# 2 downtown anchorage in 2006

Downtown Anchorage is at an exciting time in its history.  Not since the major public improvements of the Project 80's era has the city core seen such activity and interest. Throughout the Downtown Study Area, housing opportunities, civic enhancements, open space and recreational improvements are shaping it into a destination for Anchorage residents and visitors alike.

To fully understand the current state of Downtown, the consultant team conducted an analysis of the area's existing conditions.  The analysis helped the planning team to understand the city center's strengths and weaknesses; determine what current land use and development trends are beginning to take shape; understand how to best reconcile incongruent development and infrastructure; and identify what enhancements will have the most significant positive impact on Downtown for years to come.

This chapter first identifies the most noteworthy assets and the critical challenges that must be acknowledged as the plan moves forward. It then provides a snapshot of the Downtown market analysis, which outlines who is living, working and shopping in Downtown Anchorage today and where market opportunities exist for future development of various land uses.

More specific descriptions of existing land use, transportation, and urban design conditions are located in the beginning of Chapters 4, 5 and 6, respectively.

A detailed existing conditions analysis of the following focus areas appears in Appendix A (Anchorage Downtown Comprehensive Plan Existing Conditions Analysis):

- Natural, Cultural and Social
- Land Use and Development
- Urban Design
- Transportation and Circulation
- Seismic
- Economic
- Regulatory Framework

## DOWNTOWN ASSETS AND CHALLENGES

# Assets

Downtown Anchorage attracts visitors and locals to experience all that it has to offer. The following assets represent the major strengths of Downtown:

### Amenities and Attractions

- **Compact, walkable multi-use district** ideal for public transit, schools and affordable housing.
- **Diverse cultural, historic and entertainment amenities and venues**, including the Performing Arts Center and Art Museum, that are geared towards families and multi-cultural experiences.
- A **compact retail district** that includes a multi-block, four story shopping mall and over 50 retail shops.
- A cluster of **popular gourmet restaurants** serving an eclectic range of traditional and ethnic cuisine.
- A broad spectrum of **excellent lodging options**.
- A mix of **shops and galleries featuring Alaska Native and local art**.
- Many **civic and government facilities**, including

the Dena'ina Civic and Convention Center, State and Federal Office Buildings and Courthouses, the Alaska Center for Performing Arts, and City Hall.

## Connections

- Direct **connections to all regional transportation links**, including transit and railroad hubs and primary traffic routes such as the Seward and Glenn Highways, A and C Street couplet, and the L and I Street/Minnesota Bypass.
- **Numerous connections to adjacent neighborhoods, the Port, and the Railroad Depot** via existing pedestrian and bicycle trails.

## Setting

- **Dramatic natural setting** with direct access to Knik Arm and views to the Chugach Mountains and Alaska Range including Denali.
- **Diverse mix of building types**, from historic frontier homes and classic 1950s and 60s buildings to industrial warehouses near Ship Creek.
- A beautiful environment with ample **open space and streetscape plantings**.
- A Northern **four season climate** with a true winter and a summer season with the "midnight sun."


# Challenges

In addition to Downtown's assets, the planning process identified a number of key areas in need of improvement in the city center:

## Development Constraints

- The existing zoning code sets higher standards for development in the Central Business District than in other areas of the city.
- Midtown office towers and "big box" retail development compete with Downtown for commercial space.
- Housing development lacks proven incentives.
- Portions of the Downtown area are located within areas designated as potentially high susceptibility to seismically-induced ground failure.

## Design Conditions

- Many existing buildings are poorly designed for the northern climate or a pedestrian friendly city center. As a result shadowing, wind effects and blank walls have impacted the pedestrian realm.
- Sidewalks and crossings are not designed for winter

conditions, resulting in areas with a poor streetscape environment.

- Wide streets designed for fast-moving vehicles cut through the heart of Downtown.
- Narrow sidewalks, poor lighting, barren parking lots, and buildings with large, blank walls inhibit pedestrian safety and comfort.

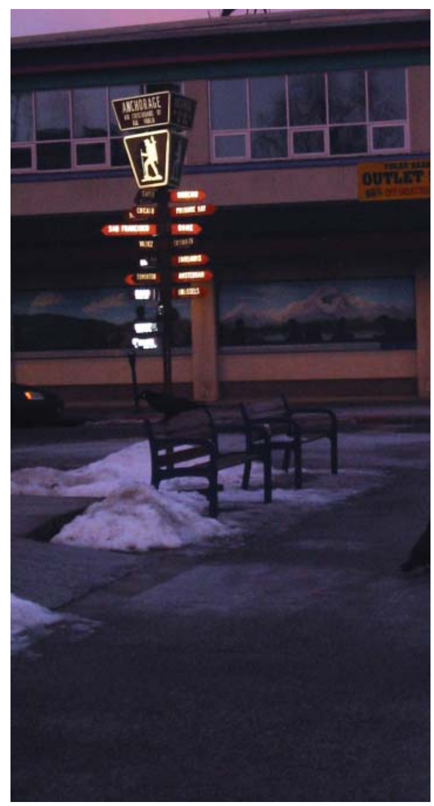
## Access and Circulation

- Lack of signage and wayfinding weakens connections to amenities, resources and neighborhoods.
- The current circulation system limits easy access/ drop-off at primary destinations.
- Tour bus queuing and regional truck traffic create circulation issues.
- Strong perceptions persist around a lack of parking in the city center.

## Social Factors

- Seasonal tourism lacks year-round vibrancy.
- There are real and perceived safety concerns due to panhandling, troubled youth and homeless populations.





The population of Downtown Anchorage is growing, especially among people between the ages of 35 and 54.

## MARKET ANALYSIS

The overall Anchorage market is strong. Forty four percent of the state's residents live in the metropolitan area. Anchorage is a statewide distribution center and regional hub. More than 80 percent of the Municipality's residents live in the Anchorage Bowl. Downtown is the heart of civic and public activity and a major center of shopping and office employment.

Downtown is also the regional center for civic and cultural activities, retail, and government employment. The Anchorage Museum History and Art, Performing Arts Center, Town Square Park, Egan Convention Center, Visitors Information Center, Weekend Market, shopfront retail, two major department stores and Fifth Avenue Mall, and major hotels and restaurants all contribute to Downtown's vitality.

The industrial activities at the Alaska Railroad Corporation headquarters, rail yard and Port of Anchorage north of the Downtown core are vital transportation and commerce links in the regional and state economy.

In addition, Downtown serves as an employment center with a concentration of local, state, and federal offices and financial, legal, and architectural and engineering professional service offices.

Finally, Downtown is a popular destination for visitors and conventioneers, particularly in the summer.

### Demographic Overview

Anchorage reflects three population trends that will be powerful influences nationwide in the future:

- Growing number of young, diverse minority residents
- Large number of affluent baby boomers near retirement
- Growing elderly population

These trends, coupled with other economic indicators, provide information about future market potential for housing, services and facilities. The following pages provide an overview of these trends.

#### Population Growth

The Municipality of Anchorage grew to more than 277,000 people in 2004, comprising more than 44 percent of Alaska's total population. Over 225,000 people reside in the Anchorage Bowl.

Between 1990 and 2000, the Anchorage Bowl population grew by 1.6 percent annually, for an additional 31,560 residents between 1990 and 2000. During the same period, the Downtown Study Area's resident population grew at a faster rate than the Bowl overall, increasing by 6.2 percent annually, adding 648 residents.

The table of Population and Growth Projections on the following page presents population growth projections for the Municipality of Anchorage, the Anchorage Bowl and the Downtown Study Area. The Downtown study area is expected to add around 2800 new residents, growing by 3.8 percent annually, while the Anchorage Bowl is projected to grow by 1.1 percent annually for an additional 50,000 residents. The overall Municipality is projected to grow by 1.3 percent annually and add over 90,000 residents between 2002 and 2025.

### Age

Age distribution provides further details about population composition, and gives an indication of whether the population of a community is generally young or old and growing or declining. In contrast to the other study areas, growth occurred for all age cohorts in the Downtown study area between 1990 and 2000. The age group that experienced the fastest growth was persons ages 35 through 54. This age group grew by 5.5 percent annually between 1990 and 2000.

### Race/Ethnicity

Anchorage is an increasingly culturally diverse city. The Anchorage School District has identified more than 90 languages and dialects spoken by its student population. Racial and ethnic minorities are the fastest growing population groups in the Municipality of Anchorage. Racial/ethnic groups comprise about 28 percent of the Anchorage Bowl's population (Municipality of Anchorage, 2002). Alaska Natives and American Indians make up the largest minority, comprising over seven percent of the Municipality of Anchorage's population.

The Downtown study area has an even higher percentage of minority residents than the Anchorage Bowl in general. In 2000, about 37 percent of the people living in the Downtown Study Area were minorities. Almost 22 percent of the population was Alaska Native or American Indian, and about 10 percent of the population was African American.

**Population Growth Projections 2002 to 2025**

| | 2002 | 2025 | Annual percent change |
|---|---|---|---|
| Municipality of Anchorage | 268,900 | 361,100 | 1.3 |
| Anchorage Bowl | 236,130 | 285,500 | 1.1 |
| Downtown study area | 1,894 | 4,673 | 3.8 |

Source: Municipality of Anchorage Transportation Planning Division, 2004, and Northern Economics, Inc., 2005.

## Employment Trends

While the Downtown area is an employment center for residents throughout the Municipality, labor force participation of residents in the study area declined between 2000 and 1990. In 1990, about 56 percent of Downtown residents 16 years and older participated in the labor force; by 2000 labor force participation had fallen to 45 percent. By contrast, 74 percent of persons 16 years and older living in the greater Municipality of Anchorage were in the labor force.

In contrast to the larger areas of the Municipality of Anchorage including the Anchorage Bowl, the Downtown Study Area experienced an increase in its unemployment rate for residents between 1990 and 2000. The unemployment rate in the Downtown study area increased rapidly between 1990 and 2000, climbing from 11 percent in 1990 to 35 percent in 2000. In the Municipality of Anchorage, the unemployment rate fell slightly from 7.0 percent in 1990 to 6.8 percent in 2000, while the unemployment rate in the Anchorage Bowl fell from 7.3 percent in 1990 to 7.0 percent in 2000.

| Employment in Downtown Anchorage: Number of Employees by Sector | |
|---|---|
| Services (Except Health) | 7,488 |
| Government | 5,664 |
| Retail | 1,687 |
| Mining | 865 |
| Fire | 650 |
| Health Services | 589 |
| Wholesale | 472 |
| Construction | 338 |
| Transportation, Communications & Utilities | 300 |
| Manufacturing | 207 |
| School | 131 |
| University | 64 |
| **Total Employees** | **18,455** |

Based on employment data from the Alaska Department of Labor for the fourth quarter of 2002. Note that boundaries for this data are close but do not match the exact study area for this plan.

The table on the opposite page, **Employment in Downtown Anchorage,** illustrates that the city center employed more than 18,455 people as of 2002. This plan intends to make the Downtown a more attractive and affordable area for workers to live close to their jobs. Downtown attracts more retired people in comparison to other areas of the Anchorage bowl, and thus, a significant portion of Downtown residents will not need access to employment. Rather, they will likely need improved access to services.

## Market Potential

The economic ability for Downtown to increase housing densities, services and amenities and employment opportunities forms the basis for mixed-use development to encourage walking and public transit usage. Creating such an integrated environment will lead toward success in Downtown, as well as positively impact Anchorage's long-term economic vitality and quality of life.

Based on predicted population and employment growth, Downtown Anchorage should be prepared to add to its existing mix of residential, retail, office, hotel and land uses in the coming years.

Sections on the following pages describe the current state of supply and demand for each land use. These conditions guided the plan's projections for future growth in these categories.

Most of Downtown's older residential units are in the form of single family houses outside of the Downtown Core.

### Residential

A key planning issue, which presents both a challenge and an opportunity, is the need for more housing and a larger resident population within the Downtown Study Area. With stable population and employment growth in Anchorage and public and private investment Downtown through the new convention center, museum expansion, parking facilities and transportation and pedestrian improvements, there are opportunities for higher density residential development and commercial and retail development, and infill and redevelopment in older areas in the Study Area. The housing market analysis reveals a number of essential findings:

- The market is strong in Anchorage, as new units are in demand and prices are rising.
- As the amount of developable land within Anchorage decreases, the feasibility of redevelopment and rehabilitation will increase.
- More than half of new housing units built in Anchorage over the past couple of years have been multifamily developments.
- Housing affordability is an issue that plagues many would-be homeowners—making multi-family dwellings and denser housing development at lower costs per unit more appealing.

### Retail

Downtown Anchorage's retail sector includes the Fifth Avenue Mall with its national name brand tenants including Nordstrom and JC Penney, many locally owned shops and restaurants and the Weekend Market.

The retail sector is in transition. There has been a shift in the character of retail Downtown over the last 30 years related to seasonal tourism. Originally, retail space was general purpose and served all of the community. There has been a shift from shoe stores, jewelry and watch shops, small pharmacy, and neighborhood grocery to souvenir and t-shirt shops. These new retail stores often do not cater primarily to local residents. Downtown retail is also shifting toward more restaurants and entertainment.

The challenge is to leverage new public and private investments in facilities and infrastructure to support the Downtown retail sector, particularly storefront retail. Significant retail sector market opportunities exist with co-development with the new Civic and Convention Center, building on the strength of Fifth Avenue Mall, the Performing Arts Center and the Weekend Market.

The Fifth Avenue Mall enjoys more than 90 percent tenant occupancy and high growth in revenues (four percent average annual growth over the last five years). Its anchors, Nordstrom and JCPenney, flourish Downtown.

The exodus of retail shops from Downtown during the late 1980s was a reflection of both weakened economic conditions and the development of strip malls and indoor shopping malls in the outlying areas. However, retail establishments and the hospitality industry have returned as traffic to the Performing Arts Center and other thriving entertainment venues including museums, theaters, visitor information centers and the convention center has increased. In large measure, new venues must be designed to draw increased numbers of local residents.

The Weekend Market presents both challenges and opportunities. The Weekend Market has an estimated 668,100 annual visitors. These visitors spend approximately $12.1 million in the Weekend Market, plus an additional $9.3 million in other Downtown establishments. The perceived lack of parking in the city center and the impact of the Weekend Market on storefront retailers are important planning considerations. Coordination, joint marketing and physical linkages are needed so that the Weekend Market strengthens Downtown retail and creates new market niches.



Small shops and restaurants line 4th Avenue today (above top), attracting tourists and Downtown workers. JCPenney, Nordstrom and the 5th Avenue Mall serve regional shopping demands (above).

Downtown office space is primarily housed in office towers, such as the Atwood building (above), new mid-rise office complexes (above foreground) or converted single family homes (below).

## Office

Over the past several years the market for commercial office space in Anchorage has been strong, as employment levels have grown and the availability of low interest loans for purchasing land and constructing office buildings has attracted investors. The growth in office space has been focused primarily in Midtown. The preference towards Midtown is related to the lower cost of land relative to Downtown, the central location, and free parking. According to Anchorage commercial real estate brokers and municipal tax assessment staff, the market for commercial real estate in the area has remained steady. No new private commercial office space development has occurred in the Downtown Study Area, although some government office spaced has been constructed.


Employment levels are expected to increase in Downtown but the majority of growth will likely occur in positions related to the retail industry, the hospitality industry (hotel and restaurant positions), and public service and administration positions. As a result, additional commercial office space will be needed to support the growing Anchorage workforce.

A recent trend occurring in the commercial real estate market is the redevelopment of old or less appealing buildings for use as commercial office space. This strategy may become more common as the inventory of buildable lands shrinks and the commercial real estate market stays strong. The situation may also lead to consideration of redeveloping sites in the Downtown Study Area, and a new desire for commercial office space in Downtown. Another trend impacting central business districts nationally is the development of mixed-use projects, and this has begun to occur in Downtown Anchorage. Several residential/office mixed-use projects are currently being considered in the city center. In addition to the private sector, the policy in the Anchorage 2020 Plan to locate civic and public facilities and government office in Downtown should be prioritized and implemented. To encourage these types of development, the Municipality recently completed a comprehensive parking plan update.

### Hotel

Hotel and hospitality-related services have long been a staple of the Downtown Anchorage economy. The city is nine hours by air to 95 percent of the industrialized world's population, and it is the gateway into and out of the state. Almost all flights to and from Alaska go through Anchorage. In 2004, over 2.2 million people deplaned at the Ted Stevens Anchorage International Airport. Another 400,000 passed through in transit.

Besides being a transportation hub for the state, Anchorage attracts visitors to the many activities, services and destinations located in or near the Anchorage Bowl. In 2004, approximately 900,000 people visited Anchorage. The city is also growing as a desirable convention destination.

The building boom in hotels in the Downtown study area and greater Anchorage suggests a robust market and steadily growing demand for hotel rooms. The number of people visiting Anchorage and subsequently the hotel occupancy is higher during the summer months than the winter months; in June through August occupancy rates are typically 85 to 90 percent while in the winter time occupancy rates are 45 to 60 percent.

Anchorage has a variety of hotels located throughout the city, but they are largely concentrated in three areas: Downtown, Midtown around A and C streets; and near the International Airport. All of these areas are a relatively short drive from each other (approximately 10 to 15 minutes) and many business and independent travelers do not base their decisions solely on geographic location.

Downtown Anchorage offers a variety of hotel choices, from high-end, service oriented hotels that offer many amenities, to hotels that are more basic in their services and are less expensive. Currently, there are 21 hotels and 3,407 hotel rooms in the Downtown study area.

A large convention or meeting at the convention center complex, which includes the Egan Center and the new Dena'ina Civic and Convention Center, can fill Downtown hotels with attendees, sending other Anchorage visitors to rooms in Midtown and the airport area. There are four hotels within walking distance of the convention center that can offer blocks of rooms and have enough space within the hotel to hold meetings and conventions. The Anchorage Convention and Visitors' Bureau anticipates that the new convention center complex will create demand for approximately 1,000 new hotel rooms in Downtown.

For more information, see Appendix A: Anchorage Downtown Comprehensive Plan Existing Conditions Analysis.