



# Economic Growth Strategy for Juneau and Southeast Alaska

**A Vision Paper: Market-Driven Solutions to Reverse Population Decline and Reduce Cost of Living**

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## **EXECUTIVE SUMMARY**

Juneau’s economic challenge is not a lack of natural beauty, strategic location, or public spending. It is institutional friction—rules, delays, infrastructure bottlenecks, and regulatory barriers that raise the cost of living, discourage private investment, and accelerate population decline.

The First Things First Alaska Foundation Economic Plan establishes a clear objective: **create conditions that encourage growth of the Juneau economy by 10 percent or more over ten years** by increasing the workforce, taxpayers, and student population; developing infrastructure rules that accommodate growth; alleviating regulatory barriers; and addressing natural barriers such as glacial flooding.

This vision paper translates that objective into a **market-driven, execution-focused strategy** grounded in classical economic principles associated with Thomas Sowell and Milton Friedman: people respond to incentives, capital flows toward predictable environments, and affordability improves only when supply expands.

Juneau's path forward does not require higher taxes or larger government. It requires **removing barriers, expanding housing and infrastructure supply, and aligning public action with private investment incentives.**

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## SECTION I — THE PROBLEM: DECLINE INDICATORS AND THE GROWTH CONSTRAINT

Juneau faces a reinforcing cycle of decline:

- Population stagnation or decline reduces the labor pool.
- A constrained labor pool raises wages without raising productivity.
- High wages combined with high logistics and housing costs deter private investment.
- Reduced investment discourages families from staying or relocating.
- Declining family population reduces school enrollment and long-term workforce stability.

This is not a failure of markets. It is the predictable result of **artificial scarcity** created by regulatory delays, infrastructure constraints, and limited housing supply.

Economic revitalization, therefore, requires **lowering the cost of living in real terms**, not by subsidy, but by expanding supply and reducing institutional friction.

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## SECTION II — ECONOMIC PRINCIPLES GUIDING THIS PLAN

This plan rests on four core principles:

1. **People respond to incentives and constraints.**
2. **Capital flows toward predictable rules and away from uncertainty and delay.**
3. **Housing affordability improves only when supply grows faster than demand.**
4. **Government best supports growth by enabling infrastructure and removing barriers— not by picking winners.**

Policies that ignore these principles increase costs and accelerate outmigration. Policies that respect them restore growth organically.

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### SECTION III — INFRASTRUCTURE THAT LOWERS COSTS AND EXPANDS OPPORTUNITY

Infrastructure creates economic growth only when it **reduces transaction costs** and **expands feasible markets**.

Priority infrastructure identified in the FTFAF Economic Plan includes:

- Cascade Ferry Terminal
- Political alignment for a road connection to the continental U.S.
- North Douglas Critical Access and highway improvements to Middle Point
- Consistent and reliable Northern Southeast Alaska ferry schedules
- A permanent solution to Jökulhlaup (glacial outburst flooding)
- Information technology infrastructure to support modern employment
- Sweetheart Lake Hydroelectric Project
- Borough-owned marine freight receiving infrastructure serving all carriers by tonnage fees

#### Key Performance Indicators (Infrastructure)

Freight cost per ton (real dollars)	Directly affects household & business costs	Material reduction
Ferry reliability (% on-time sailings)	Predictability lowers logistics risk	Sustained improvement
Annual flood-related damage costs	Reduces uncertainty and capital loss	Near elimination
Added firm energy capacity (MWh/year)	Enables housing & industry growth	Sustained increase

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### SECTION IV — HOUSING SUPPLY AND AFFORDABILITY (THE CORE COST-OF-LIVING LEVER)

High housing costs are the single largest contributor to Juneau’s cost-of-living problem.

The FTFAF plan calls for:

- Regulatory incentives for modular and lower-cost housing
- Developer access to borough land
- **A 10–15 percent expansion of middle-income housing supply** through free-market facilitation

Subsidies without supply expansion raise prices. **Only increased supply reduces costs.**

**Key Performance Indicators (Housing)**

Housing units permitted per year	CBJ permit data	Sustained increase
Median home price / median income	MLS + income data	Material decline
Median permitting time (months)	Application to approval	Cut substantially
Net migration of families	IRS / school proxies	Positive trend

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**SECTION V — DEVELOPMENT AND PRIVATE-SECTOR GROWTH ENGINES**

Juneau’s economy must broaden beyond government and seasonal tourism.

Priority private-sector engines include:

- Completion of all regulatory hurdles for Auk’w Landing in 2026
- Amalga Mine permitted and operational within ten years
- Goldbelt’s Douglas Island tourism and dock project will be operational by 2028
- New U.S. Coast Guard dock and/or base for an icebreaker
- Reopening of the AJ Mine
- Active solicitation of additional mining interests along the Juneau Gold Belt

**Key Performance Indicators (Private Development)**

Private capital investment (\$)	Signals confidence	Strong increase
Net new private-sector jobs	Workforce stability	Sustained growth
Real wage growth	Living-standard indicator	Exceeds inflation

Royalty & property tax revenue	Expands base without new taxes	Material increase
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## SECTION VI — U.S. COAST GUARD ICEBREAKER HOMEPORT

### Community Support Requirements (Arrival Assumed in Two Years)

The FTFAF plan explicitly identifies a **new U.S. Coast Guard dock/base for an icebreaker** as a growth-enabling investment. An icebreaker is not only a strategic federal asset; it is a **stable payroll, family population, and contracting ecosystem**.

#### A. Planning Assumptions (Transparent)

Because final assignment details are not public, planning must use clear assumptions:

- 60% of the crew assigned to accompany tours
- Average of 2.5 dependents per accompanied household
- 35% of dependents are school-aged

These assumptions should be replaced with official figures once available.

#### B. Community Impact Scenarios

##### Scenario 1 — Medium Icebreaker (Healy-Type Scale)

- Crew: ~85
- Accompanied members: ~51
- Dependents: ~128
- Total new residents: ~213
- School-aged children: ~45

##### Housing demand:

- ~51 family units
- ~34 single-member units

##### Scenario 2 — Heavy Icebreaker (Polar Security Cutter Scale)

- Crew: ~186
- Accompanied members: ~112

- Dependents: ~280
- Total new residents: ~466
- School-aged children: ~98

**Housing demand:**

- ~112 family units
- ~74 single-member units

**C. Government Support Required**

- Dock and shore-power infrastructure with dredging as required
- Housing coordination office with local inventory
- School and childcare capacity planning
- Reliable transportation and logistics access
- Emergency and harbor safety integration

**D. Private-Sector & Community Support Required**

- Delivery of housing units at the required scale
- “Icebreaker Housing Pledge” among landlords and builders
- Spousal employment fast-track partnerships
- Expanded childcare and youth programs
- Local vendor readiness for marine provisioning and services

**E. Icebreaker Initiative KPIs**

Berth readiness	Dock operational before arrival	On or before arrival
Housing placement	Members housed within 30 days	≥95%
Family placement	School/childcare within 45 days	≥90%
Assignment retention	Voluntary extensions	Improving
Local procurement share	Routine spending captured locally	Rising trend

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## SECTION VII — CBJ BUDGET REALIGNMENT TO ENABLE GROWTH

The FTFAF plan calls for:

- Sale of 5% of CBJ-owned building and/or land
- Ten-year moratorium on new borough projects unless voter-approved
- Growth-based revenue without new taxes
- Renovation of existing facilities instead of unnecessary acquisitions

### Key Performance Indicators (Fiscal)

Operating cost per resident	Audited financials	Flat or declining
Debt service share	Budget analysis	Stable or declining
Growth-enabling capital share	Capital plan	Increased
Net tax base growth	Assessed value	Strong growth

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## SECTION VIII — 1- TO 10-YEAR EXECUTION TIMELINE

### Years 1–2

- Icebreaker site selection and permitting pathway
- Housing regulatory reforms implemented
- Long-term Jökulhlaup solution identified and meaningful steps to completion taken
- Auk'w Landing construction underway

### Years 3–5

- Housing supply expansion is visible.
- Ferry reliability stabilized
- Freight and energy improvements online

### Years 6–10

- Major private projects are operational.

- Sustained population and school enrollment growth
- $\geq 10\%$  real economic growth achieved

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## CONCLUSION

Juneau's future does not depend on higher taxes, larger government, or economic reinvention. It depends on **removing barriers that prevent normal economic forces from working.**

If Juneau can successfully homeport and retain a U.S. Coast Guard icebreaker and its families, it demonstrates the institutional competence required to retain private-sector workers, entrepreneurs, and families as well.

Growth follows freedom, predictability, and supply.