and early 1970's.

The economy of Palmer, like the remainder of the southern Mat-Su, has evolved from its rural traditions into a retail and service-based economy, with a variety of stores and personal services businesses available to meet needs of local residents, and of the numerous institutions and other businesses based in the area.

Table 9 shows the median household income for households in Palmer and in the MSB. In 1999, the median Palmer household income was 11 percent less than the MSB median income.

Table 9. Median Household Incomes, Palmer and MSB

	Palmer	MSB
1989	\$34,940	\$40,745
1999	\$45,571	\$51,221

Source: U.S. Census Bureau, Census 2000, SF-3 and Census 1990 STF-3.

In 2000, the poverty threshold for a four person family was \$16,895. The poverty rate for individuals in 1999 for the entire U.S. was 12.6 percent. In Alaska it was 9.4 percent for individuals, one of the lowest rates in the nation.

The percent of people living below the poverty level increased in the MOA and Mat-Su Borough between 1989 and 1999 (Table 10). In 1999, 11.0 percent of all individuals in the Mat-Su Borough were living in poverty as measured by the U.S. Census Bureau as compared to 7.4 percent of the individuals in Anchorage and 9.4 percent of the individuals in the State.

Table 10. Percent of Individuals below the Poverty Level in the Affected Area, 1999 and 1989

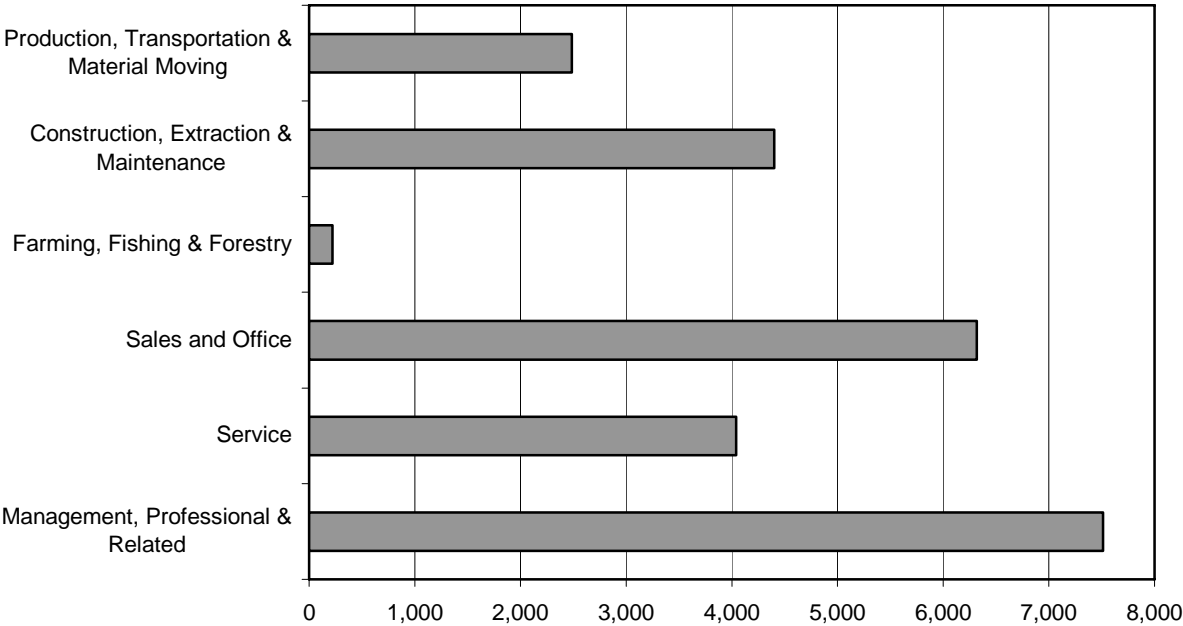
Area	1989	1999
Municipality of Anchorage	7.07	7.35
Matanuska-Susitna Borough	9.39	11.01
MSB Study Area	8.43	10.43
Point MacKenzie	34.09	22.67
City of Palmer	6.21	12.66
City of Wasilla	10.85	9.59
City of Houston	9.78	17.09

Source: U.S. Census Bureau

Tables 11 and 12 on the following page show employment in Palmer and the MSB in 2000. The percentage of employees in different sectors is generally fairly similar in the Borough and the City. Characteristics of these labor forces, and differences between the two areas include:

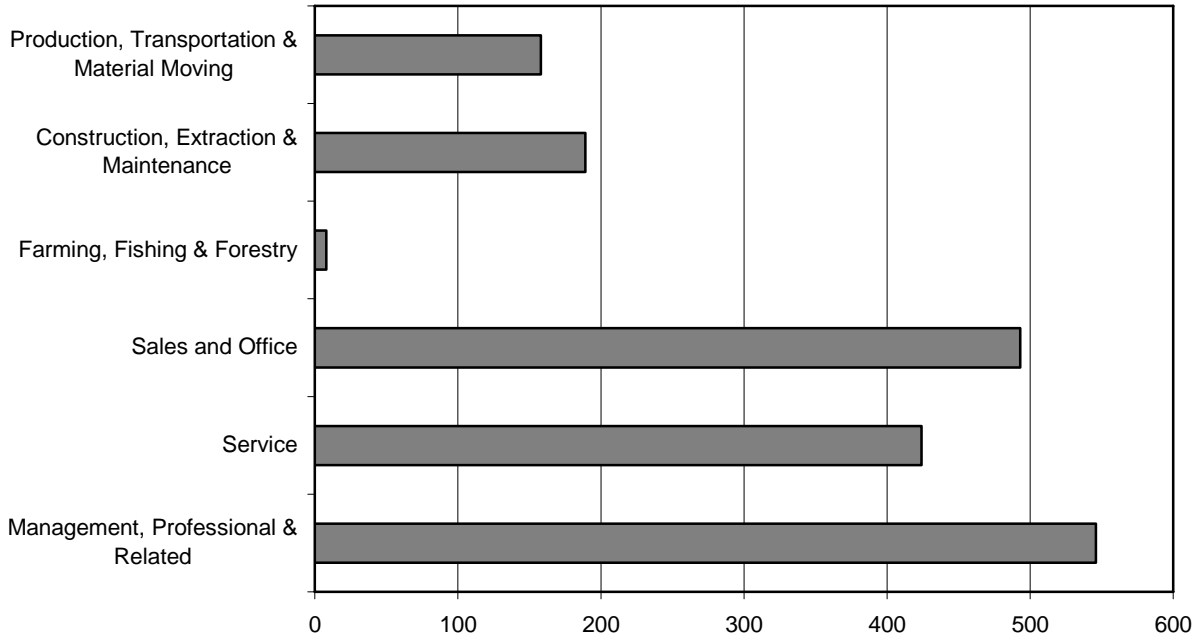
- Palmer has more people employed in occupations related to sales and office, and service - over 23 percent of Palmer workers were employed in service occupations compared to just over 16 percent of all MSB workers.
- Education, health, and social services is the most common industry of employment for Palmer and the MSB, although a greater percentage of the Palmer labor force is employed by this industry than in the MSB (over 25 percent of the Palmer employed workers versus about 21 percent of MSB workers)
- Palmer has a high percentage of government workers, with almost 25 percent of its employed labor force working in government positions.
- In Palmer, private wage and salary workers accounted for 65 percent of total workers compared to 68 percent in the Mat-Su Borough.
- Self-employed workers make up about 10 percent in both Palmer and the Mat-Su Borough, with the Mat-Su Borough having just slightly more.

Table 11A. Employment by Occupation, Matanuska-Susitna Borough, 2000



Source: U.S. Bureau of the Census, Census 2000, DP-3.

Table 11B. Employment by Occupation, City of Palmer, 2000



Source: U.S. Bureau of the Census, Census 2000, DP-3.

Table 12. Class of Worker in Palmer and the MSB, 2000

	Palmer		MSB	
	Number	Percent	Number	Percent
Private Wage and Salary Workers	1,183	65.1%	16,925	67.8%
Government Workers	453	24.9%	5,186	20.8%
Self-employed Workers in Own Not Incorporated Business	182	10.0%	2,734	10.9%
Unpaid Family Workers	0	0.0%	136	0.5%

Source: U.S. Bureau of the Census. Census 2000, DP-3 and SF-3

Table 13 shows estimated population thresholds calculated for commercial activities. These thresholds estimate the population needed to sustain various commercial sectors that will likely develop in Palmer and the Mat-Su Borough as their populations continue to grow.

Table 13. Estimated Population Thresholds for Commercial Sectors in the MSB, 2005

Commercial Sector	Estimated Population Threshold
Gasoline Stations	3,827
Grocery Store	6,949
General Merchandise Stores	16,503
Hardware Stores	26,405
Department Stores	37,722
Consumer Lending	44,009
Home Centers	52,810
Investment Banking & Securities Dealing	88,017

Source: Northern Economics Inc., 2005

## Growth Trends

Future economic development in the City of Palmer will continue to be closely correlated to economic growth in the Mat-Su Borough as a whole. Future population growth in turn will be driven by growth in economic activity. In simple terms, population growth projections are merely the reflection of the assumption that the state's economy will grow.

The University of Alaska's Institute of Social and Economic Research (ISER), projects employment in the Mat-Su Borough will grow on average of 3.9 percent annually, and population at 3.3 percent. ISER population forecasts are shown in Table 14<sup>3</sup>. According to ISER, the growth rates for employment, population will be more pronounced in the Borough and Palmer when the state's economy is expanding, and the Borough is projected to account for an increasing share of total statewide jobs and income.

Table 14. Palmer and Matanuska-Susitna Population Projections to 2015

Year	Palmer	Mat-Su
2000	4,533	59,322
2001	4,581	61,704
2002	4,840	64,291
2003	5,267	67,526
2004	5,197	70,148
2005	5,363	71,300
2006	5,591	74,300
2007	5,850	77,700
2008	6,169	81,900
2009	6,435	85,400
2010	6,670	88,500
2011	6,951	92,200
2012	7,240	96,000
2013	7,521	99,700
2014	7,817	103,600
2015	8,129	107,700

Source: Northern Economics, Inc. using data from ISER "Economic Projections for Alaska and Southern Railbelt 2004-2030" and the Alaska Department of Labor.

<sup>3</sup> Estimates for Palmer and Mat-Su Borough populations from 2000 to 2004 are from the Alaska Department of Labor & Workforce Development. Projections for population growth in Palmer are only for the population within existing City boundaries. Population projections would need to be modified if City boundaries grow through annexation. Population estimates for the Mat-Su Borough from 2005 to 2015 use the high case projection from the UAA Institute of Social and Economic Research (ISER). High case ISER projections were used because the actual population for 2004, as measured by the DOL, has already risen above ISER's projected population growth for the same year. (ISER's projections were prepared prior to 2004). Given that actual population in 2004 for the Mat-Su Borough exceeded the high case projections, population projections for Palmer were based on high case.

Growth projections are always tenuous because they are derived from assumptions based on past history. Several very different growth scenarios could plausibly unfold for Palmer and the borough. One future is a continuation of the growth experienced over recent decades. The ISER projections depict that future, based on the assumption that the state economy will continue to grow, and the borough economy will continue to mature.

It is worth considering, however, that Alaska's economy largely rests on a narrow base of petroleum revenues and federal spending, neither of which are certain. As was shown in the late 1980's, big declines in oil revenues quickly lead to big declines in the entire State economy. Oil production in Alaska is steadily falling, oil prices are currently very high, major new oil and gas projects are on Alaska's horizon; how these different trends will play out is not clear. Federal spending is certain to drop when Senator Ted Stevens steps down from his position in Congress. ISER's study of this issue concluded federal spending would fall at least 10-20% after Senator Stevens leaves office. Alaska currently receives the highest per capita federal spending of any state in the nation, and federal dollars currently account for roughly one third of State's basic economy.

Another consideration in projecting growth is a look at the relationship between the Borough and State economies. In the last 20 years, fluctuations in the State economy tend to be more pronounced in areas like the Mat-Su Borough. Boom times in the Borough have been greater than the rest of the state and the busts were deeper.

It is important to understand that while the State economy has matured and diversified, with growth in tourism, air cargo and mining, Alaska remains particularly vulnerable to economic shocks. Palmer needs to plan for growth, and there are good reasons to expect this growth will continue. At the same time, the community needs to be aware that growth rates could quickly slow or reverse. The boom and bust of Alaskan economic life requires City governments to be both optimistic and realistic, and to be able to respond to change.

## **Housing Characteristics**

This section describes housing characteristics for the City of Palmer. As a point of comparison, housing information is also presented for the Mat-Su Borough. This information is provided as background on the changes and trends that have shaped the city and community of Palmer and it serves as a starting point for envisioning Palmer's future land uses. The section also includes information on assessed valuation.

Table 15 shows the number of housing units for the City of Palmer and the Mat-Su Borough in 1990 and 2000. Housing units increased by three percent annually in the Mat-Su Borough between 1990 and 2000, growing from 20,953 housing units in 1990, to 27,329 housing units in 2000, while the number of housing units in the City of Palmer increased slightly more quickly- growing by 3.2 percent annually growing from 1,169 housing units in 1990 to 1,555 housing units in 2000.

The percent of vacant housing units in Palmer dropped by almost two-thirds from 1990 to 2000. The percent of vacant units also decreased in the Mat-Su Borough, but not as dramatically, as many of these homes are seasonal or recreational homes so they are occasional rather than permanent residences.



Table 15. Number of Housing Units, 1990 and 2000

	<b>MSB</b>		<b>City of Palmer</b>	
	<b>1990</b>	<b>2000</b>	<b>1990</b>	<b>2000</b>
Total Housing Units	20,953	27,329	1,169	1,555
Annual Percent Change		3.0%		3.2%
Number of Vacant Units	7,559	6,773	171	83
Vacancy Rate	36.1%	24.8%	14.6%	5.3%

Source: U.S. Census Bureau, 2005.

Table 16 groups housing units by type or by number of units per structure, showing the number of units that are single family homes versus multi-family or multi-unit structures, and apartment buildings for 1990 and 2000. Mobile homes and trailers are also included. Single family homes are by far the most common type of residency in the borough (almost 83% in 2000) and in Palmer (almost 74% in 2000). However, there are also large pockets of multi-family housing in the City; 24% of Palmer's housing units are multi-family units. In 2000, 122 units existed in buildings that contained twenty to forty-nine units. In the Mat-Su Borough in general multi-family units account for just below 10 percent of all units.

Table 16. Number of Housing Units per Structure, 1990 and 2000

	<b>MSB</b>		<b>Palmer</b>		<b>Wasilla</b>	
	<b>1990</b>	<b>2000</b>	<b>1990</b>	<b>2000</b>	<b>1990</b>	<b>2000</b>
Total units	20,953	27,329	1,169	1,593	1,723	2,118
Single family	16,672	22,560	829	1,177	893	1,202
Two units	586	735	46	22	160	178
Three to four units	904	1,112	35	87	373	425
Five to nine units	429	517	93	122	110	128
Ten to nineteen units	197	142	81	30	51	62
Twenty to forty-nine units	66	206	41	122	0	53
Fifty and more units	0	0	0	0	0	0
Mobile home or trailer	1,822	1,812	34	33	114	57
Other	277	245	10	0	22	13
Percent single family	79.60%	82.50%	70.90%	73.90%	51.8%	56.8%
Percent multi-family units	10.40%	9.90%	25.30%	24.00%	40.3%	39.9%
% mobile home or trailer	8.70%	6.60%	2.90%	2.10%	7.9%	3.3%

Source: U.S. Census Bureau, 2005.

The percentage of housing units occupied by owners increased in both the Mat-Su Borough and the City of Palmer (see Table 17). In 1990, less than 64 percent of housing units in Mat-Su Borough were owner occupied; by 2000 almost 79 percent of housing units were owner occupied. Overall, the Mat-Su Borough had the highest homeowner occupancy rate of any area in Alaska over the past decade. In Palmer, the percentage of homes owner-occupied increased from just over 85 percent in 1990 to almost 95 percent in 2000.

Table 17. Housing Tenure, 1990 and 2000

	<b>MSB</b>		<b>Palmer</b>	
	<b>1990</b>	<b>2000</b>	<b>1990</b>	<b>2000</b>
Percent of total housing units occupied	63.9%	75.2%	85.4%	94.7%
Occupied housing units	13,394	20,556	998	1,513
Percent owner occupied	73.6%	78.9%	58.1%	64.7%
Percent renter occupied	26.4%	21.1%	41.9%	35.3%

Source: U.S. Census Bureau, 2005.

Table 18 describes median home values, median monthly owner costs (with a home mortgage), median monthly owner costs as a percent of household income (with a mortgage), and median rent for the Mat-Su Borough and Palmer. Median values describe the mid-point or the value that lies at the 50 percent level, with 50 percent of the values below the median value and 50 percent of the values above the median value. The 1990 dollars have been adjusted to 2000 dollars using the Anchorage consumer price index (DOLWD) Research & Analysis, 2005).

The median inflation-adjusted value for owner-occupied housing units grew by 4.5 percent annually, while the median inflation-adjusted value for the Mat-Su Borough increased by 3.6 percent annually. Adjusted median monthly owner costs for housing units with a mortgage in the Mat-Su Borough, actually decreased by .3 percent annually between 1990 and 2000, while adjusted median monthly owner costs for housing units with a mortgage in Palmer increased by .8 percent annually.

In Palmer, the percentage of household income needed to cover median monthly owner costs increased from 22.1 percent in 1990 to 24.7 percent of monthly income in 2000, in the City of Palmer.

Table 18. Median Value and Median Monthly Costs for Housing Units

	<b>MSB</b>		<b>Palmer</b>	
	<b>1990</b>	<b>2000</b>	<b>1990</b>	<b>2000</b>
Median value of owner-occupied housing units	\$91,227	\$125,800	\$69,088	\$102,600
Median monthly owner costs for housing units with a mortgage	\$1,145	\$1,107	\$898	\$969
Median monthly owner costs as a percentage of 1999 household income for housing units with a mortgage	21.8	22.0	22.1	24.7
Median contract rent for renter-occupied housing units	\$646	\$636	\$539	\$557

Source: U.S. Census Bureau, 2005. Note: All dollar values have been adjusted to 2004 dollars using the Anchorage consumer price index (DOLWD Research & Analysis, 2005).

## Summary

Taken together, the set of facts presented in this chapter support the conclusions listed below.

- Palmer and surrounding areas have and continue to grow at a remarkable rate. This reality is evident after even a short visit to area
- The forces driving this growth are still in effect. These include an attractive natural setting, a state economy that continues to expand, a local economy that is maturing and offers increasing employment opportunities, and a large supply of moderate priced land and homes. It should be noted, however, that the price of Palmer area land and housing is rising relative to Anchorage.
- The southern Mat-Su, and particularly Palmer, is “shedding its skin.” Years of quiet rural life are giving way to low density suburban development, and most recently, a more urban character of growth, including accelerated percentages of higher density housing. The region is evolving from its dominate role as a bedroom community of Anchorage, to an increasingly independent area, offering commercial and institutional services and employment within Borough boundaries.
- There are good reasons to imagine these trends will continue, and the City needs to plan to accommodate the challenges and opportunities tied to this growth. At the same time, Alaska’s economy remains prone to booms and busts. The community must steer a prudent path that allows it to meet the needs of a growing population, but also to remain healthy if growth slows or stops.

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