

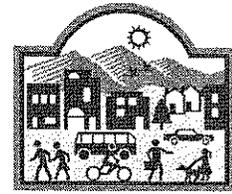
**Exhibit E-5
of
PZC Case 2011-104 Issue Response**

**Update Review of Property Value Impacts of
Allowed Uses in the Title 21 Rewrite**

Note: Based on a request by Commissioners in May, this updates and supplements information that was provided in Exhibits E-1, E-2, and E-3 regarding the potential property value impacts of changes in allowed uses.



Municipality of Anchorage
Community Development Department
Planning Division



MEMORANDUM

Date: June 8, 2012
To: Planning and Zoning Commission
From: JW Jerry T. Weaver, Jr., Director
Subject: Case 2011-104 Issue-Response – Exhibit E-5, Update Review of Property Value Impacts of Allowed Uses in the Title 21 Rewrite

As part of the title 21 rewrite project, the Municipality contracted with a nationally respected economic planning firm, Development Strategies Inc., to prepare an *Economic Impact Analysis (EIA)* of the 2007 public hearing draft title 21 rewrite. Prepared in 2008, the EIA report is an extensive technical study with multiple quantitative analyses estimating the immediate economic impacts of compliance on individual properties (see Exhibits E-1 and E-2 for full EIA report). This memorandum provides an updated review of the EIA results regarding impacts to property values, based on changes to the draft code since the EIA was completed.

The main finding of the 2008 EIA analysis was that a generally neutral impact on property values is anticipated with the draft code, when considering land development potential based on what uses would be allowed, except on some industrial properties. Most property was found unlikely to lose future value, because it would enjoy the same or nearly as many land use options under the public hearing draft title 21 rewrite as under current title 21. The use analysis was based on property appraisal and land use data which allowed comparisons of land value, uses, and building floor area among the 5,154 land parcels in Anchorage's B-3, RO, I-1, I-2 and R-4 districts. The EIA focused on the commercial, industrial, and high density multifamily zoning districts because these districts have the most significant use changes proposed in the Rewrite.

Following is a review the 2008 EIA findings in consideration of changes made to the draft code since the EIA was prepared in 2008. In particular, it looks for any changes to what uses would be allowed in the draft districts, from the public hearing draft to the provisionally adopted title 21 (with the proposed amendments by the Administration), which might affect the EIA findings.

Commercial and Mixed-use Districts (B-3, CMU, NMU, RMU). The 2008 EIA analysis ran a cross comparison between taxable land value and the 77 separate land use designations in the municipal tax assessment database, identifying the common categories of use and the taxable land value of each. It then cross-referenced the assessor use categories to the allowed use types in both current and draft title 21.

The analysis results indicated that there would not be significant economic impacts from the public hearing draft land use regulations in the proposed B-3 or mixed-use districts. It found that a property in the existing B-3 district is unlikely to lose future potential value because of fewer land use options. The disallowed uses in the draft B-3 were few in number, and had significantly lower land values than the commercial uses that would continue to be allowed in the B-3.

Likewise, the draft mixed-use (RMU, CMU, NMU) districts, designed to be available in the majority of areas currently zoned B-3, were found to allow a similar range of commercial uses as is common in the B-3 currently (see Table 1 below). The neighborhood mixed-use district (NMU) would prohibit large sports stadia, big hotels, pawnshops and a few other B-3 commercial uses that do not fit in local-serving neighborhood convenience centers.

The few use types that would be prohibited in the mixed-use districts are specific to a relatively small number of establishments that are considered to create distinct land use impacts (e.g., pawnshops in NMU). By contrast, the uses that would continue to be allowed are the more generalized use types that encompass many different types of actual businesses. For example, “General retail” covers a vast array of businesses. The rewrite streamlines the current code’s listings of nearly 350 uses to about 150 use types that are defined and used in a consistent manner throughout the new code. Therefore, it allows a similar range of actual uses as current title 21 in the commercial and mixed-use districts, but with a shorter and clearer list.

For example, **Table 1** indicates that only seven relatively uncommon commercial uses that are currently allowed in the existing B-3 district would be prohibited in the provisionally adopted Community Mixed-use (CMU) district. CMU will allow all other commercial use types listed in title 21 rewrite, as well as more institutional and residential uses than does B-3. CMU compares to B-3 because it would be available as a mixed-use rezoning option for more areas now zoned B-3. Table 1 shows that few to none of the seven prohibited uses are among the 25 highest value categories in the assessor’s database. Also, while the uses listed in Table 1 are incompatible with the CMU, they will continue to be allowed in the B-3, RMU and industrial zones.

Table 1. Commercial uses currently allowed by-right or conditionally in the B-3 District that will be prohibited in the CMU District.

Based on the Title 21 Rewrite use type categories

Use Type	Is the use among the most common uses in B-3 or the 25 highest land value uses identified by the EIA?	Will the Title 21 Rewrite allow this use in another district, in areas of the Bowl where it typically occurs?
1. General Outdoor Recreation	No	Yes, in the B-3, RMU, I-1
2. Auction House	No	Yes, in the B-3, I-1, I-2
3. Building Materials Store	Not listed separately	Yes, in the B-3, I-1, RMU
4. Aircraft and Marine Vessel Sales	No	Yes, in the B-3, I-1, I-2, MC, MI
5. Vehicle Sales and Rental	Yes	Yes, in the B-3, RMU, I-1, I-2
6. Vehicle Service and Repair, Major	Not listed separately	Yes, in the B-3, I-1, I-2
7. Camper Park	No	Yes, in the B-3, R-4, PLI

Sources: AMC 21.40.180 (B-3); Provisionally Adopted Title 21 Rewrite Chapter 21.05; Economic Impact Analysis (EIA) report dated February 29, 2008, pages 10-20.

Industrial Districts (I-1, I-2). The main exception found by the 2008 EIA is that some areas zoned I-1 and I-2 industrial may experience a loss of up to 20 percent of future potential land value due to proposed commercial use restrictions. Current I-1 and I-2 zoning allows a very wide range of non-industrial uses, including the highest valued commercial uses in the Bowl such as retail shopping centers and general retail stores. Such commercial uses would be more limited in the draft I-1 and especially the I-2, to implement Comprehensive Plan policies.

Thus, the current owner of an I-2 property might aspire to one day construct a high-value retail center on the site. Under the proposed I-2 regulations, however, that same owner would no longer be able to build such a high value retail use; thus, as stated in the EIA, the property’s potential economic value could be reduced. This is not universal for all current I-1 and I-2 properties. The 2008 EIA made clear that not all parcels zoned I-1 and I-2 could claim a loss in potential economic value. Many industrial parcels will be allowed or encouraged to re-zone to “higher value” districts. For example, some areas that have evolved into commercial centers such as the Safeway/CARRs area at 88th Avenue and Abbott Road are designated on the city’s draft future land use plan for transition to commercial/mixed-use. Secondly, many areas to be retained in I-1 and I-2 are unlikely to be developed for high-value commercial use.

A major change in the title 21 rewrite since the EIA analysis is that the provisionally adopted draft title 21 and the Administration’s proposed amendments substantially increase the number of commercial uses possible the I-1 district. At the Mayor’s direction, most commercial uses to be allowed in the B-3 are proposed to be allowed in the I-1. Also, business industrial parks in I-1 can continue to provide a mix of commercial retail and industrial uses. The industrial zones are also changed to be more flexible towards retail sales accessory to industrial uses.

Table 2 below shows that, because of changes made to the draft *Tables of Allowed Uses* (in chapter 21.05), there has been an increase in the number of uses proposed to be allowed in all of the industrial and commercial/mixed-use districts since the EIA was prepared in 2008.

Table 2. Changes in the proposed number of allowed uses in title 21 rewrite since EIA.

Comparison between the 2007 public hearing draft and the provisionally adopted draft title 21 with the proposed amendments from 2010-2011 (Consolidated Table of Proposed Amendments)

	Multifamily Districts		Commercial Districts		Mixed-use Districts			Industrial Districts	
	R-4	R-4A	B-3	RO	NMU	CMU	RMU	I-1	I-2
Permitted Uses (P)	+1	+2	+7	+3	+7	+9	+9	+15	+1
Site Plan (S)	-2	-2	-3	-4	-2	-2	-2		
Major Site Plan (M)			+1		+1		+1		
Conditional Uses (C)	-1		0	+3	-2	-2	-4	+9	+2
Total Change	-2	0	+5	+2	+4	+5	+4	+24	+3

The rewrite has become more lenient since the completion of the EIA report. This reinforces its original findings that changes to allowed uses will have a generally neutral impact on property values.