

**MUNICIPALITY OF ANCHORAGE**  
**Summary of Economic Effects -- General Government**

AO Number: 2012-124

Title: AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE TITLE 21, LAND USE PLANNING, BY REPEALING OR AMENDING EXISTING CODE AND ADOPTING NEW CODE OR IMPLEMENTING PROVISIONALLY ADOPTED CODE.

Sponsor: MAYOR  
 Preparing Agency: Community Development Department  
 Others Impacted:

<b>CHANGES IN EXPENDITURES AND REVENUES:</b>	<b>(In Thousands of Dollars)</b>				
	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>
<b>Operating Expenditures</b>					
1000 Personal Services					
2000 Non-Labor					
3900 Contributions					
4000 Debt Service					
<b>TOTAL DIRECT COSTS:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Add: 6000 Charges from Others					
Less: 7000 Charges to Others					
<b>FUNCTION COST:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>REVENUES:</b>					
<b>CAPITAL:</b>					
<b>POSITIONS: FT/PT and Temp</b>					

**PUBLIC SECTOR ECONOMIC EFFECTS:**

Community Objectives. The Title 21 Rewrite modernizes the community's zoning regulations, which were last rewritten in the 1960s with a patchwork of amendments over the last 40 years. The new code is designed to:

- Promote more efficient use of land;
- Support innovative infill and redevelopment projects;
- Raise minimum standards for development quality and neighborhood protection; and
- Provide clearer and more flexible regulations.

These changes are intended to improve Anchorage's position as a community of lasting value, providing contemporary land use regulations that address Anchorage's continued growth.

Assessed Property Valuation / Revenue Base. A generally neutral impact on the assessed value of real property is anticipated, when considering land development potential based on allowed uses and maximum building size permitted by zoning. A positive effect on the value of property should occur in the long run due to improved neighborhood protection and development standards. See Private Sector Economic Effects for more information.

Public Facilities. A generally neutral impact on the cost of public buildings related to zoning compliance is anticipated. Moderate increases in minimum site development requirements for landscaping and pedestrian facilities are likely to be either met already (new public facilities being subject to higher community expectations), or offset by more efficient parking requirements in the new code. Public facility site selection procedures are streamlined and standardized, with smaller municipal facilities exempted. Public facilities are no longer required to go through a public facility site plan review (which often entailed multiple public hearings) just because they are a public facility. Some facilities, like schools and fire stations, will continue to go through a public site plan review process because of their community significance and potential impacts. Other public facilities, such as industrial uses, will be permitted by right, without design review. At the community scale, more efficient use of land, street connectivity and pedestrian facilities will yield a more efficient transportation system and delivery of services.

Code Administration. Land use review times are expected to increase for existing staff during the first year of implementation. Land use reviews will remain within code-mandated timeframes, with exceptions likely during the peak season of the first year, under present staffing. Staff will spend more time responding to public queries. As familiarity increases, these initial impacts will decline, and are expected to be offset by the efficiencies of the improved organization, clarity, and flexibility of the code regulations and review procedures. However, the greater number of administrative exceptions available to applicants will increase staff workload. Implementation of separate zoning districts in Chugiak-Eagle River will likely also lengthen review times.

## PRIVATE SECTOR ECONOMIC EFFECTS:

Title 21 Economic Impact Analysis. To evaluate the potential economic impacts of the rewrite on property owners and developments, the Municipality retained a nationally respected consultant and conducted an Economic Impact Analysis (EIA) of the rewrite. Originally prepared in 2008, with updates and reviews in 2012, the EIA is a technical study that evaluates the immediate and direct economic impacts of compliance on individual properties. The main finding of the EIA is that economic impacts on properties and developments are, in general, not significantly different from current code. Exhibits E-1 and E-2 comprise the original EIA report, and E-3, E-4, and E-5 provide updated information.

Property Value Impacts. A generally neutral impact on property values is anticipated with the new code, when considering land development potential based on what uses will be allowed. Most property is unlikely to lose future value, because it would enjoy the same or nearly the same land use options as under current code (See Exhibits E-1 and E-2). A re-evaluation of uses to be allowed based on recent changes to the draft code, and a review of findings by the Municipal Assessor, both provided in 2012, corroborate with the original EIA findings (Exhibits E-3 and E-5). Recent proposed increases to the number of allowed commercial uses in the industrial districts appears to have addressed the main exception to these findings found in the original EIA report.

Costs of Site Development. In general, direct costs of site development and land area requirements of zoning compliance are projected to be the same or lower under the new code, based on updated cost comparison modeling of current and proposed land use regulations on representative local development examples (Exhibit E-4). Costs fell in a majority of commercial, industrial, and multifamily site development scenarios tested:

- Direct monetary costs of site development fell in nine of 13 cost comparison site tests, with an overall average 7.8 percent reduction in costs of zoning compliance.
- Land area requirements fell or remained neutral in 11 of 13 cost comparison tests, with an overall average 7.5 percent reduction in required land area over 13 tests.
- Impacts on costs varied by site and use type. Increases related to improved landscaping and pedestrian facilities were offset by more efficient parking standards for offices and multifamily. Results for retail varied.
- Many of the testing sites already exceeded the minimum standards of the new code. The new standards establish only a minimum baseline for future development.

Maximum Development Potential. Generally, the Title 21 Rewrite would permit the same size or larger sized buildings as compared to current code, based in part on supplemental testing of the effect of the draft code on maximum floor area potential for representative developments, and updated cost comparisons (Exhibits E-1 and E-4).

However, most development in Anchorage will continue to be limited more by market forces than by zoning regulations, based on prevailing development densities and economic forecasts (Exhibits E-1 and E-3).

The proposed amendments in Exhibit A include deleting the mixed-use districts. These districts achieved the lowest site development costs and land area requirements in the EIA tests. Other amendments are proposed that will reduce some development standards. These proposed changes will affect the EIA results.

"Soft" Costs of Development. An increase in site plan design services to ensure zoning compliance is anticipated in the first year of implementation. This impact should decline as familiarity increases, and be offset at least in part by: improved user guidance information and training opportunities; and clearer community expectations, including more specific regulations and improved review procedures. Administrative exceptions and alternatives should also help offset potential increases in design costs. For example, parking variances that currently require a public hearing will be approved as part of administrative reviews.

A Community of Lasting Value. The EIA focused on the immediate and direct impacts of compliance on individual properties, in isolation of the surrounding context. In the bigger picture, shared private sector economic impacts are anticipated to be positive, because of improved minimum development standards, neighborhood protection, and support for innovative infill / redevelopment. Fewer neighbor-to-neighbor conflicts will occur. Better landscaping and pedestrian facilities will contribute to more compact development and efficient use of land, and preempt future public expenditures to make up for their absence. For example, development patterns that make walking safe, convenient, and attractive result in 5 - 15% less demand for parking, and so use less land. These improvements contribute to a higher quality of life, which is recognized by state and local economic development organizations such as AEDC as a factor in attracting economic growth.