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For the Municipality of Anchorage

*Funded by the Alaska Mental Health Trust Authority  
& the United Way of Anchorage*

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# Introduction

Equal access to housing is a fundamental right that is recognized and protected by laws and regulations of the federal government, State of Alaska and Municipality of Anchorage. Current data are used to assess housing discrimination, but this report's primary focus is to identify impediments to fair housing that may be preventing equal access. It proposes solutions to mitigate or remove these impediments.

## What is fair housing?

Federal law prohibits housing discrimination based on a person's race, sex, color, national origin, religion, familial status, and/or disability. Alaska State Statutes and Municipal codes add some protected categories not included in the federal law. The definition of fair housing used in this report is:

*Fair housing describes a condition in which individuals of similar income level in the same housing market have a similar range of choices available to them regardless of race, color, national origin, religion, sex, disability, familial status, age, marital status, pregnancy or parenthood.*

## Protected Classes

The Federal Fair Housing Act of 1968 and the Fair Housing Amendments Act of 1988 prohibit discrimination related to the sale, rental, lease or negotiation for real property. Federal law prohibits discrimination based on race, color, national origin, religion, sex, disability, and familial status. State and municipal code include all of these elements but add other protected classes including age and more specific items related to marriage and familial status.

Fair Housing Protected Classes

Protected Class	Federal	Anchorage Municipal Code	State of Alaska
Race	X	X	X
Color	X	X	X
National Origin	X	X	X
Religion	X	X	X
Sex (Gender)	X	X	X
Disability	X	X	X
Familial Status*	X	X	X
Age		X	X
Marital Status		X	X
Change in Marital Status			X
Pregnancy		X	X
Parenthood		X	X

Sources: Federal Fair Housing Act Regulations and amendments, Anchorage Municipal Code (5.20.020-025) and Alaska State Statutes (18.80.240). \*Familial status is defined as having one or more individuals under 18 years of age who reside with a parent or with another person with care and legal custody of that individual (including foster parents) or with a designee of that parent or other person with legal custody. Familial status also includes a pregnant woman or a person who is in the process of adopting or otherwise securing legal custody of any individual under 18 years of age.

## Fair Housing vs. Affordable Housing

The U.S. Department of Housing and Urban Development (HUD) distinguishes between fair housing and affordable housing. Income and affordability are major elements in



determining housing options. It is only when the relationship between housing, income, and being a member of a protected class result in biases and different treatment, that the situation becomes a fair housing issue. It is also not a “fair housing issue” if individuals do not meet eligibility requirements for certain types of subsidized housing because they are not old enough or have incomes that are too high. Landlord and tenant disputes are not fair housing issues unless specific laws are violated. One example is, if the tenants are treated differently because they are of a minority race or have a disability.

### **Definition of affirmatively furthering fair housing**

HUD’s Fair Housing Planning Guide includes the following definition for affirmatively furthering fair housing, and requires grantees to do three major things:

- Conduct an analysis to identify impediments to fair housing choice within the jurisdiction.
- Take appropriate actions to overcome the effects of any impediments identified through the analysis.
- Maintain records reflecting the analysis and actions taken in this regard.

Furthermore, HUD interprets those broad objectives to mean:

- Analyze and eliminate housing discrimination in the jurisdiction.
- Promote fair housing choice for all persons.
- Provide opportunities for inclusive patterns of housing occupancy regardless of race, color, religion, sex, familial status, disability and national origin.
- Promote housing that is structurally accessible to, and usable by, all persons, particularly persons with disabilities.
- Foster compliance with the nondiscrimination provisions of the Fair Housing Act.

### **Preparation of this report**

The primary author of this report is Susan Fison, who was Municipal Demographer from 1988 until 2000. From 2000 to 2003, she served as the Planning Director for the Municipality of Anchorage. She was one of the authors of the Anchorage 2020 Plan, which won a first-place award in 2001 from the American Planning Association. Under her tenure, the Municipality began to rewrite the Title 21 Land Use Code. Since her retirement in 2003, she has worked as a consultant in a wide variety of public and private projects using her knowledge of Anchorage demographic, housing, planning and economic issues.

Since January 2014, Ms. Fison has been a key consultant for Housing Anchorage, a collaborative effort whose primary partners have been the Alaska Housing Finance Corporation, Anchorage Community Development Authority, Cook Inlet Housing Authority, the Rasmuson Foundation, United Way of Anchorage and the Anchorage Economic Development Corporation’s (AEDC) Live. Work. Play. Housing Initiative.

As part of these housing efforts, Ms. Fison has conducted research, done community outreach, and participated in many meetings. She has made housing presentations to community groups including the AEDC Board, Alaska Housing Finance Corporation, Rasmuson Foundation, Anchorage Community Land Trust, U.S. Department of Housing & Urban Development, bankers, developers, Cook Inlet Housing Authority, seniors, Anchorage Unitarian Forum, Realtors, the Municipal Assembly, and community councils.

Last summer, following her presentation about Housing Anchorage to the Municipality's Housing and Neighborhood Development (HAND) Commission, she was asked to prepare an analysis of impediments to fair housing for the Municipality. Her United Way contract was amended with additional funds from the Alaska Mental Health Trust Authority and the United Way so that she could undertake this project.

In November 2014, Ms. Fison made a presentation to the Hand Commission on the Analysis of Impediments to Fair Housing. In January 2015, the findings of this report were also presented and discussed at the Anchorage Equal Rights Commission.

To set the stage for this report, the next chapter provides an overview of Anchorage demographic, economic and housing trends. It is followed by a chapter that gives background information on fair housing and complaint trends for Anchorage.

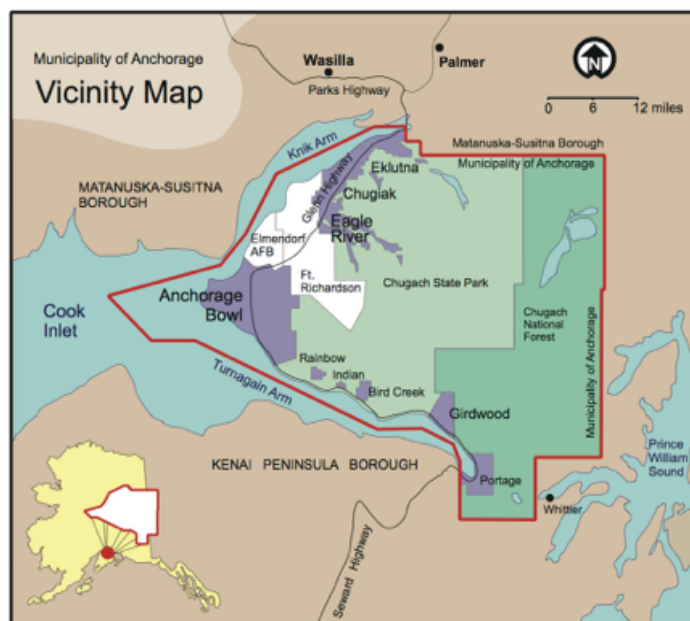
# Anchorage Demographic, Economic & Housing Trends

## Demographic Trends

### Geography

The Municipality of Anchorage covers nearly 2,000 square miles, but more than 80% of the land is uninhabited mountains and glaciers in Chugach State Park and the Chugach National Forest.

The map on the right shows the inhabited civilian areas of the Municipality in purple. The military bases are shown in white. There are 126 square miles in the Anchorage Bowl, 66 square miles in Chugiak-Eagle River, 118 square miles in Joint Base Elmendorf-Ft. Richardson and 12 square miles in the Turnagain Arm communities of Rainbow, Indian, Bird Creek, Girdwood and Portage. The population density in the Anchorage Bowl is 2.97 persons per acre.



## Municipality of Anchorage Land Areas & Population Density - 2012

Area	Acres	Square Miles	Percent of Total Area	Population 2012	Pop Density Per Acre
Anchorage Bowl	80,757	126.2	6.5%	239,929	2.97
Chugiak-Eagle River	41,910	65.5	3.3%	35,702	0.85
Turnagain Arm Communities	7,780	12.2	0.6%	2,299	0.30
Elmendorf	13,440	21	1.1%	5,624	0.42
Ft. Richardson	61,880	96.7	4.9%	7,916	0.13
Unpopulated Area	1,045,873	1,634.2	83.6%	0	0
<b>Total Municipality</b>	<b>1,251,640</b>	<b>1955.7</b>	<b>100</b>	<b>291,490</b>	<b>0.23</b>

Source: U.S. Census Bureau, American Community Survey 5 Year Average for 2008-2012.

## Population Growth & Projections

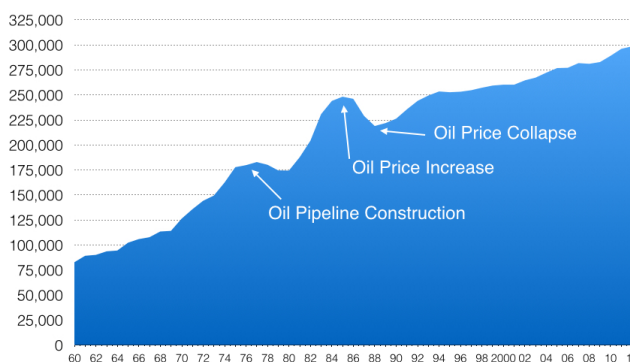
As the graph of Anchorage population between 1960 and 2013 shows, the city has exhibited long-term modest population growth for more than 50 years. The two notable exceptions were a brief

population decline after the Trans-Alaska Pipeline was completed and a second, more serious population and economic decline after oil prices dropped in the mid-1980s. During this period, Anchorage lost almost 30,000 residents and its booming housing market collapsed.

Beginning in 1989, Anchorage's population has been on a steady upward trajectory. In the first decade of this economic recovery, Anchorage's population had an annual growth rate of 1.4%. It slowed to 1.14% between 2000 and 2009 and slowed again to 0.85% annually since 2010. In 2013, the city's population reached 301,134. Today, the growth in Anchorage's population is the result of "natural increase", i.e. births minus deaths, rather than net in-migration. Anchorage's birth rate is 69 births for every 1,000 women aged 15 to 50. This is higher than the national rate of 56 births per 1,000 women.

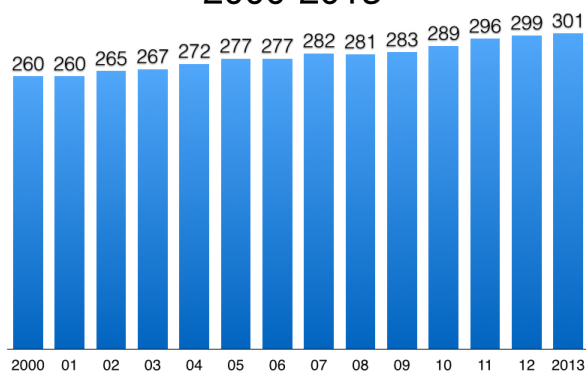
In 2013, Anchorage had 41% of the state's population of 736,399 residents. One reason for the slowdown in the city's growth rate in the past two decades has been a shortage of vacant land for residential development. In contrast, the nearby Matanuska-Susitna Borough, which has abundant land at lower cost, grew faster than any other region of Alaska. Annual growth rates there averaged 4% from 1990 to 2010. Since that time, Mat-Su's annual growth rate slowed to 2.62%, but is still more than three times higher than Anchorage.

### Anchorage Population 1960-2013



Sources: U.S. Census Bureau and Alaska Department of Labor.

### Anchorage Population (in 1,000s) 2000-2013



Sources: U.S. Census Bureau and Alaska Department of Labor.

The most recent state forecast estimated that Anchorage's population would grow to 365,000 by 2042, an increase of 0.67% per year. Thus by 2042, Anchorage's statewide share of the population would drop slightly, to 39%. In this same period, the Mat-Su Borough's population is projected to increase to 166,000, an average annual increase of 1.93%. Today the Mat-Su Borough has nearly 14% of the state's population, but this share is expected to grow to nearly 18% by 2042.

In December 2014, the U.S. Census reported that Alaska's population had dropped by 527 residents between July 1, 2013 and July 1, 2014. Alaska was one of only six states to lose residents in this period. It is also likely Anchorage's population dropped slightly in 2014.

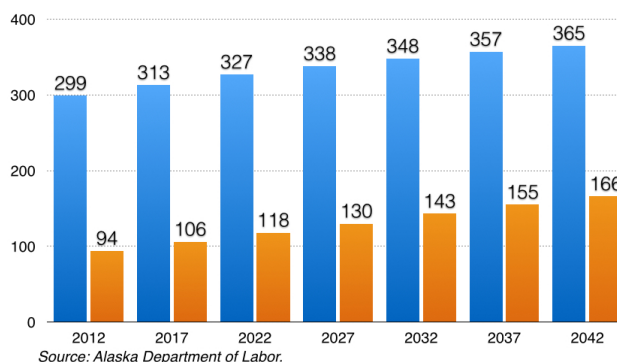
### Age & Gender

Although males outnumbered females in Anchorage for decades, today our population is roughly 50% males and 50% females. Throughout its history, Anchorage's population has been younger than national averages. In 2012, the median age in Anchorage was 33 years, compared to the national average of 37.4 years.

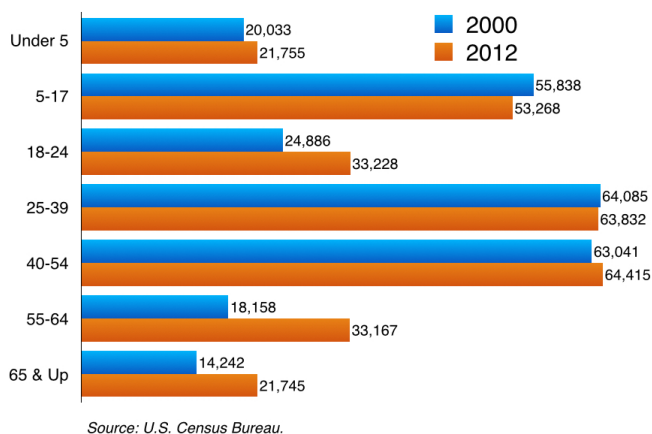
While the overall population in Anchorage has been increasing, the school age population from age 5 to 17 dropped 4.6% and school enrollments dropped correspondingly. However, during this same period, the under-5 population increased more than 8%, which is expected to cause increases in elementary school enrollment.

The fastest-growing young age cohort was the 18-to 24-year-old group, which increased by more than a third. The vast majority of persons in this age group are renters, yet Anchorage

### Anchorage & Mat-Su Population Projections (in 1,000s) - 2012-2042



### Population by Age Groups

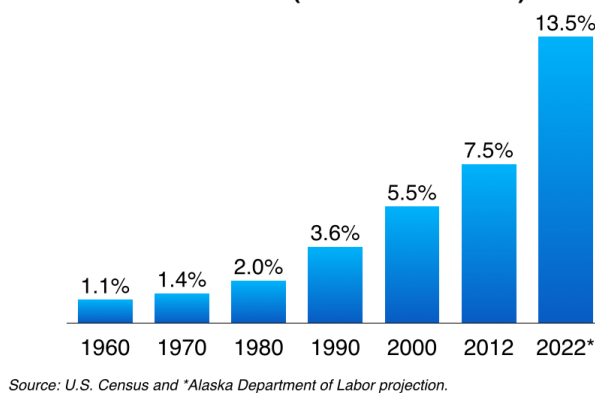




has added very few rental-housing units in response to the increased need. This is also the age group with the highest birth rate.

Anchorage's most notable demographic shift in recent years has been in its burgeoning senior population, aged 65 and older. In 2012, seniors made up about 13.2% of the national population, compared to only 7.5% in Anchorage. In 2012, there were nearly 22,000 seniors in Anchorage and they are the fastest-growing component of the population. By 2022, the Alaska Department of Labor projects that Anchorage will have nearly 44,000 seniors, which will be 13.5% of its residents. This unprecedented growth is due to the baby-boom generation that began to reach 65 in 2010. As will be discussed later in this report, Anchorage has only about 1,000 housing units designed for seniors.

### Seniors (65 & Older)

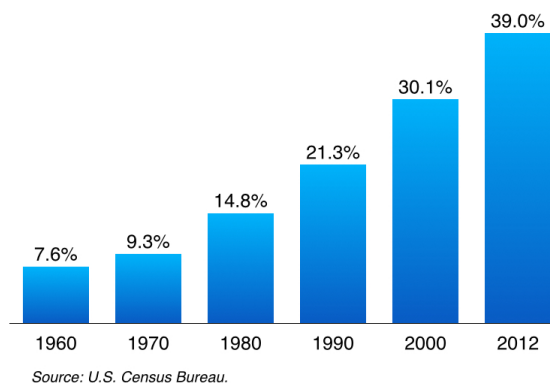


### Race, Ethnicity & Place of Birth, Origin & Language

The graph at right shows the steady increase in the percentage of minorities in Anchorage since 1960, when only 7.6% of our population was minorities. In 2012, nearly two in five Anchorage residents were a racial or ethnic minority.

In 2012, Anchorage was one of the most culturally diverse cities in America with large percentages of African Americans, Alaska Natives, Asian/Pacific Islanders, multi-race and Hispanic minorities. As shown (top of next page) in the

### Racial & Ethnic Minorities



comparison of 2010 Census data for the U.S. and Anchorage, this is different from the national pattern where Hispanics and African-Americans are the two predominant minority groups, with only tiny percentages of Native Americans and Multi-Race

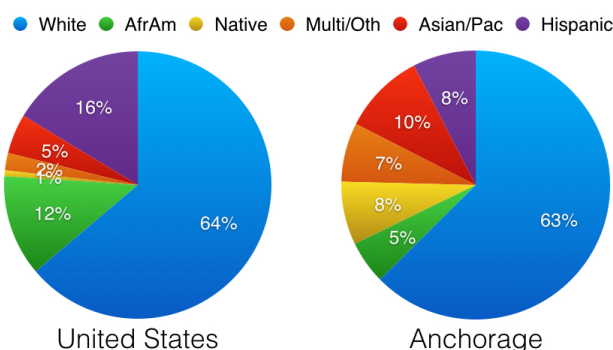
minorities. Although there are higher percentages of minorities in some areas of Anchorage, no census tracts are all-white or all-minority enclaves.

Anchorage residents are significantly more mobile than U.S. averages. In the rest of the county, 59% of the residents live in the same state where they were born. Only 35% of Anchorage's residents were born in Alaska. In the U.S., only about one person is four was born in another state, compared to Anchorage were more than half the population was born in another state.

Foreign-born residents are 9% of Anchorage's population, compared to the national average of 13%. Of Anchorage's foreign-born residents, 58% came from Asia, 18% from Latin America, 12% from Europe and 4% each from Africa, Oceania and North America. Fifty-four percent of the foreign-born residents in Anchorage are naturalized U.S. citizens.

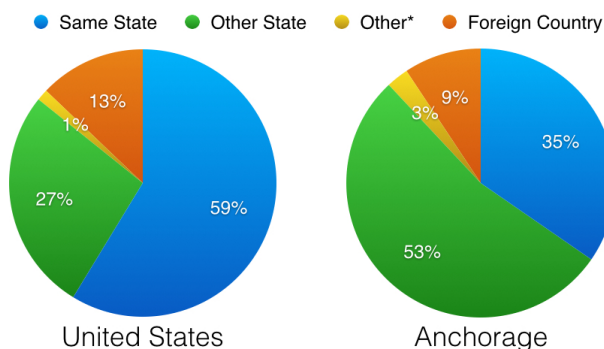
More than 17% of Anchorage residents five years and older speak another language at home and approximately 6% of those do not speak English well. Spanish and Asian languages are the most common. There are students in the Anchorage School District who speak one or more of 95 different languages.

### Race & Ethnicity - 2010



Source: Compiled by Susan Fison from U.S. Census data. White, African-American, Alaska Native-American Indian, Multi-Race/Other, and Asian/Pacific Islander categories do not include Hispanics.

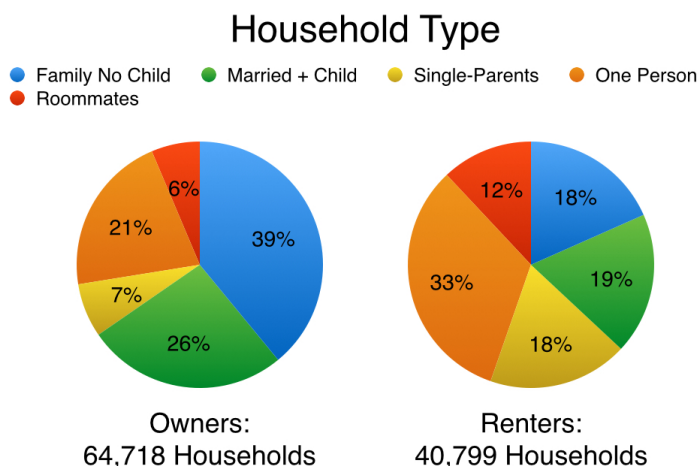
### Place of Birth - 2012



Source: U.S. Census Bureau, American Community Survey 5-Year Average for 2008-2012.  
\*Puerto Rico, U.S. Island areas, or born abroad to American parents.

## Household Size & Type

The average household size in Anchorage is 2.7 persons and the average family size is 3.3; both are slightly higher than national averages. More than a quarter of Anchorage households consist of only one person, which is slightly higher than the percentage of married-couple households. More than 37% of Anchorage households have one or more members who are under the age of 18 and 15% of households include a senior 65 years or older.



Source: U.S. Census Bureau. American Community Survey 5-yr average 2008-2012.

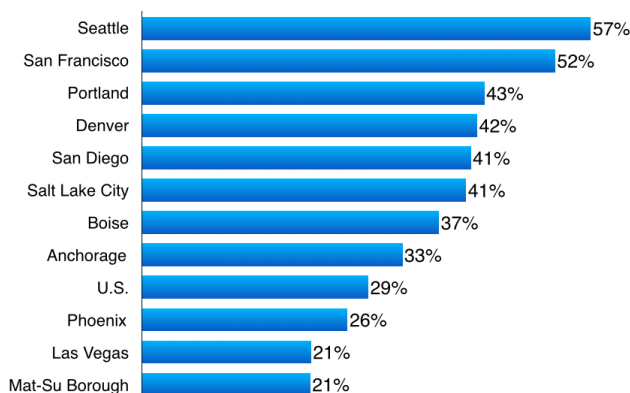
As shown in the pie graph above, household-type patterns for owners and renters are very different. Seventy-two percent of homeowners are family households, compared to 55% of renter households. Only 7% of owners are single-parent households, compared to 18% of renters. One in three rental households is a person living alone, compared to about one in five among homeowners. About 12% of rental households consist of roommates.

## Educational Attainment

For many decades, more than 90% of Anchorage residents 25 and older have been high-school graduates. In 2012, more than 92% had graduated, only 1% lower than in Seattle, one of the most highly educated cities in the United States.

In the last two decades, however, Anchorage's college educational attainment rank has fallen behind that of many other cities. In 2012, a third of Anchorage's adults had a bachelor's degree or higher, which is only 4% higher than the national average of 29%. This is significantly lower than in Seattle, where 57% have a B.A. degree or higher. A few years ago, Salt Lake City and

### %Persons\*with B.A. Degree or Higher - 2012



Source: U.S. Census Bureau. American Community Survey 5-yr average 2008-2012. \*Persons 25 & Older

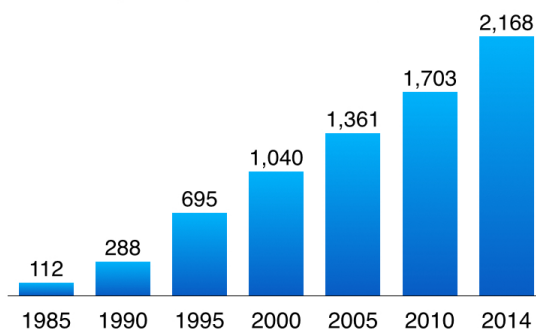
Boise had lower percentages of college graduates than Anchorage, but now they have edged ahead. Increasingly cities are reaching the 40% level for college graduation. A high percentage of adults with a four-year degree or higher is typically a significant factor when evaluating cities as “best places to live” and desirable cities for businesses to expand or relocate.

### Veterans & Disability Status

Nearly 9,000 Anchorage residents are active-duty military personnel at Joint Base Elmendorf Richardson (JBER). For many years, Alaska has been one of the most popular destinations in the nation for veterans to retire due to the outdoor lifestyle, which includes activities like hunting, fishing, and skiing. Nearly 15% of Anchorage’s adult civilians are veterans, which is one of the highest rates in the country. The Municipality of Anchorage offers a tax benefit to disabled veteran residents, who can receive an exemption on up to \$150,000 of the assessed value of their homes.

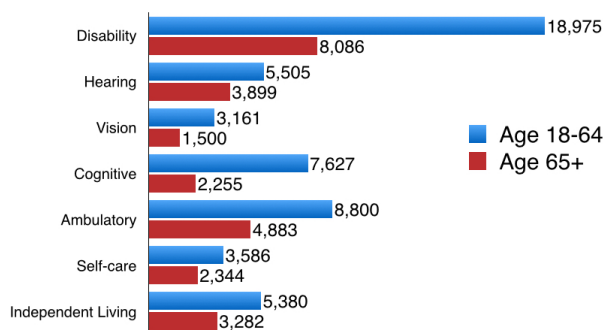
More than 10% of Anchorage residents 18 to 64 have a disability and more than 38% of persons 65 and over have a disability. Nearly a quarter of persons 65 and older have an ambulatory disability.

### MOA Disabled Veteran Property Tax Exemptions



*Source: Compiled by Susan Fison from MOA Property Appraisal records. Anchorage home owners who are disabled Veterans and are full-time residents (as defined by the Permanent Fund Dividend program), are eligible for a tax exemption on up to \$150,000 of the assessed value of their homes.*

### Anchorage Persons With a Disability by Type and Age Group - 2008-2012



*Sources: Compiled by Susan Fison from U.S. Census, American Community Survey data.*

## Economic Trends

### Employment & Unemployment.

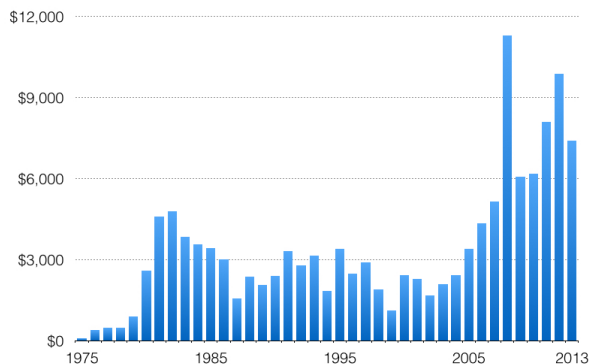
Anchorage is the headquarters for the state's oil industry and home to most of the state's 13 regional Native corporations. It is also the transportation, retail, financial and business center for the state. Government is a major employer in Anchorage and there are more state employees here than in the capital city of Juneau. The University of Alaska

Anchorage is the largest post-secondary institution in the state. Health care and tourism are experiencing strong, sustained growth.

When oil prices collapsed in the late 1980s, Anchorage lost more than 14,000 jobs. The economy began to improve in 1989, with an employment boost created by jobs cleaning up after the Exxon Valdez oil spill. What followed was a long period of slow, steady growth in Anchorage employment.

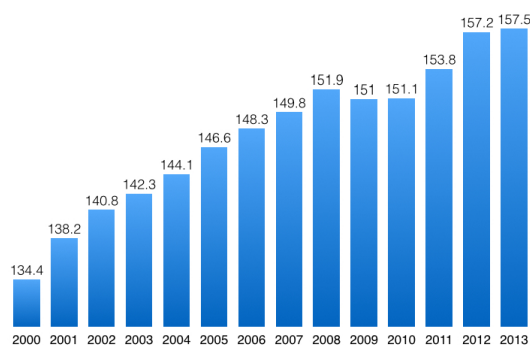
Between 2000 and 2014, average monthly employment here increased from 134,400 to 157,100, an average of about 1.1% per year. Growth slowed, but did not stop during the 2008 national recession and housing price collapse. However, while the "Lower 48" economy strongly rebounded, Anchorage lost 200 jobs in 2014. For the last few months, the state government has been reeling from the plummeting oil prices because oil revenues comprise about 90% of the state's annual revenues. In a January 2015 forecast, Alaska Department of Labor economist Neal Fried said:

### Alaska Oil Revenues (In Millions)



Source: Alaska Department of Revenue.

### Anchorage Employment (in 1000s)



Source: Alaska Department of Labor.

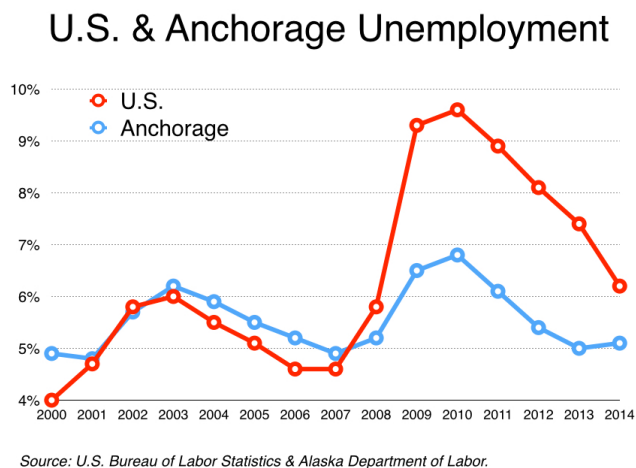


*Anchorage's economy faces an extra layer of uncertainty this year. Oil prices fell in the latter part of 2014, and the state faces a record revenue deficit for 2015 and an even larger one in 2016. Whether oil prices fall further and how the oil industry reacts to the lower price environment will be major factors for Anchorage, where job growth has already slowed.*

*Jobs in the state's oil industry grew for seven solid years and helped power the Anchorage economy, but the industry is unlikely to fill that role this year. Some of the city's industries are projected to gain jobs — including tourism, health care, and retail — and these will off-set some of the decline. Still, Anchorage is forecasted to lose 800 jobs in 2015.*

## Unemployment

The graph at right compares Anchorage and U.S. unemployment rates since 2000. For most years through 2007, Anchorage's unemployment rate was slightly higher than the national trend. This changed in 2008 when national unemployment rose to nearly 6%, then abruptly jumped above 9% for two years before it began a slow, steady decline. Throughout most of this period, the Anchorage unemployment rate was about 2.8% lower than the U.S. average. In 2014, the Anchorage unemployment rate stood at 5.1% compared to the national average of 6.2%.



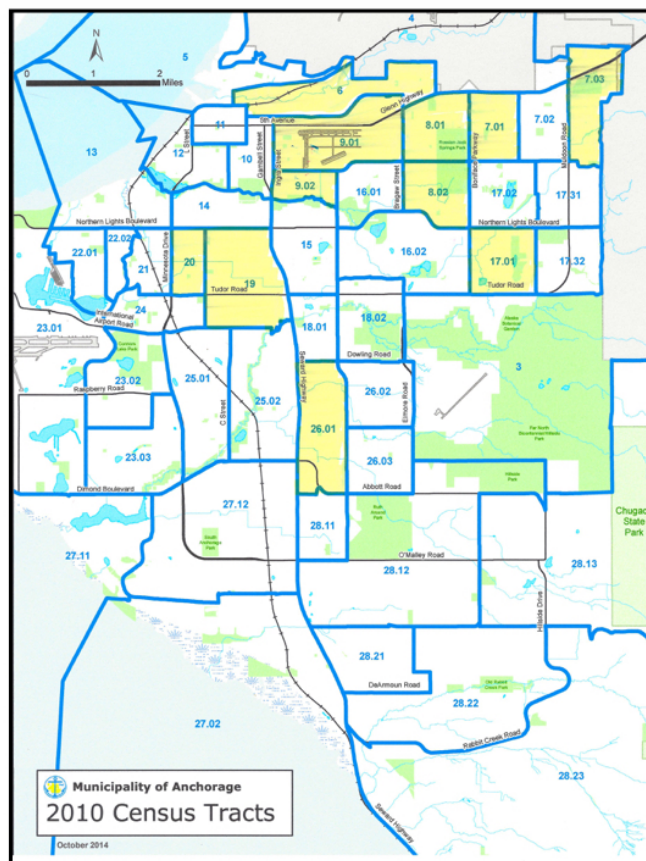
## Income & Poverty Trends

For many decades, Anchorage incomes have exceeded national averages. In the past two decades, however, Anchorage's incomes, while still above national averages, have substantially narrowed the gap. Median family household income in 2012 was \$89,083 compared to \$64,584 nationally.

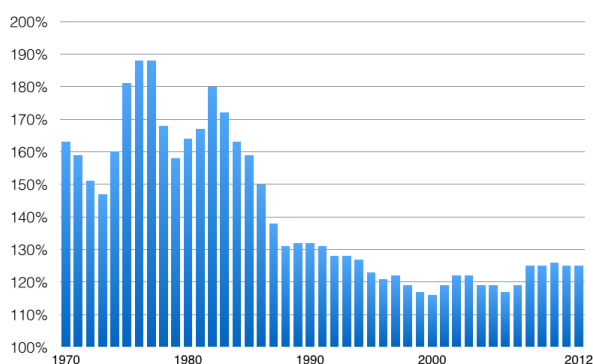
Anchorage has one of the lowest poverty rates in the nation with only 5.5% of all families here living in poverty, compared to 10.9% in the nation. National poverty rates for individuals are somewhat higher at 7.7%. Nationally the poverty rates are roughly double these levels for both families and individuals.

A major HUD concern is census tracts with 50% or more minorities where 40% or more of households are in poverty. The map at right shows the census tracts with 50% or more minorities. The highest poverty rate in Anchorage is Census Tract 6 (Mountain View) with 27.5% living in poverty. The household poverty rate is 20% in three other nearby census tracts: 10 (Fairview), P.01 (Fairview & Northway Mall area) & 8.02. Two of these tracts have a minority population of more than 50% minority, but Census Tract 10 does not.

Anchorage's personal income level, shown in the graph below, is higher than U.S. average. This difference was greatest during construction of the Trans-Alaska Pipeline when average per capita income in Anchorage was almost 190% higher than the U.S. average. This gap narrowed significantly with the Alaska economic collapse in the late 1980s. Today, Anchorage incomes are roughly 125% higher than national averages, but the cost of living here is also higher.



Anchorage's Income\* as % of U.S.



Source: U.S. Bureau of Economic Analysis. \*Per capita income.

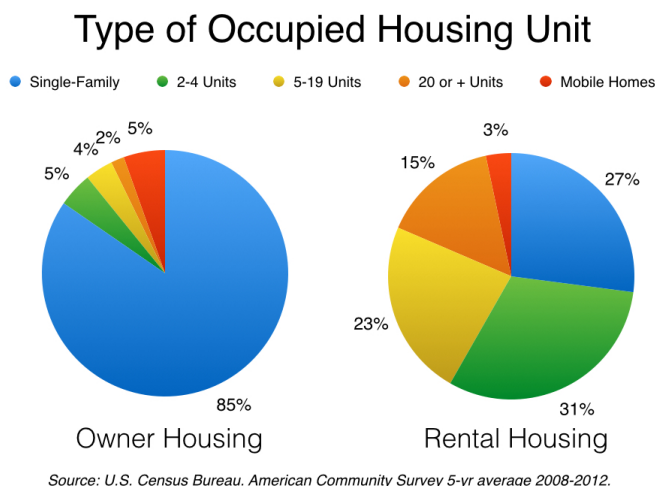
### Commuting to Work

Three-quarters of Anchorage residents commute to work alone in vehicles. This approximates national trends. In Anchorage, less than 2% use public transportation, substantially lower than the 5% national level. Commute times in Anchorage average only 19 minutes, lower than the national norm of more than 25 minutes.

## Housing Trends

### Types of Housing Units

Anchorage has about 105,000 housing units. Nearly 90% of Anchorage's single-family detached homes are occupied by owners, as are 72% of mobile homes and 64% of the single-family attached units. Nearly one in three duplex units are also owner-occupied.



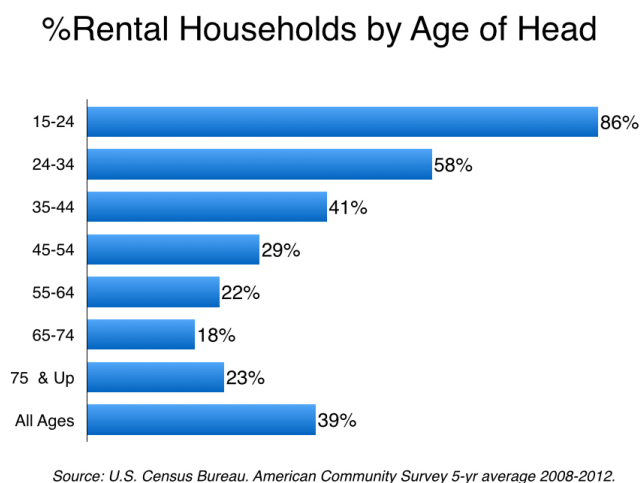
About a quarter of Anchorage renters live in detached or attached single-family homes. Many of these homes and condominiums became rentals during a crash in the Anchorage housing market in the late 1980s when oil prices dropped. Rental vacancy rates topped 25% and thousands of homes went into foreclosure.

A 2013 survey found that 48% of Anchorage residents said there was not good availability of homes for sale and 56% said the rental market was inadequate. The most recent AEDC Business Confidence Index found that 58% of employers surveyed said the limited housing market was affecting their ability to retain and recruit employees.

### Owning vs. Renting

The rate of home ownership in Anchorage has always been lower than national averages because a significant portion of the population is housed in rentals on military bases and the population is younger and transient. The American Community survey for 2008-2012 found that 61% of Anchorage households were owners and 39% renters, compared to the national rate of 65% owners and 35% renters.

While 86% of households headed by someone under 25 are renters, ownership increases significantly in the 25-34-age bracket. By the time adults reach



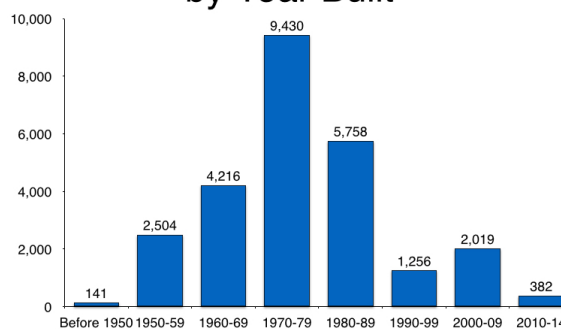
middle age, most are homeowners. Home ownership peaks in the 65-74-year age bracket, where only 22% are renters vs. 78% homeowners.

Within Anchorage, home ownership varies dramatically by neighborhood. It is lowest in Mountain View and Government Hill where only about 17% of households own their homes. Less than one-third are homeowners in Spenard, Downtown and Fairview. In contrast, more than 90% of homes on parts of the Anchorage hillside and Chugiak-Eagle River are owner occupied.

### Age of Housing

Anchorage's housing stock is aging, as half the units were built before 1980. The severe climate here ages housing more quickly and requires considerable maintenance to preserve its quality. The graph at right shows all the multi-family units in the property appraisal database. It indicates that more than 63% of these units were built before 1980 and they are now at least 35 years old. Less than 15% of Anchorage's multi-family inventory has been built since 1990.

**Anchorage Multi-Family Housing by Year Built**



Source: Municipality of Anchorage Building Property Appraisal Records.

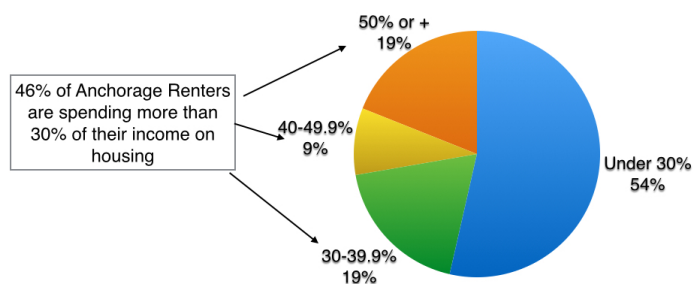
### Resident Mobility

Renters move much more frequently than homeowners. Nearly 40% of homeowners were living in their present homes before 2000, compare to only 5% of renters. While only 6 percent of homeowners moved between 2000 and 2012, more than a quarter of renters moved in the same two-year period.

### Rental Housing Affordability

Rental housing is considered “affordable” if the occupants are spending less than 30% of their gross income on housing. Households spending 30% or more are considered “cost

**Gross Rent as % of Household Income**

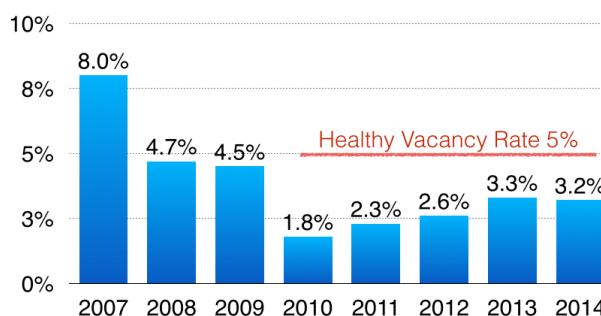


burdened". In Anchorage, the 2008-2012 American Community Survey found that 46.5% of Anchorage renters were paying 30% or more of their income on housing. This is slightly below the national average of 52.1%.

### Rental Housing Trends

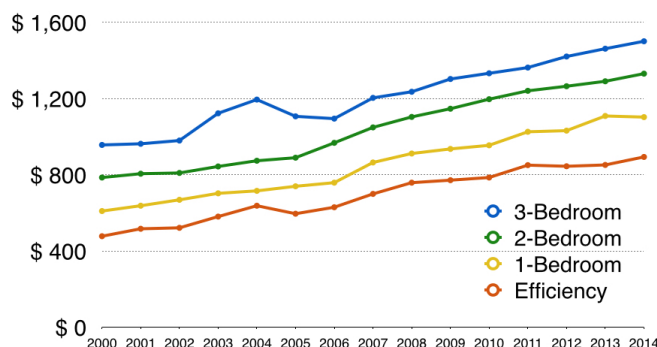
The best information on rental housing trends for Anchorage is provided by an annual survey of landlords conducted by the Alaska Department of Labor for Alaska Housing Finance Corporation. This survey found that the average vacancy rate in Anchorage has been below the healthy 5% vacancy rate since 2008. It dropped to less than 2% in 2010 and has remained at or below 3.3% since that time. Not surprisingly, this decrease in the vacancy rate has caused rents to rise sharply. The average rent for a one-bedroom apartment increased from \$912 in 2008 to \$1,109 in 2013.

### Average Apt. Vacancy Rate



Source: Rental survey by AK Dept of Labor for Alaska Housing Finance Corporation.

### Average Adjusted Apt Rents



Source: Rental survey by AK Dept of Labor for Alaska Housing Finance Corporation.

### Homes for Sale

For most of 2014, the number of homes for sale in Anchorage was at record low levels. Despite this trend, the price increases on homes and condominiums for sale have been modest in comparison to the increases in rents. An examination of sales of new construction versus resale of existing homes shows that a significant factor skewing the data is that only a tiny fraction of the homes for sale are new. Before 2004, nearly a quarter of the homes sold in Anchorage were new, but since 2007, the number was only about 7%.

In 2013, the average single-family home sold for \$347,000 and a household needs an annual income of at least \$85,000 to afford such a home. The average condominium sold for \$203,000, the purchase of requires at least \$60,000 in annual household income. The



resale price for existing home sold was \$339,000, while the average new home sold cost more than \$459,000, a difference of \$120,000. In 2013, the average sales price for an existing condominium was \$193,000, compared to \$289,000 for a new one, a difference of \$96,000. The number of days on the market was considerably longer for new homes and condominiums than for resale units.

### New Housing Construction

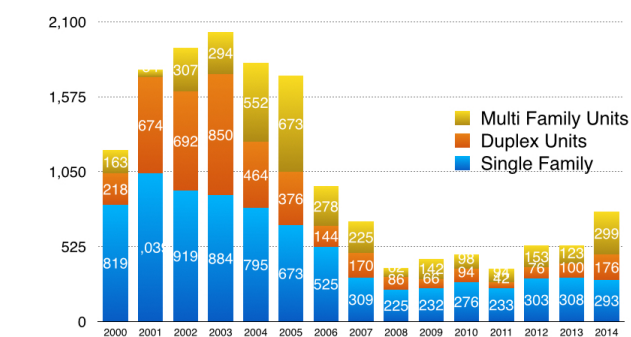
The graph at right shows the number of residential building permits for new housing units in Anchorage from 2000 through 2014, but the number of units built in 2003 was not the historical high. That record was set in 1983 when building permits for 9,000 new housing units were issued in a single year. In comparison, building permits were issued for less than 7,000 units in the last decade.

An “Anchorage Housing Market Analysis” done by the McDowell Group for the Municipality in March 2012 estimated that the Anchorage Bowl would need roughly 900 new units per year, to meet the demand for housing, but between 2008 to 2013, Anchorage added only about 350 units per year. The study

concluded that the Anchorage Bowl would need to add 418 units of multi family, 173 of duplex and 318 of single-family homes each year. Although Anchorage was adding fewer units than it needed in all categories, the largest deficiency was for multi-family units. From 2008-2013, Anchorage only added about 20% of the study’s projected need of multi-family units.

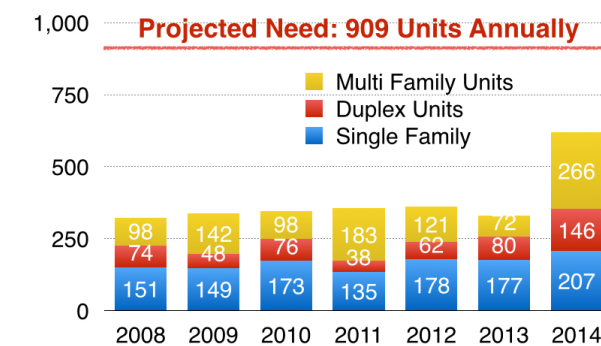
Early in 2014, two major housing efforts were launched: Housing Anchorage spearheaded by the United Way of Anchorage and the Anchorage Economic Development Corporation’s Live.Work.Play. Housing Initiative. By the end of 2014, these efforts had proved successful

### New Housing Units by Type



Source: Municipality of Anchorage Building Permit reports. Totals are for entire Municipality

### New Housing - Anchorage Bowl



Source: Municipality of Anchorage Building Permit reports.

in educating the public, decision makers and the private sector about the acute need for more housing to break “housing gridlock” in Anchorage. Building permits increased significantly in 2014, but plummeting oil prices, declines in Alaska and Anchorage populations may slow efforts to add new housing units in the next few years.

One of the outcomes of the collapse in the housing market in the 1980s is that a large number of residential builders permanently left Anchorage. Today, there are only a handful of homebuilders and residential developers. Most of the housing units built in Anchorage in the past six years have been single-family homes or duplex condominiums. Although there was a significant bump up in multi-family units permitted in 2014, most of them were funded either by the government, non-profits or through tax credit projects. Only a few “market-rate” rental projects have been built and their rents are substantially higher than average

In 2014, Municipality issued nearly 300 building permits for multi-family units the Anchorage Bowl, Chugiak-Eagle River, Girdwood and other Turnagain Arm communities. However, government, non-profit organizations or Low-Income Housing Tax Credits (LIHTC) funded about half of these units. High land prices, high construction costs, high property taxes, and frequent requirements to pay for upgrades to municipal infrastructure have made most multi-family projects financially unfeasible. A 27-unit rental project on Raspberry Road was the largest market-rate, multi-family project permitted in 2014.

Anchorage’s largest landlord is also in the process of developing two new market-rate rental projects. One is a 36-unit project on C Street, north of 15th Avenue. The other is a 250 to 300-unit project near Denali Street and Tudor Road. The smaller project has already encountered strong opposition from neighbors who oppose increased density. The developer is negotiating with the city regarding its request for major water, sewer and road upgrades for the larger residential project.

# Fair Housing Background & Complaints

## National Trends

HUD funds two types of Fair Housing Organizations:

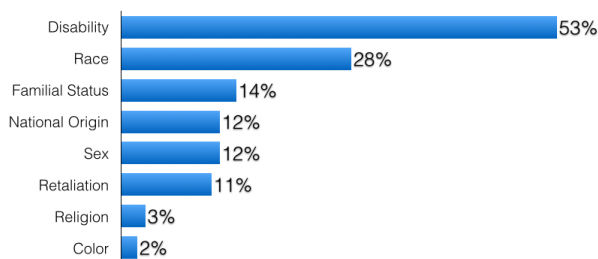
- The Fair Housing Assistance Program (FHAP) funds state and local agencies that enforce fair housing laws which are substantially equivalent to the Fair housing Act. FHAPs support a variety of fair housing administrative and enforcement activities, including complaint processing, training, implementation of data and information systems, and other special projects.
- The Fair Housing Initiatives Program (FHIP) funds fair housing organizations and other non-profit organizations assisting people who believe they have been victims of housing discrimination.

FHIP organizations collaborate with HUD to help people identify government agencies that handle complaints of housing discrimination. They also conduct preliminary investigations of claims, including sending “testers” to properties suspected of practicing housing discrimination. Testers are minorities and whites with the same financial qualifications who evaluate whether housing providers treat equally qualified people differently. In addition to funding organizations that provide direct assistance to individuals who feel they have been discriminated against while attempting to purchase or rent housing, FHIPs also have initiatives that promote fair housing laws and equal housing opportunity awareness.

HUD’s most recent annual report (FY2012-2013) noted that HUD and FHAPs had received 8,368 fair housing discrimination complaints in FY 2013. The report found that more than half of these complaints involved persons with disabilities. More than a quarter of the complaints involved racial discrimination.

Familial status, which typically involves families with children, received the third highest number of complaints. Some fair housing cases also involve more than one basis.

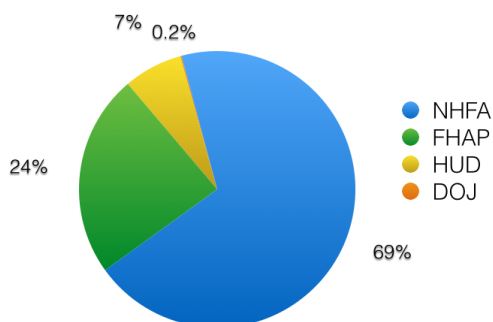
Bases of HUD & FHAP\* Complaints  
Nationwide FY 2013



Source: HUD Annual Report on Fair Housing FY 2012-2013. Percentages do not add to 100 because some complaints have more than one base. \*Fair Housing Assistance Program agencies.

Although HUD's report did not include statistics on fair housing complaints received by FHIPS, these are reported by the National Fair Housing Alliance (NFHA), headquartered in Washington DC. NFHA is a national HUD funded organization dedicated solely to ending

## US Housing Complaints - 2013



Sources: Compiled by Susan Fison from data provided by National Fair Housing Alliance.

discrimination in housing. NFHA works to ensure equal housing opportunity for all people through leadership, education and outreach, membership services, public policy initiatives, advocacy, and enforcement. NFHA is a consortium of more than 220 private and non-profit fair housing organizations, state and local civil rights agencies, and individuals from throughout the United States.

Although NFHA does not have an Alaska affiliate, their data on fair housing discrimination complaints is useful to help identify major trends. Housing complaints filed with NFHA affiliates account for nearly 70% of all national complaints. In addition, nearly a quarter of discrimination complaints were filed with FHAPs, but only about 7% were filed with HUD. Since Alaska has no FHIPS or FHAPs, it is possible that many cases of fair housing discrimination have occurred, but were not reported. NFHA also found that disability issues accounted for about half of all fair- housing complaints. Ranking second were complaints related to race, color and national origin, which accounted for 28%. Familial status, at 11%, was third.

Although there is a HUD office in Anchorage, there have not been any FHIPS or FHAPs in Alaska. The absence of an organization with a program that focuses primarily on fair housing issues has been previously noted by the Alaska Housing Finance Corporation and Municipality of Anchorage as an impediment to fair housing choice. Since national data show that most housing complaints are filed with FHIPS and FHAPs, there is not have a full range of data that would be useful to track fair housing complaint trends. However, in October 2014, Alaska Legal Services won a competitive HUD grant to establish a FHIP program that will allow ALSC to carry out testing and enforcement activities to prevent or eliminate discriminatory housing practices.

## Anchorage Equal Rights Commission

The Anchorage Equal Rights Commission (AERC) was established in the Anchorage Charter in 1975 and is the municipal law enforcement agency charged with preventing and eliminating unlawful discrimination under Title 5 of the Anchorage Municipal Code. The

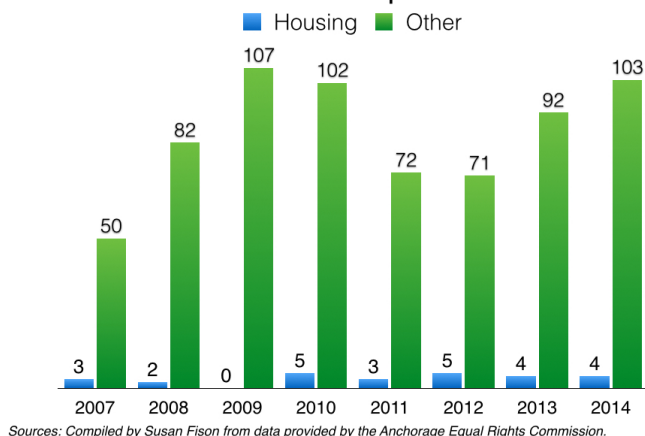
AERC also enforces the Americans with Disabilities Act and Title VII of the Civil Rights Act through an agreement with the federal Equal Employment Opportunity Commission.

The office cooperates with and has provided training to the Alaska Legal Services Corporation staff regarding fair housing. The commission

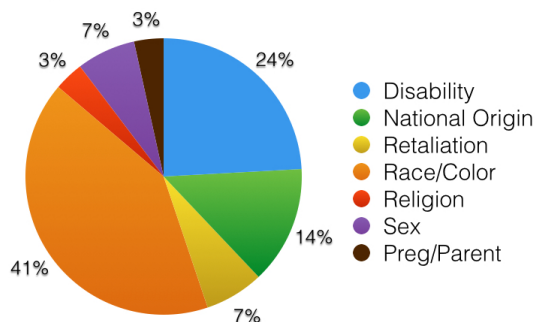
handles discrimination or harassment cases related to employment, housing or at local business, school, financial institutions or local government agencies within the Municipality. In appropriate cases, the staff will prepare a complaint of discrimination for a client's signature and impartially investigate allegations. If the case is outside the Commission's jurisdiction, staff may be able to make referrals to other organizations that can provide assistance.

The AERC is governed by nine commissioners, appointed by the Mayor and confirmed by the Anchorage Assembly. An executive director/staff attorney, three investigators, an intake and outreach coordinator, and a docket clerk staff the AERC. Between 2007 and 2014, the AERC filed 705 cases, but only 26, or 3.7%, were housing-related. Of the housing complaints they handled, more than half concerned race, color or national origin. The next major category was disability, which accounted for 22% of the complaints. AERC has been

### AERC Complaints



### Anchorage Equal Rights Commission Housing Complaints By Basis 2007-2014





supportive of Alaska Legal Services Corporation's efforts relating to fair housing and plans to work closely with them on discrimination issues related to their new FHIP grant.

## Alaska State Commission on Human Rights

The Alaska State Commission for Human Rights is the state agency that enforces the Alaska Human Rights Law, AS 18.80.

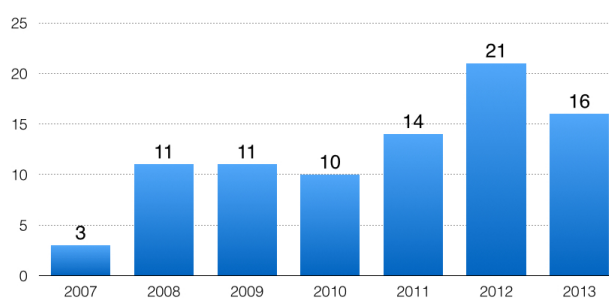
The Commission consists of seven members appointed by the Governor and confirmed by the Legislature. It employs a staff and maintains an office in Anchorage. In 2013, the Commission handled 391 cases statewide, however, only 16 were related to accommodation.

The vast majority of cases that the commission deals with are about employment issues.

However, one fair housing complaint filed by an Anchorage mother was featured in the Commission's 2013 annual report. The mother filed the complaint on behalf of her three minor sons against her landlord for refusing to allow her sons' companion animals to reside with them as a reasonable accommodation. A public hearing was held, and the administrative law judge found that the landlord had discriminated against the tenants. The Commission adopted the recommendation that the landlord not evict the tenant based on the presence of the boys' companion animals.

The graph above summarizes the number of statewide housing-related cases the Commission has dealt with each year. It could not provide a breakdown of housing cases for Anchorage.

Alaska State Commission for Human Rights Housing Cases Filed Statewide



Sources: Compiled by Susan Fison from Alaska State Commission for Human Rights annual reports.

## Anchorage Disability Law Center

The Anchorage Disability Law Center is an independent non-profit law firm providing legal advocacy for people with disabilities anywhere in Alaska. The mission of the Disability Law Center of Alaska is to provide protection and advocacy services to Alaskans with disabilities through legal representation, education and strategic advocacy. In FY 2014,

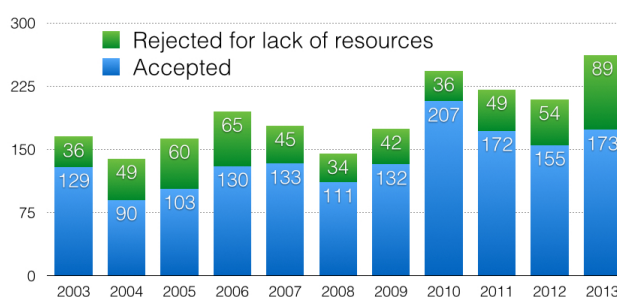
only 6% of the 1,682 requests for assistance the center received and only 2% of the 420 cases accepted were related to housing.

## Alaska Legal Services Corporation

The Alaska Legal Services Corporation (ALSC) is a private non-profit law firm providing statewide free civil legal assistance to low-income residents. ALSC's newly established fair housing program will work to eliminate illegal housing discrimination and promotes equal access to housing by providing education, outreach, technical assistance, and enforcement opportunities specifically related to federal, state, and local fair housing laws. Historically, ALSC handled more housing complaints (including those related to fair housing violations) in Alaska than any other entity.

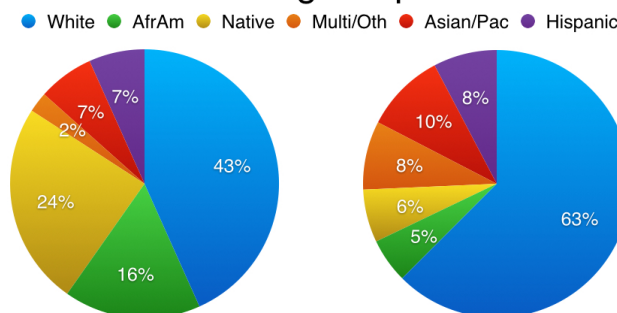
The graph above summarizes the housing complaints accepted and rejected by ALSC Anchorage office between 2003 and 2013. In that decade, they took an average 190 housing complaints per year, but only had the resources to accept about 75% of them. On average, ALSC was unable to handle 50 cases due to lack of resources. Although many of the housing complaints they received were related to fair housing, many cases were landlord-tenant issues and not Fair Housing Act violations.

### Alaska Legal Services Anchorage Housing Complaints



Sources: Compiled by Susan Fison from data provided by Alaska Legal Services Corporation.

### Race & Ethnicity of ALSC Housing Cases & Anchorage Population



ALSC Cases - 2013

Anchorage Population - 2012

Sources: Compiled by Susan Fison from Alaska Legal Services Corporation data for 173 Anchorage housing cases that they accepted in 2013 compared with the American Community Survey, US Bureau of the Census for 2012 population.

An analysis of the race and ethnicity of ALSC housing complaints accepted in 2013 shows that these clients included a much larger percentage of racial minorities than that of the

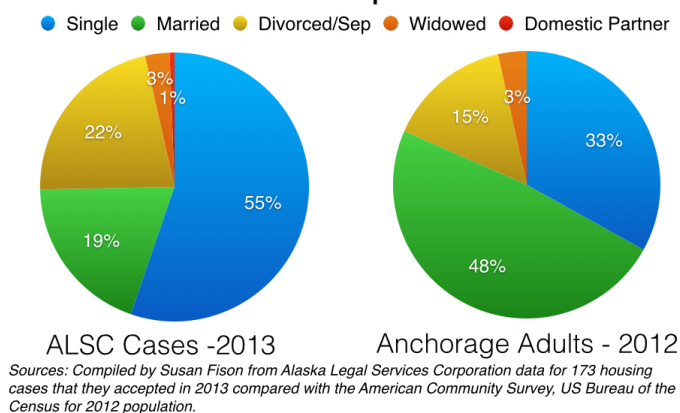
general population. Although non-Hispanic whites account for 63% of Anchorage's total adult population, only 43% of ALSC housing cases involved white clients. Cases filed by Hispanics and Asian/Pacific Islanders were similar in percentages to those of the overall population. However, Alaska Natives and African Americans had a much larger percentage of the housing complaints than their numbers in the total population.

Single persons are only 33% of the Anchorage adult population, but single persons constituted 55% of ALSC housing complaint clients. Conversely, nearly half of Anchorage adults are married, but less than 20% of ALSC's clients were married. Three-quarters of ALSC's housing complaint clients were in the 25 to 59 age group. One of the most significant demographic differences within housing complaints was the gender of

their clients. Although Anchorage's adult population is equally divided by gender, females represented 62% of ALSC's housing-complaint cases. About 50% of their housing clients had no children, which closely matches the citywide trend. Another area of significant difference was related to disabilities. Overall, in Anchorage, 13% of adults have a disability, but one-third of ALSC housing complaint cases were persons with disabilities. This reflects the national trend that shows a strong need for fair housing among people with disabilities.

As noted earlier, ALSC was recently awarded a HUD grant to significantly expand its fair housing efforts. The program began in January 2015 and ALSC has hired a Fair Housing Enforcement Project Director. Their fair housing program will work to eliminate illegal housing discrimination and promote equal access to housing by providing education, outreach, technical assistance, and enforcement opportunities specifically related to federal, state, and local fair housing laws. The project director will manage day-to-day enforcement program activities and develop, coordinate and lead the agency's testing program and other investigatory activities. Duties and responsibilities include: development and implementation of enforcement strategies, including litigation; coordinate and document program enforcement activities; participate in development and implementation of education, outreach and testing strategies and materials; and collaboration with community partners.

**Marital Status of ALSC Housing Cases & Adult Population**

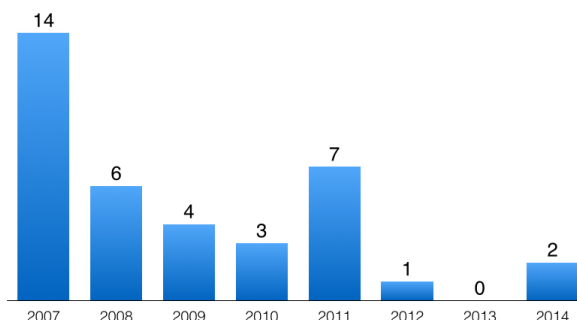


## HUD Related Complaints

### Complaint Statistics

At the beginning of this project, Susan Fison filed a Freedom of Information Act (FOIA) request with HUD's Seattle Office to get historical data on Anchorage fair-housing complaints filed with HUD. Forty fair housing complaints were filed between 2007 and September 2014. In 2007, 14 complaints were filed, but only three have been filed in the last three years.

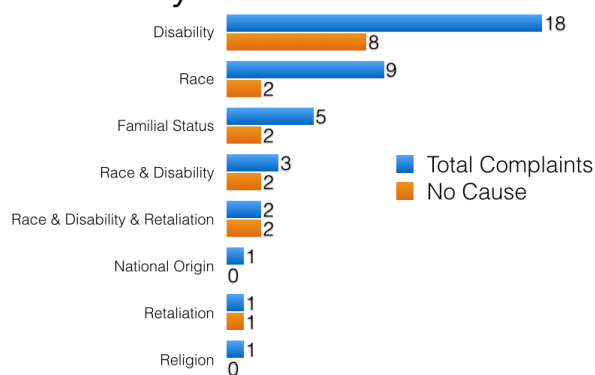
Anchorage HUD Complaints  
2007-2014



Sources: Compiled by Susan Fison from data provided by U.S. Department of Housing & Urban Development.

Consistent with the national fair-housing complaints filed with the National Fair Housing Alliance, more than half of the complaints filed with HUD involved a disability and 25% involved race. Five of the cases filed had more than one basis, but four of these cases were dismissed for no cause. Familial status, which occurred in five cases, was the third most common basis for filing a complaint.

Anchorage HUD Complaints Filed  
By Basis 2007-2014\*



Sources: Compiled by Susan Fison from data provided by U.S. Department of Housing & Urban Development.  
\*January to September 2014 only.

Forty-three percent of the HUD cases were dismissed for no cause, 15% were closed administratively, 18% were conciliated, 13% were withdrawn with resolution, and 13% are still open.

### HUD Fair Housing Complaint Filed Against Municipality in 2014.

In May 2014, the Municipality received a letter from the Assistant Secretary for the Fair Housing Enforcement Office (FHEO) in the Seattle Region X office of the U.S. Department of Housing and Urban Development that they had received a "formal complaint alleging that you have engaged in one or more discriminatory housing practices under the Federal Fair Housing Law 42 U.S.C. Sections 3601-3619." A copy of the complaint was enclosed. HUD further noted that it was its responsibility under the law to undertake an impartial

investigation and, at the same time, encourage all sides to reach an agreement through conciliation where appropriate.

The HUD complaint noted that in April 2014 it had initiated a review of the Municipality's land use regulations related to the Americans with Disabilities Act and on May 5, HUD filed a Complaint against the Municipality:

*alleging violations of the Fair Housing Act (the "Act") in the Municipality's land use regulations. Specifically, the Assistant Secretary alleged the Municipality violated Sections 804(f)(1) and 804(f)(2) of the Act by discriminating against persons with disabilities. Alleged violations included: the exclusion of group homes for disabled persons from residential districts where other similar residential uses are allowed, restrictions based on particular disabilities (alcoholism), and spacing and procedural requirements (including conditional use permits and administrative variances) imposed upon group homes for persons with disabilities that are not imposed on similar residences for persons who are not disabled.*

As part of a proposed conciliation agreement, which is a voluntary, non-binding process to achieve resolution, HUD proposed the following:

*Within 180 days of the effective date of this Agreement, the Municipality shall amend or modify the relevant and necessary provisions within the Anchorage Municipal Code to allow for assisted living facilities housing 10 or fewer residents to be permitted by right (without the need for an administrative variance) in all zoning districts where "small" (as defined in the "new" code effective January 1, 2014, Anchorage Municipal Code Chapter 21.05.030(B)(1)(a)) assisted living facilities are currently permitted.*

*Within 180 days of the effective date of this Agreement, the Municipality shall establish formal policies and procedures to allow for permit applicants for assisted living facilities housing greater than 10 residents to obtain a land use permit via a disability-related reasonable accommodation request process in lieu of applying for a conditional use permit in those zoning districts where conditional use permits are currently required, if such an accommodation may be necessary to afford disabled residents equal opportunity to use and enjoy a dwelling, and if the accommodation would not impose an undue hardship on the Municipality. The Municipality shall not charge a fee for processing reasonable accommodation requests.*

*All costs and expenses associated with any amendments to or modifications of the Anchorage Municipal Code shall be borne by the Municipality.*

The complaint went on to request that the Municipal make the same changes in its code related to "habilitative care facilities".

HUD also requested that the Municipality grant full refunds to applicants who submitted administrative variance or conditional use permit requests on or after January 1, 2012 for

assisted living or habilitative care facilities. The complaint specifically mentioned three assisted-living homes that should be issued refunds.

HUD granted the Municipality more time to respond and in October 2014, the Anchorage Municipal Attorney's office noted that some aspects of the proposed agreement needed to be changed. First, the Anchorage Assembly had adopted an ordinance to delay the implementation the new Title 21 and the expiration of the "old" Title 21 Land Use Code until December 31, 2015. Thus, HUD would need to require that changes be made to both the old and new versions of the code.

Further, the municipal attorney questioned the basis for the proposed changes in the size of small residential facilities and noted:

*We understand that many other jurisdictions allow only smaller-sized facilities (i.e. less than 10 persons) by right in residential districts. It is difficult for the Municipality to accept the proposal without being able to explain the basis to regulators, developers, and other residents or to establish that it is consistent with national standards.*

*Similarly, the Municipality disagrees that it needs to eliminate all conditional use permits for the assisted living and habilitative care uses in residential districts, as HUD's proposal seems to suggest.*

*See Oxford house, Inc. v. City Virginia Va., E.D.Ca.1993) (affirming Municipal interest in regulating traffic, population density and services). We believe that the Municipality should be able to continue with a conditional use permit so long as it complies with its obligation to provide reasonable accommodation.*

*If HUD is able to provide legal authority for these recommendations and/or any sample codes from other jurisdictions, the Municipality would certainly be willing to reconsider its position. Absent any such information, and in view of the concerns with these recommendations, the Municipality proposes instead that it retain an expert to review the existing regulations in the Municipal Code concerning assisted living and habilitative care, advise the Municipality as to best practices and national standards for group and supportive housing, and make recommendations concerning any changes that are needed in these regulations to ensure compliance with the FHA. Following their recommendation, the Municipality agrees to bring those changes before the Assembly.*

*The Municipality is open to discussion as to criteria for hiring an expert. However, the Municipality must comply with its purchasing code. Accordingly, the Municipality cannot agree to retention of an expert subject to approval by HUD. However, the Municipality can agree to issue a Request for Proposal that incorporates certain qualifications for an expert or describes a scope of work that HUD agrees to. Further, the Municipality is open to discussion about the appropriate time frames for retaining*



*the expert, receiving their recommendation and implementing any recommended changes.*

The letter also requested that any decision about refunds should be contingent on the results of the expert review proposed.

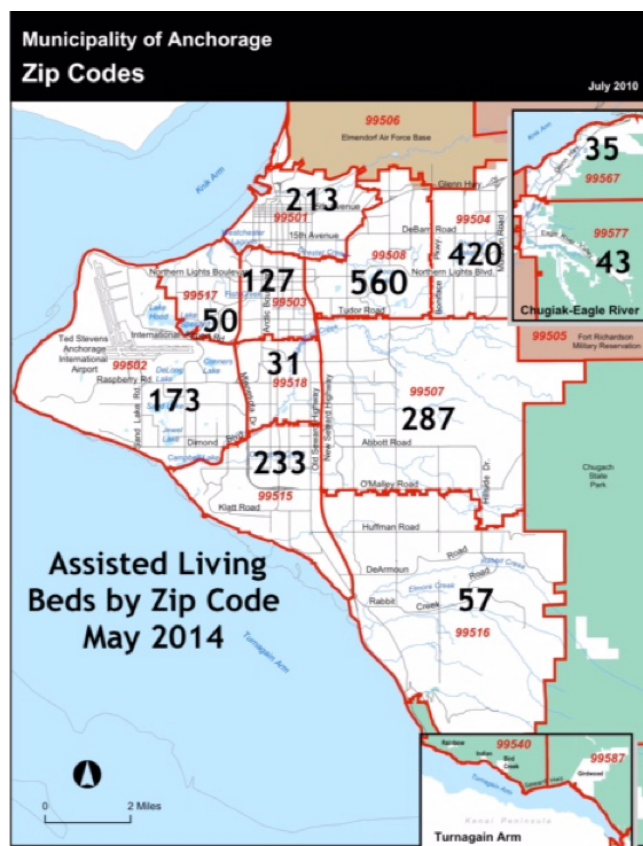
## Assisted Living & Habilitative Care Homes

Given the seriousness of the HUD complaint regarding assisted-living homes, this section reviews existing data on those homes.

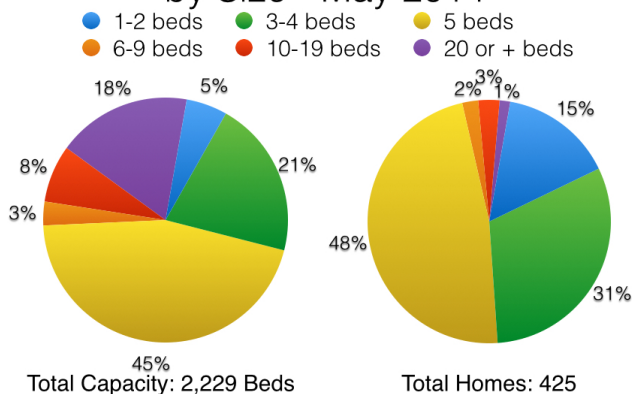
### Location of Assisted Living Homes

Most Anchorage assisted-living homes are located in single-family residences. They are scattered throughout the community and are less numerous in the more rural and remote parts of the Municipality. None are located in the Turnagain Arm/Girdwood area.

The map above shows the number of assisted-living facilities in each zip code. The largest number of assisted-living homes is located in the 99508 zip code. This zip code includes Census Tract 6 (Mountain View), which has a high concentration of minorities and high poverty. There was initially a concern that many of the assisted-living homes might be concentrated in this neighborhood. However, only a few of the homes were in Mountain View. The 99508 zip code includes a large number of single-family homes that are in close proximity to major medical facilities. This appears to explain



### Anchorage Assisted Living Homes by Size - May 2014



Sources: Compiled by Susan Fison from data provided by Alaska Housing Finance Corporation. These facilities are for adults age 18 and older who have a physical disability, are elderly, who suffer from dementia, have a developmental or mental health disability.

the concentration.

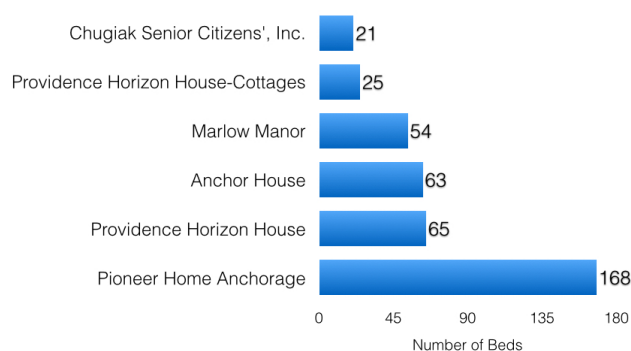
### Size of Assisted Living Homes

As of May 2014, Anchorage had 425 of the more than 600 assisted-living homes in Alaska. However, only 6% of the assisted-living homes in Anchorage have more than five beds. This is partly because homes with up to five beds are allowed in all residential zones, and partly because much more significant fire code regulations are required for larger facilities.

Anchorage homes contained 2,229 of the nearly 3,700 assisted-living beds in the state, or 60% of the total. In Anchorage, 71% of the beds are located in homes with five or fewer beds.

There are only six assisted-living facilities in Anchorage with 20 beds or more. The largest of these is the Pioneer Home. Most of the other large assisted-living homes in Alaska area administered by the Division of Alaska Pioneer Homes. Homes Involved in the HUD's Proposed Conciliation Agreement

### Anchorage Assisted Living Facilities with 20 or More Beds - May 2014



Sources: Compiled by Susan Fison from data provided by Alaska Housing Finance Corporation. These facilities are for adults age 18 and older who have a physical disability, are elderly, who suffer from dementia, have a developmental or mental health disability.

### Assisted living homes included in HUD Fair Housing Complaint

Since HUD's proposed conciliation agreement identified three assisted-living homes that had used the administrative variance process to get approval for increasing the size of their facilities to more than five beds, the case files for each of these properties were reviewed.

These three homes applied to the Municipal Planning Department for an administrative variance to have the number of their beds increased from five beds to seven in one home and to eight in the other two. Some information about each of these properties is included in the summary on the next page. The applications for an administrative variance to make a reasonable accommodate that were mentioned in the HUD complaint were approved by an administrative variance. However, a local resident appealed one of the approvals to the Municipal Zoning Board of Examiners and Appeals (ZBEA) and the administrative variance was overturned.

Two of the cases involved modestly priced homes built about 1970 in northeast Anchorage neighborhoods near the U-Med District. Both had been operating as assisted-living homes before the requested increase. The home that requested an increase from five beds to

seven received one comment in favor and one opposed. The other home that was requesting an increase to eight beds received no comments in favor and eight opposed.

## Assisted Living Homes in HUD Proposal



*Bryn Mawr Court  
Increase to 7 beds  
Zoning: R1  
Lot: 14,200 Building: 2,200  
Bedrooms: 4 Baths: 2  
Year Built: 1969  
Assessed Value: \$323,300  
Census Tract: 16.02  
Median Income: \$77,619  
Minorities: 37%  
Letters/Comments For: 1  
Letters/Comments Against: 1*



*Checkmate Drive  
Increase to 8 beds  
Zoning: R1A  
Lot: 9,458 Building: 3,216  
Bedrooms: 6 Baths: 2.5  
Year Built: 1972  
Assessed Value \$355,100  
Census Tract 16.02  
Median Income: \$ 77,619  
Minorities: 37%  
Letters/Comments For: 0  
Letters/Comments Against: 8*



*Cormorant Cove Circle  
Increase to 8 beds  
Zoning: R1ASL  
Lot: 15,478 Building: 5,198  
Bedrooms: 5 Baths: 4  
Year Built: 2001  
Assessed Value: \$698,500  
Census Tract 28.12  
Median Income: \$132,447  
Minorities: 14%  
Letters/Comments for: 3  
Letters/Comments Against: 47  
Abbott Loop CC Against 79/1*

*Sources: Compiled by Susan Fison based on homes identified in HUD's proposed conciliation agreement with the Municipality, MOA Property Appraisal Records, 2008-2012 ACS Census data, MOA Planning Department case files. Photos were acquired via street views from Google maps.*

The proposed conversion of a relatively new \$700,000 home in a south Anchorage Hillside neighborhood into an assisted-living home with eight residents generated massive neighborhood opposition. The issue drew a large crowd at the Abbott Loop Community Council and the vote to oppose the facility was 79 to one. In addition, the city received 50 letters and Internet comments on the proposal. Three of the comments were favorable to the proposal and 47 were opposed. The Municipal Zoning Board of Examiners and Appeals (ZBEA) overturned the administrative variance for this applicant. The owner did not appeal.

The HUD complaint references the differences between how assisted living homes are permitted in the old and new Title 21 codes. These are summarized in the table on the next page. The HUD proposal of allowing ten residents as a by-right use is higher than for most other jurisdictions.

The HUD complaint also addresses the issue of habilitative-care facilities. The new Title 21 code gives the following definition of habilitative care:

## Title 21 & Assisted Living

Old Title 21	New Title 21
<ul style="list-style-type: none"> <li>• <b>Small (5 or less residents)</b> permitted in R-1, R-1A, R-2A, R-2D, R-6, R-7, R-8, R-9, R-10, R-11, B-1A, B-1B</li> <li>• <b>Up to 8 residents</b> permitted as a "reasonable accommodation" in R-1, R-1A, R-2A, R-2D</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Small (3-5 residents)</b> permitted by right in all residential zones &amp; RO; homes can have up to 8 residents in all these zones except R-2, R-1A, R-2A and R-2D</li> </ul>
<ul style="list-style-type: none"> <li>• Residential care facilities of <b>any size</b> permitted in R2M, R3, R4, R5, RO</li> </ul>	<ul style="list-style-type: none"> <li>• <b>6-8 residents</b> permitted by right in R-2M, R-3, R-4, R-4A, R-5, R-6, R-7, R-8, R-9, R10 &amp; RO.</li> <li>• An administrative variance is required in R-1, R-1A, R-2A, and R-2D zones.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Large (9 or + residents)</b> residential care facilities permitted by conditional use in R-1, R-1A, R-2A, R-2D, R-6, R-7, R-11, B-1B,</li> <li>• <b>Large</b> residential care facilities permitted in PLI, B-2A, B-2B, B-2C, B-3, B-4</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Large (9 or + residents)</b> permitted in R2M, R3, R4, R4A, R5, B3 &amp; RO</li> <li>• <b>Large</b> permitted by Conditional use in R1, R1A, R2A, R2D, R6, R7, B1B &amp; PLI</li> </ul>

Sources: Compiled by Susan Fison from existing Municipality of Anchorage Title 21 Land Use Code and new Title 21. Assisted Living: "A facility that provides housing and ancillary care services on a residential basis to three or more adults, and adolescents in appropriate cases as allowed by exception."

*Habilitative care facility. Definition. A residential facility, other than a correctional center or transitional living facility, the principal use or goal of which is to serve as a place for persons seeking rehabilitation or recovery from any physical, mental, or emotional infirmity, or any combination thereof, in a family setting as part of a group rehabilitation and/or recovery program utilizing counseling, self-help, or other treatment or assistance, including, but not limited to, substance abuse rehabilitation. Such care for persons age 18 and under, who are under the jurisdiction of the state division of juvenile justice, shall be considered habilitative care, and not a correctional community residential center.*

*Use-specific standard. A small habilitative care facility shall provide housing for no more than six residents, including any support staff living at the facility. A medium habilitative care facility shall provide housing for seven to 25 residents, including any support staff living at the facility. A large habilitative care facility shall provide housing for 26 or more residents, including any support staff living at the facility.*

The New Title 21 code increases the ease with which habilitative-care facilities can be located in residential neighborhoods. Currently all these facilities must go through a conditional-use process, but in the new Title 21 code (see below) they are permitted in most zones. However, HUD is requesting an even greater change relative to habilitative care. Its proposed reconciliation agreement asks the Municipality to change its code for habilitative care to allow up to 10 residents in all zones except R8, R9 and R10. In addition HUD is asking that the Municipality:

*shall establish formal policies and procedures to allow for permit applicants for habilitative care facilities housing great than 10 resident to obtain a land use permit*



*via a reasonable accommodation request process in lieu of applying for a conditional use permit in those zoning districts where conditional use permits are currently required, if such an accommodation may be necessary to afford disabled residents equal opportunity to use and enjoy a dwelling.*

This would apply to facilities in R3, R4, R4A, B1B, B3, RO and PLI.

Although most assisted-living and habilitative-care facilities are relatively small, they all require a complex network of government approvals. The Municipality of Anchorage's involvement is related primarily to zoning, building codes and fire safety. Building and fire codes are the main reason that most homes have only five residents. Homes with more than five residents must be equipped with sprinklers. However, the Municipality is adopting a new fire code in 2015 that will required all assisted-living facilities with three or more residents to be equipped with sprinklers

## Title 21 & Habilitative Care

Old Title 21	New Title 21
	<ul style="list-style-type: none"> <li>Small (Up to 6 residents) permitted in all residential zones except R8, R9 &amp; R10;</li> <li>Small (Up to 6 residents) permitted by in B1B, B3, RO &amp; PLI</li> </ul>
	<ul style="list-style-type: none"> <li>Medium (7-25 residents) permitted by Conditional Use in all residential zones except R8, R9 &amp; R10;</li> <li>Medium permitted by Conditional Use in B1B, B3, RO &amp; PLI</li> </ul>
<ul style="list-style-type: none"> <li>Permitted in PLI</li> <li>Permitted by Conditional Use in R1, R1A, R2A, R2M, R3, R4, R5, R6, R7, RO, B1B, B2A, B2B, B2C, B3</li> </ul>	<ul style="list-style-type: none"> <li>Large (26+ residents) permitted by Conditional Use in R3, R4, R4A, B1B, B3, RO and PLI</li> </ul>

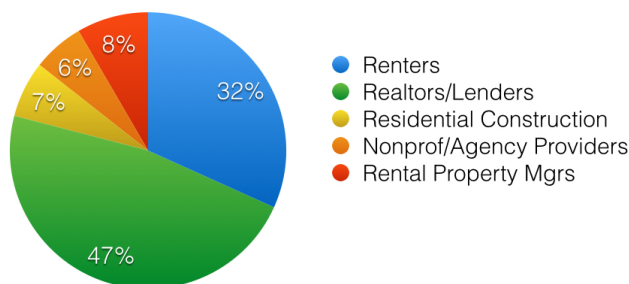
*Sources: Compiled by Susan Fison from existing Municipality of Anchorage Title 21 Land Use Code and new Title 21. Habilitative Care: "A residential facility, other than a correctional center or transitional living facility, the principal use or goal of which is to serve as a place for persons seeking rehabilitation or recovery from any physical, mental, or emotional infirmity, or any combination thereof, in a family setting as part of a group rehabilitation and/or recovery program utilizing counseling, self-help, or other treatment or assistance, including, but not limited to, substance abuse rehabilitation."*

## AHFC 2010 Fair Housing Survey

In 2010, AHFC conducted a fair housing survey when updating its statewide analysis of fair housing impediments. Although the information is somewhat dated, it is still useful for our effort, and AHFC and the consultant who prepared the survey shared the detailed results with us.

The 2010 statewide survey included responses from 421 renters, Realtor/lenders, residential builders, nonprofit and agency housing providers and rental property managers. About 40% of the respondents were from Anchorage, and the following analysis only uses results from this group. Nearly half of the Anchorage responses were from Realtors and lenders.

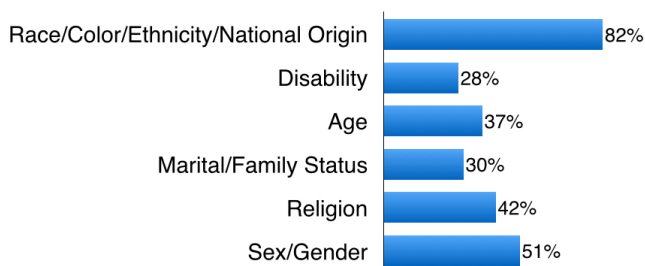
### Statewide AHFC Fair Housing Anchorage Survey Respondents - 2010



Sample Size: 167

Sources: Compiled by Susan Fison from data provided by Dittman Research. Note: Online survey is based on list provided by AHFC. All others are based on telephone surveys with lists provided by AHFC except renters who are based on a telephone survey of public-at-large screened for renters.

### What type of housing discrimination is illegal? - 2010 Anchorage Renters



Sources: Compiled by Susan Fison from data provided by Dittman Research. Based on a random telephone survey.

Less than a third of the responses were from Anchorage renters. They were selected at random as part of a telephone survey of Anchorage residents.

Renters were asked to identify the types of housing discrimination that was illegal. Not surprisingly, more than 80% identified race/color and/or national origin. The second-highest thing renters identified was sex/gender, but only half of

them realized that this was a basis for discrimination. However, most surprisingly the lowest response was for disability—only 28% of renters identified it as illegal discrimination. All of the social service providers said that discrimination based on race/color, ethnicity and/or national origin was illegal and 70% responded that it was illegal to discriminate on the basis of disability, age, marital/family status and religion. However, only 40% of the social services knew gender was a basis for discrimination.

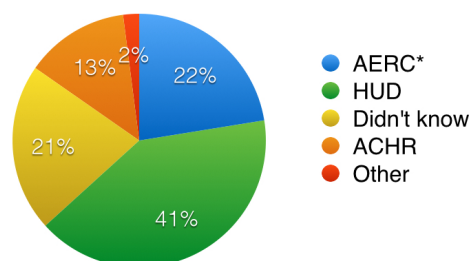


The survey also asked renters who they should contact with discrimination complaints. About 40% said they would contact HUD. More than 20% said they would contact the Anchorage Equal Rights Commission, but more than 20% didn't know who to contact.

One the most enlightening results of the survey was that 44% of social service providers either didn't have fair housing training or couldn't remember who provided the training. However, one-third said they had received training from HUD and more than 20% said they were trained by the State of Alaska.

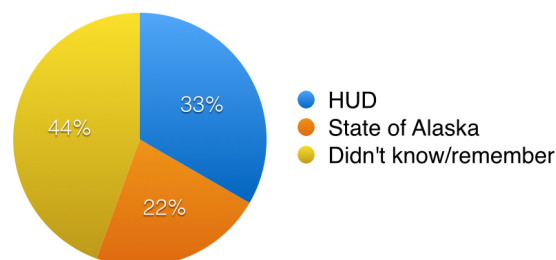
When asked whether fair -housing discrimination was a problem, the answers were remarkably different for the groups surveyed. Residential builders and non-profit providers saw fair housing discrimination as a significant problem, but the renters, Realtor/lenders and rental property managers did not. However, the sample sizes are small and the city should consider collaborating with AHFC on the next housing survey to ensure a larger sample size, particularly for renters.

### Who should someone contact if discriminated against? - Renters - 2010



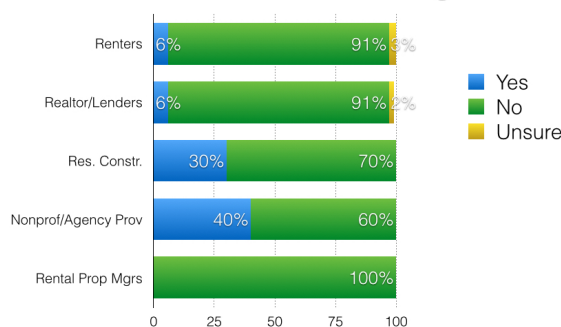
Sources: Compiled by Susan Fison from data provided by Dittman Research. Based on random telephone surveys of Anchorage renters. \*AERC=Anchorage Equal Rights Commission, ACHR=Alaska Commission on Human Rights.

### Social Service Providers - What training have you received on Fair Housing laws?



Sources: Compiled by Susan Fison from data provided by Dittman Research. Based on telephone surveys of Anchorage social service providers with list provided by AHFC.

### Fair Housing Problems or Discrimination in Anchorage? - 2010



Sources: Compiled by Susan Fison from data provided by Dittman Research. Note: Online survey is based on list provided by AHFC. All others are based on telephone surveys with lists provided by AHFC except renters who are based on a telephone survey of public-at-large screened for renters.

# Fair Housing, Real Estate & Lending

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## Real estate professionals and fair housing

### State regulations

The Alaska Real Estate Commission is responsible for overseeing the licensing of real estate professionals and the enforcement of real estate regulations. The commission is composed of seven members, five must be real estate brokers or associate brokers who have been licensed in Alaska for at least three years before appointment, and the other two are members from the general public. All are appointed by the Governor. Staff support for the commission is provided by the Alaska Department of Commerce, Community, and Economic Development, Division of Corporations, Business and Professional Licensing. Three Alaska statutes govern the real estate professional requirements related to fair housing:

*12 AAC 64.063. Minimum Education Requirements For Licensure. . . (7) Alaska real estate license law and Alaska landlord tenant law-six contact hours; and (8) federal fair housing and Real Estate Settlement Procedures Act (RESPA) a consumer protection statute two contact hours.*

*12 AAC 64.064. Education Requirements After Initial License. . . (B) the importance of regulation and statute changes, fair housing and diversity issues, employment contracts with licensees, how to handle complaints, risk management and legal liability, and errors and omissions insurance;*

*12 AAC 64.130. Grounds for Revocation or Suspension. The following acts, in addition to those specified elsewhere in this chapter, are grounds for revocation or suspension of a license: . . . (19) being found guilty of violating local, state, or federal fair housing laws.*

### Racial Steering

The primary fair-housing issue related to real estate professionals involves discriminatory steering as to race, color and/or ethnicity. Racial steering is defined as:

*“the practice in which real estate brokers guide prospective home buyers towards or away from certain neighborhoods based on their race. Racial steering is often divided into two broad classes of conduct:*

- *Advising customers to purchase homes in particular neighborhoods on the basis of race*

- *Failing, on the basis of race, to show, or to inform buyers of homes that meet their specifications.”*

Before the enactment of federal fair housing legislation, racial steering for both rental and home purchases was relatively common in many parts of the country. In some cases, real estate licensees refused to show minorities rentals and homes in white neighborhoods. Typically, minority renters and potential homeowners would only be shown units in neighborhoods where most of the residents were minorities. If potential minority buyers asked about a home they had seen in a white neighborhood, they might be told that the home was no longer available. One of the results of these practices is that, even today, in some parts of the Lower 48, there are enclaves of white-only census tracts.

Owners and managers of several Anchorage real estate firms said guiding their employees to avoid steering is emphasized in their fair-housing training. One owner noted: “We tell our real estate licensees that it is their job to match buyers to the features of available properties, not to the racial (or other) composition of the neighborhood.” The owner said real estate licensees are strongly advised NOT to tell potential buyers to choose or avoid certain neighborhoods because of crime rates, school test scores, percentage of minorities etc. If potential buyers ask these questions, real estate licensees are trained to tell them that they need to get such information from existing data sources such as the school district, police department or census data.

Another factor that has changed to potentially lessen steering is that today, the staff makeup of many Anchorage real estate firms is quite diverse. Clients have the option to choose a real estate licensee who is a racial or ethnic minority. This may be particularly important for clients with limited English proficiency. The larger Anchorage real estate firms have licensees who speak numerous languages common in the area.

In discussions of discriminatory steering with the heads of several real estate companies, they stated that most of the real estate “steering” is done by family and friends of people looking for housing who advise them to avoid certain neighborhoods with a reputation for high crime, lower school test scores and/or more minorities. On the other hand, some minorities, particularly immigrant populations, may wish to locate in neighborhoods where there are others who speak their language, plus grocery stores and restaurants that specialize in ethnic foods.

The real estate professionals also said they felt that discriminatory steering was not a major problem in Anchorage. They noted that the primary obstacle for buyers of all races is the ability to afford rentals and qualify for mortgages for homes in expensive areas. They strongly expressed that any racial or ethnic minority who could afford housing in a high-end neighborhood would encounter few, if any obstacles to renting or buying.

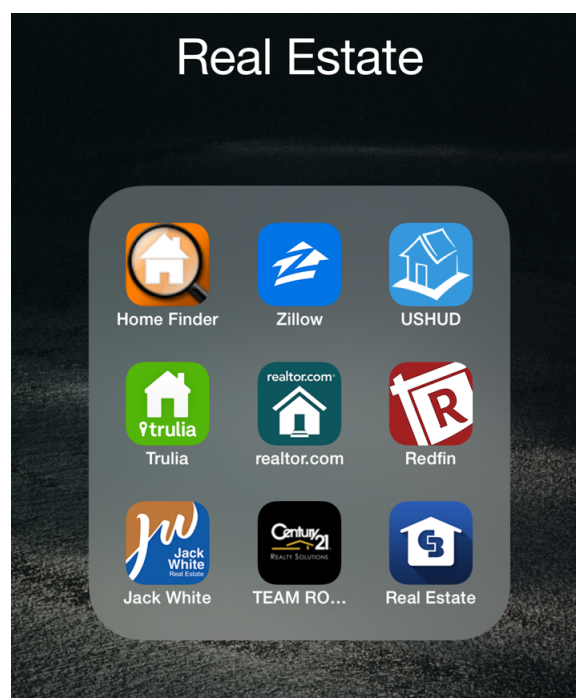
## Technology and real estate

When the Federal Fair Housing Law was enacted, most rentals and homes for sale were advertised using signs and/or newspaper ads. However, without the assistance of a real estate licensee, potential buyers had relatively limited information about those homes. Today, the National Association of Realtors estimates that 90% of all homebuyers and many renters research properties online.

Nearly all residential listings are easily accessible via Internet sites such as Realtor.com, Zillow.com and Redfin.com and their smartphone apps, which exhibit photographs, maps and other detailed information. Searches can easily be refined to meet criteria such as type of property, preferred areas, price, number of bedrooms or bathrooms and amenities such as garages. Dates and times for open houses are also typically published online.

Potential renters and buyers can easily gain access to additional information about properties on the Municipality's website: [www.muni.org](http://www.muni.org). Using the website's My Neighborhood feature, potential buyers can enter any address in the city and get property assessment and tax information, the census tract, community council, and election districts. My Neighborhood also has links to crime statistics, detailed information about schools, maps of school district boundaries and information about daycare, transit routes, parks, trails and community facilities near any address.

The census tract of a property can be found on the U.S. Census website, where potential renters and buyers can learn about the racial



makeup of the neighborhood, percentage of home owners vs. renters, income, average educational attainment, poverty rate, unemployment, age, gender, type of homes in area and family types. Using Google Maps, potential renters and buyers can look at the streetscape and nearby housing units. Through the Internet, they can also get information on average rental rates, home prices and mortgage interest rates.

Through online research, the average buyer usually has identified in advance areas or specific homes of interest. Real estate licensees often establish relationships with clients online or via phone before they meet so the licensees may have no idea if clients are members of any of the classes protected by the Federal Fair Housing Act.

## Mortgage lending & fair housing

### Regulatory framework

Community Reinvestment Act (CRA) ratings and Home Mortgage Disclosure Act (HMDA) data can be used to analyze fair lending practices. The CRA is part of the Housing and Community Development Act of 1977. It is designed to encourage commercial banks and savings associations to help meet the needs of borrowers in all segments of their communities to reduce discriminatory credit practices against low-income neighborhoods, a practice known as redlining. The act instructs federal regulatory agencies to encourage financial institutions to help meet the credit needs of communities in which they are chartered, consistent with safe and sound banking operations. CRA compliance can be a factor in approving applications for new bank branches, mergers or acquisitions.

The CRA evaluations take into account Home Mortgage Disclosure Act (HMDA) data when considering a CRA-regulated institution's performance. HMDA requires certain lenders to collect and publicly report data on the race, national origin, and sex of mortgage loan borrowers. Regulatory enforcement agencies use HMDA data to identify outliers (i.e. lenders who may have violated fair lending laws), and then focus their investigations and examinations accordingly. HMDA data can help detect discrimination in mortgage lending and can be used to identify disparities in the granting of loans, setting of interest rates and other terms among borrowers of different race, ethnicity, or gender, or the location of the property. Some of the differences may be related to things like poor credit ratings.

One significant limitation of the data is that the borrowers have the option of whether to provide information about their race and ethnicity. When taking an application in person, the lender can usually determine the race of the parties involved in a loan, and if it is not provided, most complete this information based upon visual observation or surname to meet the federal government-monitoring requirement. In some cases these types of loans

are done via the Internet and lenders will not know the information if potential borrowers have not given it.

One area that has gained more attention in recent years is high interest rates on subprime loans. HMDA data may highlight loans that need further scrutiny to determine if predatory lending is taking place. The data can also be used to determine optimum targets for public education and outreach. HMDA also reports information on loans used to purchase homes or to improve homes or refinance existing mortgages.

### **Anchorage Banks and Credit Unions**

The Municipality of Anchorage has four banks with a total of 35 branches and 56 ATMs. One limitation of the CRA data for the Anchorage market is that credit unions are exempt

Major Anchorage Banks & Credit Unions

Bank	Branches	Own ATMs
Wells Fargo	13	29
Key Bank	4	4
First National	10	12
Northrim	8	11
Alaska USA FCU	16	54
Credit Union 1	7	7
Denali Alaskan FCU	12	24

Sources: Bank and Credit Union websites and telephone calls.

from the requirements. This is particularly significant because in terms of assets, Alaska USA Federal Credit Union is the second largest financial institution in the state. Alaska USA has more branches and ATMs in Anchorage than any other bank or credit union. Anchorage also has two other large credit unions, Credit Union 1 and Denali Alaska FCU and two small credit unions. Anchorage has 48 credit union branches

with a network of 85 ATMs. (Note: Credit unions with very restricted membership such as the one for Alaska Airlines employees were not included in this analysis.)

Based upon the number of branches and ATMs located in the Municipality, Anchorage banks and credit unions provide excellent consumer coverage for residents, including those living in low- and moderate-income census tracts. For many years, Mountain View did not have a bank or credit union branch. The neighborhood has a high concentration of minorities and the highest poverty rate in Anchorage. However, the Anchorage Community Land Trust purchased land at the main intersection in Mountain View. In 2008, Credit Union 1 built a new branch on the site. Mountain View is also served by several ATMs.

### **Home Mortgage Disclosure Act (HMDA) Data**

Congress enacted the Home Mortgage Disclosure Act (HMDA) in 1975. It grew out of concern regarding the unavailability of credit in some urban neighborhoods that led to

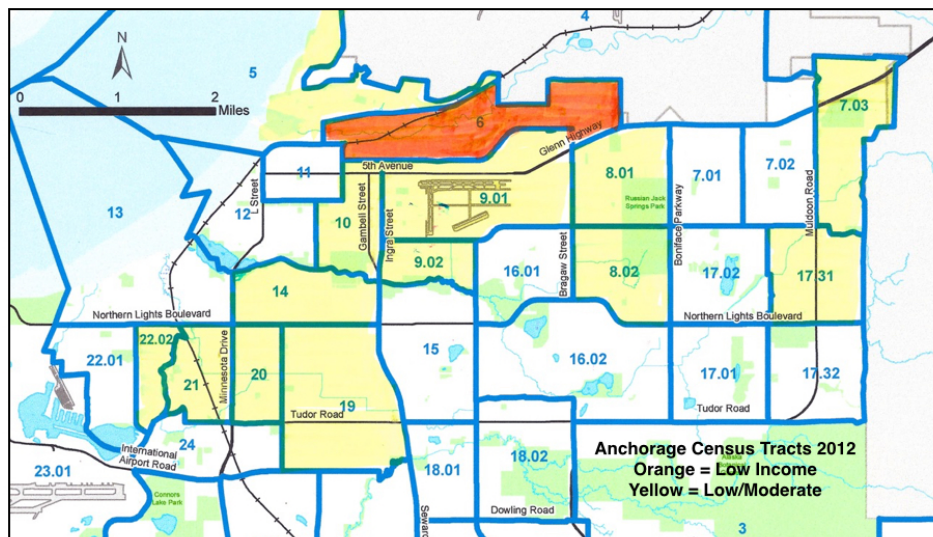


their decline. It requires lending institutions to report public loan data that can be used to assist:

- In determining whether financial institutions are serving the housing needs of their communities.
- Public officials to leverage public-sector investments by attracting investments from the private sector to areas where they are needed.
- Regulatory examiners and community groups to identify possible discriminatory lending patterns.

Banks, savings associations, credit unions, and other mortgage lending institutions are required to report their data. It is published on the Federal Financial Institution Examination Council (FFIEC) website. Using the loan data submitted by these financial institutions, the FFIEC creates aggregate tables for metropolitan areas and individual institutions. In Alaska, this data is only available for Anchorage and Fairbanks.

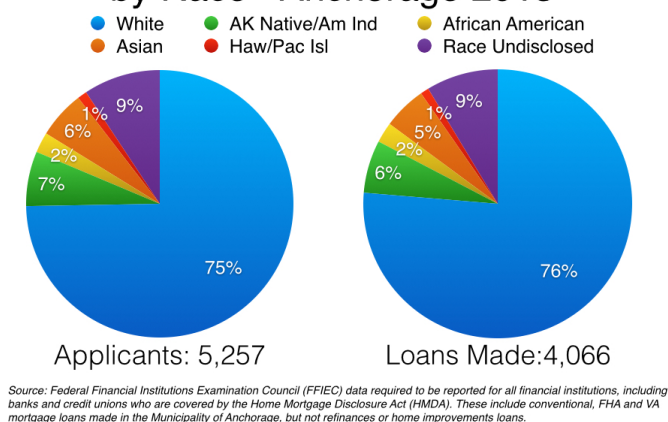
American Community Survey census data found that Census Tract 6 (Mountain View in orange on the map) was the only low-income tract in Anchorage. Mountain View also has



76% minorities. Excluding the military bases, the census also identified 15 low/moderate-income tracts (in yellow on the map) in Anchorage. Thirteen of these tracts had 50% or more minorities and two did not. Two other tracts with more than 50% minorities were middle-income areas.

HMDA data for the Municipality of Anchorage for 2013 were used for this analysis. This analysis looked at conventional, FHA and VA mortgage loans, but not at refinancing or remodeling loans. In 2013, more than 5,200 of these loans were made in Anchorage. This data includes loans made by local financial institutions as well as a growing number of Internet-based lenders. A significant problem with Internet loans is that the institutions making them do not meet the potential borrowers, so unless the applicants are willing to provide racial, ethnic and gender information, it will not be reported. As a result, the racial information is missing from about 9% of the loans. The pie graphs above compare the racial composition of applicants with that of loan recipients. There is almost no difference in the proportions of the two pies.

### Mortgage Loan Applications & Originations by Race - Anchorage 2013



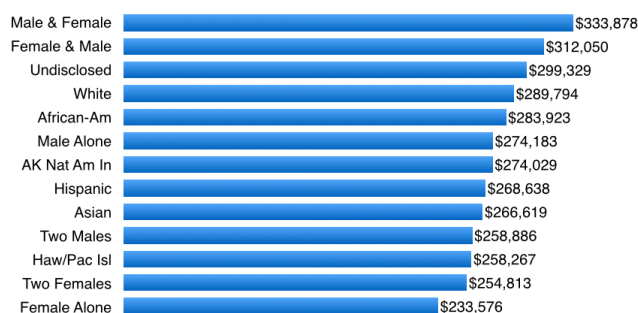
A comparison of whites vs. non-whites for those borrowers who disclosed their race shows that a slightly higher percentage of white applicants were successful in originating loans than were non-whites. While 79% of the loans to white applicants were originated, success rates for all racial groups were over 70%, with the exception of Native Hawaiians and Pacific Islanders, who originated loans 68% of the time. Loans were denied to 6% of white applicants and 10% of non-white applicants. About 8% of the white applicants and 6% of non-white applicants withdrew or did not complete their applications. Despite these differences, the data gap caused by those who did not disclose their race or ethnicity makes it difficult to draw conclusions.

### % Mortgage Loans Originated by Race, Hispanics, & Gender - Municipality of Anchorage - 2013



There were significant differences in the average values of conventional mortgage loans made to various borrowers. Loans to male-female couples averaged more than \$300,000. Native Hawaiian and Pacific Islanders were the only racial or ethnic groups where the average mortgage loan amount was below \$250,000.

### Average Mortgage Loan Amount by Race & Gender Municipality of Anchorage - 2013



Source: Federal Financial Institutions Examination Council (FFIEC) data required to be reported for all financial institutions, including banks and credit unions, that are covered by the Home Mortgage Disclosure Act (HMDA). Based on 3,103 originations for conventional, FHA, and VA mortgage loans, not refinances or remodeling loans.

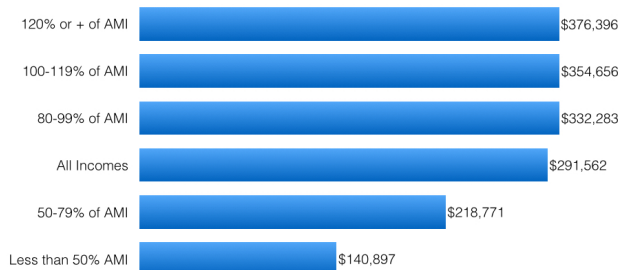
Male applicants who made a loan without a co-borrower had average loan amount of about \$274,000, which was 17% higher than the average female alone, who borrowed about \$233,000. This difference is consistent with income data that has found that the average female in Alaska earns 67% of what the average male earns.

The dollar amount of loans to both white and Hispanics were slightly higher than average. The average loan to those who did not disclose their race was nearly \$300,000.

Loans were also analyzed in

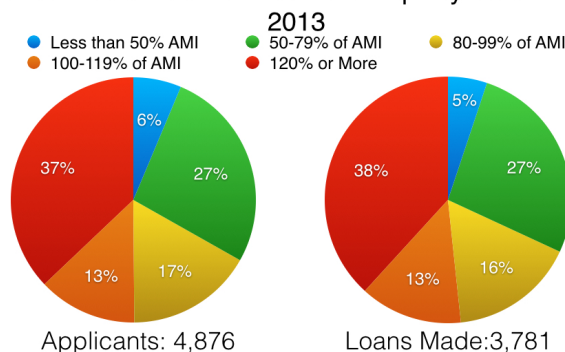
reference to the household income of the borrower. In 2013, the Area Median Income (AMI) for Anchorage was \$87,800. Very low-income households earn less than 50% of AMI, or less than \$43,900. The percentage of loans originated was 76 to 80% for all income groups except those earning less than 50% of AMI, where only 63% of the loans were originated. The rate of loan denials was 5 to 8% for all other

### Average \$Value of Mortgage Loans by Income of Borrower - Anchorage - 2013



Source: Federal Financial Institutions Examination Council (FFIEC) data required to be reported for all financial institutions, including banks and credit unions, that are covered by the Home Mortgage Disclosure Act (HMDA). In 2013, Area Median Income (AMI) for Anchorage was \$87,800. Based on 4,876 loans made in Municipality of Anchorage for which income information was disclosed.

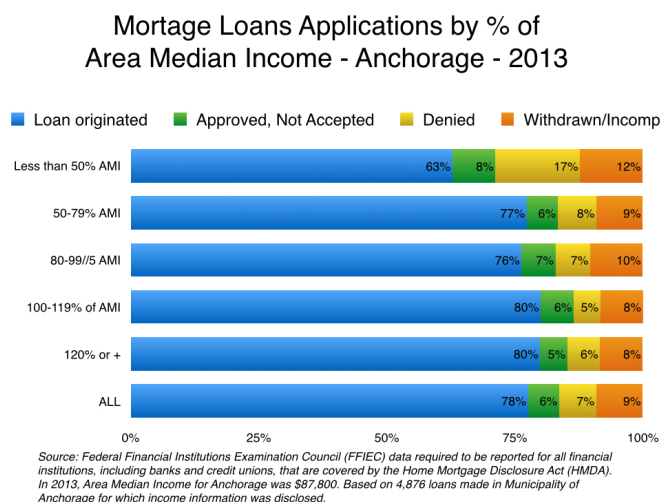
### Conventional Mortgage Loan Applications & Originations by % of Area Median Income - Municipality of Anchorage



Source: Federal Financial Institutions Examination Council (FFIEC) data required to be reported for all financial institutions, including banks and credit unions who are covered by the Home Mortgage Disclosure Act (HMDA). In 2013, Area Median Income (AMI) for Anchorage was \$87,800. Includes only loans for which income information was available.

income categories, but was 17% for this lowest income group. This group also had the largest percentage of loans (12%) that were either withdrawn or incomplete.

The average amount borrowed at different income levels was what would be expected since these loans are based on income and ability to repay. The average loan was more than \$291,000. Persons with incomes of 120% of Average Median Income (AMI) for Anchorage borrowed about \$376,000 while persons earning less than 50% of AMI borrowed an average of around \$141,000.



Thirty-eight percent of the loans were made to households earning 120% or more of AMI. Only 5% of the home mortgages went to households with incomes less than 50% of AMI. Most persons who have such low incomes are renters. However, loans were made to 27% of the borrowers who earned 50-79% of AMI.

### Community Reinvestment Act (CRA) Evaluations

Banks must submit information about mortgage loan applications documenting their community development activities. This assessment includes a review of records related to the following:

- Commitment to evaluating and servicing community credit needs;
- Offering and marketing various credit programs;
- Record of opening and closing of offices;
- Discrimination and other illegal credit practices

During recent exams, all of the evaluations for CRA-regulated banks located in Anchorage were rated satisfactory or excellent in all categories. These evaluations found “no evidence

## CRA Ratings of Anchorage Banks

Bank	Year	Lending	Investment	Service	Overall
Wells Fargo	2008	Outstanding	Outstanding	Outstanding	Outstanding
Key Bank	2011	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
First National	2011	Outstanding	Outstanding	Outstanding	Outstanding
Northrim	2011	Satisfactory	Satisfactory	Satisfactory	Satisfactory

*Sources: Comptroller of the Currency, Community Reinvestment Act Performance Evaluation Reports for Wells Fargo, Key Bank, and First National Bank of Alaska. The CRA report for Northrim Bank was prepared by the Federal Deposit Insurance Corporation.*

of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.” The information below gives more specifics on the most recent CRA performance evaluations for each bank:

### **First National Bank of Alaska**

First National’s current CRA Performance Evaluation was conducted in January 2014 and became public in June 2014. The bank’s CRA Rating was “outstanding” in all three performance tests: lending, investment and service. The report factors that supported this rating included:

- An excellent distribution of Home Mortgage Disclosure Act (HMDA) lending by geography and borrower income in the Anchorage Metropolitan Statistical Area (MSA).
- An adequate distribution of small loans to businesses by borrower income.
- An excellent level of community development lending responsive to the needs of the bank’s assessment area.
- An excellent level of community development investment.

FNBA’s branches are readily accessible to individuals of all income levels and geographic locations. Their range of services, products, and business hours do not vary in ways that inconvenience their customers, including low- and moderate-income (LMI) individuals. The report described “An excellent level of community development service.” The evaluation described First National’s home-purchase lending in Anchorage as “excellent.” It noted that the percentage of FNBA’s loans in low- and moderate-income census tracts exceeds the

demographics for those tracts. Furthermore, it stated that the bank's market share in these tracts exceeds its overall market share.

### ***Northrim Bank***

The Federal Deposit Insurance Corporation (FDIC) published a CRA Performance Evaluation for Northrim Bank in April 2011. The FDIC gave Northrim a CRA Rating of "satisfactory". The bank was rated "high satisfactory" in the performance tests for lending, investment and service. In reference to the bank's lending, the report noted that Northrim "exhibits a good record of serving the credit needs of the most economically disadvantaged areas and very small businesses, consistent with safe and sound banking practices." Concerning investment, the report noted that Northrim "exhibits good responsiveness to credit and community economic development needs". In the service test, the report noted that Northrim's branch locations, banking hours and alternative delivery system are accessible to all portions of its assessment areas, including those with low-incomes.

### ***Keybank***

In October 2011, the Comptroller of the Currency published a CRA Performance Evaluation for Keybank. The bank's overall CRA rating was "outstanding". With respect to the performance tests, KeyBank was rating "outstanding" for lending, "high satisfactory" for investment and "outstanding" for the service test. The report appendix summarized the bank's ratings for multistate metropolitan areas and states. Alaska KeyBank was rated "high satisfactory" for lending, "low satisfactory" for investment, "high satisfactory" for service and given an overall rating of "satisfactory".

Major factors that support the State of Alaska rating were primarily based on performance in the Anchorage area and include:

- Good Lending Test performance based on adequate lending activity, good geographic distribution, and adequate borrower distribution. In addition, community development lending has a positive impact on overall lending performance.
- Adequate investment performance considering limited opportunities for qualified investments in the assessment area. Positive consideration was given to the continuing impact that prior-period investments have in the assessment area.
- Good Service Test performance based on good branch distribution. The bank also provides an adequate level of community development services.

Keybank made mortgage loans in moderate- middle- and upper-income areas in Anchorage. They also made small business loans for all income areas in Anchorage.

### ***Wells Fargo***

Wells Fargo's most recent CRA performance evaluation was published in September 2008. The bank's overall performance tests were "outstanding" for the lending, investment and



service tests. Looking at Wells Fargo’s performance in Alaska alone, their overall CRA rating for the state was “outstanding”. Performance under the lending and investment tests was also “outstanding” and service was rated “high satisfactory”. The major factors that support the Alaska rating included:

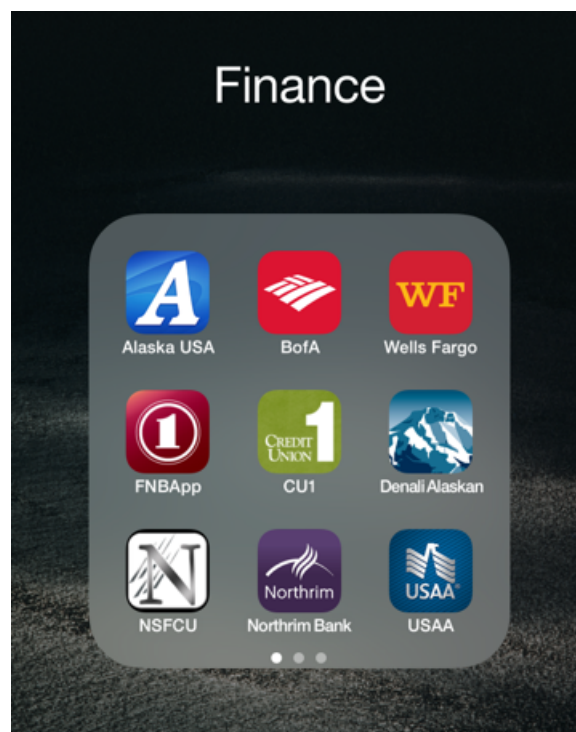
- Determining whether financial institutions are serving the housing needs of their communities. Lending levels that reflect excellent responsiveness by Wells Fargo to the credit needs of its assessment areas within the state;
- Overall, geographic distribution of loans is adequate in the Anchorage MSA and poor in the rural areas. However, its overall distribution of loans by borrower income in the two full-scope AAs is good;
- Community development lending had a significantly positive impact on lending performance within the state;
- Investment volume that reflects an excellent level of responsiveness to the needs of the state and
- Provision of services that shows good responsiveness to banking needs.

Wells Fargo made mortgage loans, home improvement loans and refinance loans in low-, moderate-, middle- and upper-income areas. Wells Fargo also made small business loans in low-income areas, and it made mortgage loans, home improvement loans and refinance loans to low-income borrowers. Wells Fargo was also a leader in providing community development services in Anchorage.

### Technology and Financial Services

Financial services are changing significantly due to the wide use of smart phones, tablets and computers. Internet access using these devices is the norm throughout Anchorage.

Those without access to a computer or the Internet can get it at no charge at libraries, community centers and through numerous social service providers. Increasingly, customers are doing financial transactions without going to a bank or credit union. Today most payroll checks and government transfer payments are deposited automatically. Debit and credit cards are used for most financial transactions. Cash can be withdrawn and checks deposited at convenient ATMS. Most financial institutions also offer mobile apps allowing customers to make payments, check their accounts and even make remote deposits by taking photographs of checks.



This automation also applies to the lending area. At most banks and credit unions, loan applications can be submitted online, where objective criteria are used to prequalify and qualify applicants. Unless applicants disclose their race, ethnicity or gender this cannot factor into the decision. In addition, online-only lenders and financial institutions that have no “brick and mortar” presence in Alaska are now making mortgage loans in Anchorage. Technology can play an important role in leveling the playing field for people of all races, ethnicities, genders and income levels to get access to financial services in a fair and equitable way.

## Conclusions

One of the indicators that real estate steering is not a major factor in the Anchorage market is that there are no “whites-only” census tracts in Anchorage. The Census Bureau’s 2008-2012 American Community Survey found that 37% of Anchorage’s people are minorities. It is also one of the most multi-cultural communities in America because no one minority group dominates. Anchorage has relatively equal percentages of African Americans, Alaska Natives, Asian/Pacific Islanders, multi-race and Hispanic residents. Nine of Anchorage’s 55 census tracts were 80% or more white, but only one had less than 10% minorities. The lowest percentage of minorities was in Census Tract 28.22, which had only 9% minorities. This is an upper hillside census tract with very expensive homes and an average family income of nearly \$167,000. However, even in this tract, there was a mix of white, African American, Alaska Native, Asian, Pacific Islander, Multi-Racial and Hispanic residents.

Based on the analysis of the available data and discussions with a wide variety of sources, it does not appear that either real-estate steering or discriminatory lending are major impediments to fair housing choice in Anchorage. However, this has not been verified by real estate testing. As noted elsewhere in this report, Alaska Legal Services Corporation received a HUD grant in November 2014 that will enable them to do testing in 2015 to help verify the extent to which real-estate steering or discriminatory lending are major issues for fair housing.

# Analysis of Impediments to Fair Housing

## Impediment 1. Lack of knowledge of the classes of people protected by fair housing laws.

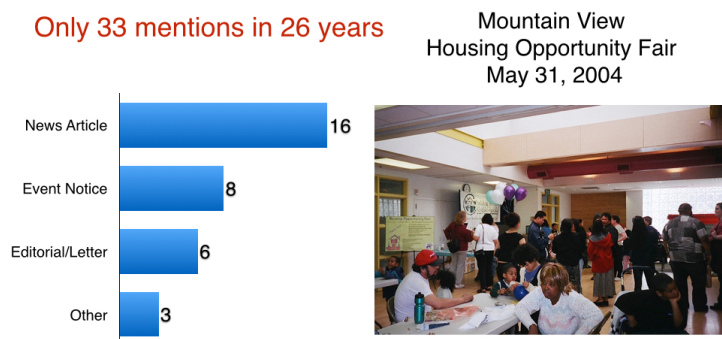
### Discussion

As the results of the 2010 AHFC survey showed, most people have heard of fair housing, but many members of protected classes and even employees of agencies providing services are often not fully informed about the law. In some cases, they are not able to identify all the groups that are covered. In addition, they do not always know where to turn for assistance to file a complaint if discrimination occurs.

A key word search of “fair housing” in the online back issues of Anchorage Daily News and the Alaska Dispatch revealed that in the 27 years since the Fair Housing Act became law, there were only 33 local articles which mentioned the topic.

### Mentions of “Fair Housing” in the Anchorage Daily News (1988-2014)

Only 33 mentions in 26 years



Fair Housing Month events were only reported in 2004 and 2006. These years were also the last time that fair-housing seminars and trainings were noticed in the newspaper.

HUD sent out a press release in October 2014, announcing that they had awarded the first-ever Fair Housing Initiatives Program (FHIP) grant in Alaska, to Alaska

Legal Services Corporation, but the only news coverage of it was an October 17, 2014 posting on the Alaska Business Monthly website.

In discussions with some housing providers, they noted that today most fair-housing training is done via online courses. While some of these are excellent, several people felt that the approach is not as thorough as “hands-on” training involving interaction between the instructor and participants.

## Recommendations

In 2015, the Municipality should make a major effort to increase the visibility of fair housing by doing the following:

- The Anchorage Equal Rights Commission and the Municipality of Anchorage Health and Humans Services Department should work closely with Alaska Housing Finance Corporation and Alaska Legal Services Corporation to increase the visibility of fair housing issues
- Distribute this report to Municipal officials, Assembly members, relevant government agencies, non-profit organizations and businesses involved in fair housing issues.
- Form a working group to review this Analysis of Impediments to Fair Housing that can set specific fair housing priorities and track their progress toward implementation.
- Develop a plan to celebrate and publicize Fair Housing Month in April 2015.
- Collaborate with Alaska Housing Finance Corporation on its next fair-housing survey to increase the sample size for Anchorage. It is recommended that staff review and possibly revise some of the questions in order to determine the best way to get responses from target groups. One option for increasing the sample size and keeping the cost low is to conduct online rather than telephone surveys. Online surveys could be more widely distributed as respondents could use computers, tablets and/or smartphones. This would also simplify data tabulation and analysis by eliminating the need for interviewers and data entry.

## **Impediment 2. Low awareness of available fair housing enforcement mechanisms, caused at least in part by the lack of fair housing advocacy organizations.**

### Discussion

In prior analyses of impediments to fair housing, the Municipality of Anchorage and the Alaska Housing Finance Corporation have identified awareness as a significant impediment. The lack of testing and the lack of either a FHIP, a FHAP or affiliate of the National Fair Housing Alliance have meant that no organization has focused on the fair housing issue and particularly on its enforcement. As discussed in the first part of this report, HUD complaints in Anchorage have fallen dramatically in recent years. Alaska Legal Service's new fair housing program could help determine why complaints have decreased.

### Recommendation

HUD's award of the first-ever FHIP grant in Alaska to the Alaska Legal Services Corporation (ALSC) will be a major step toward enforcing the Fair Housing Act. In a press release announcing the grant, HUD noted it was to:

*Help enforce the Fair Housing Act through investigations and testing of alleged discriminatory practices, and to help educate housing providers, local governments and potential victims of housing discrimination about their rights and responsibilities under the Fair Housing Act.*

ALSC intends to use the FHIP grant to undertake the following activities related to fair housing:

- Expand its fair housing enforcement program to initiate systematic testing of housing discrimination.
- Have more resources to assist victims of housing discrimination through intake, referral and advocacy.
- Have more resources to conduct investigations in response to individual complaints of housing discrimination.
- Provide referrals to agencies and private attorneys for administrative and judicial relief
- Provide education and outreach on fair housing issues to community members, landlords and social service providers on fair housing issues.

It is recommended that the Municipality be supportive of ALSC's FHIP grant through both the Anchorage Equal Rights Commission (AERC) and the Health and Human Services Department. The AERC provided a letter of support for FHIP grant application and has pledged to work with ALSC on fair-housing discrimination cases. AERC's investigator has provided fair housing training to ALSC staff. Its executive director plans to work with ALSC on cases. AERC could apply for a HUD grant to establish a Fair Housing Assistance Program (FHAP) within the Municipality. However, the AERC director has stated a desire to support the Alaska Legal Service's FHIP program to determine whether more resources are needed.

### **Impediment 3. Financial barriers and lack of accessible housing stock limit housing opportunities for persons with disabilities.**

#### **Discussion**

The Fair Housing Act requires that multifamily dwellings with four or more units designed and constructed for first occupancy on or after March 13, 1991 be handicapped-accessible. However, multi-story townhouses in non-elevator buildings that have individual exterior entrances are not required to be accessible. The MOA Building Safety Department said that multifamily projects are reviewed to determine whether the design meets accessibility requirements. Accessible units must meet seven design and construction requirements:

- An accessible building entrance on an accessible route

- Accessible common and public use areas.
- Interior and exterior doors wide enough to allow access for people in wheelchairs
- An accessible route into and through the dwelling unit
- Light switches, electrical outlets, thermostats and other environmental controls in accessible locations
- Reinforced walls in bathrooms for later installation of grab bars
- Kitchens and bathrooms that are maneuverable in a wheelchair

Since more than 85% of Anchorage's multi-family housing stock was built before 1990, these older units are not required to be handicapped-accessible. Many of the new multifamily housing units built in Anchorage are townhouse style, so they do not need to comply with the disability requirements. These factors have combined to create a shortage of housing to meet the needs of Anchorage's disabled residents.

Persons with disabilities accounted for the largest share of fair housing complaints in the nation as well as in Anchorage. Nearly 11% of Anchorage residents have disabilities.

### ***Housing for People with Disabilities***

Alaska Housing Finance Corporation, Cook Inlet Housing Authority, Neighborworks Anchorage, some smaller non-profit organizations and projects which involved Low Income Housing Tax Credit (LIHTC) have built most of the new fully accessible housing units in Anchorage. Three local organizations are playing a major role in helping to house people with disabilities. Access Alaska focuses on finding rental housing for clients, providing equipment to help them live independently and/or making modifications to make their housing accessible. Hope Community Resources and the Arc of Anchorage provide small, semi-permanent group homes rather than conventional rental housing. The housing-related work of these organizations is summarized below.

#### **Access Alaska**

Access Alaska is a private, non-profit organization that provides independent living services to people who experience a disability. Its mission is to encourage and promote the total integration of people with disabilities into the community and for Alaskan elders to live independently. Access Alaska assists and supports individuals with disabilities, helping them to avoid having to live in an institution. In FY 2014, Access Alaska served 373 clients. About two-thirds were existing clients and the rest were new.

Most Access Alaska clients either receive Social Security Income (SSI) for their disability or are in the process of applying for disability benefits. Due to disabilities, many clients are unable to work and some are homeless or living temporarily with friends and family. Most clients have very low incomes, and though income is not reported for some, about 90% have an annual income of less than \$20,000. Discussions with Access Alaska staff revealed that the primary problem for their clients related to housing is that they cannot afford to



rent homes or apartments. There are long waiting lists for subsidized units, and housing vouchers and accessible units are in short supply.

About two-thirds of Access Alaska clients are aged 25-59 and about a quarter are 60 years or older. Physical disabilities, at 27%, are the most common, with cognitive disabilities a close second at 24%. Twenty-one percent of the clients have more than one disability and 14% have mental health issues. About 8% have vision or hearing disabilities.

The services provided by Access Alaska include advocacy, peer support and counseling, information and referral, teaching of independent living skills, training, nursing home transition, personal care assistant service, youth transition, and brain injury case management.

The organization has a “loan closet” that provides assistive technology and adaptive equipment such as wheelchairs, transfer benches, magnifiers, hospital beds, commodes, walkers and grab bars to individuals with disabilities to increase their safety and independence in their homes and the community. More than 250 Alaskans use this service each year. Most lack the funds to purchase necessary equipment that it is not covered by their health insurance.

With funding from the Alaska Mental Health Trust Authority, Access Alaska makes an average of two dozen home modifications per year. The typical cost for these modifications is about \$10,000 to \$12,500 per client. Common modifications include building a ramp to allow wheelchair access, removing a bathtub and replacing it with a roll-in shower or walk-in bathtub, removing bathroom vanities so a wheelchair can fit underneath, and widening doorways. Some of these modifications are made for homeowners, but most are made to rental units. In a few cases, landlords request that these modifications be removed when the tenant moves out, but Access Alaska indicated that most landlords opt to keep the modifications because accessible units are scarce and keeping them makes units more desirable as rentals.

### **The Arc of Anchorage**

The Arc of Anchorage is a private, not-for-profit organization dedicated to serving children and adults who experience intellectual or developmental disabilities or mental health issues. The Arc offers behavioral health services to children and adults with a mental illness or severe emotional disturbance in combination with a developmental disability. The Arc assists individuals and families with care coordination so they can receive Medicaid waivers. The organization provides support that encourages independence and participation in the community and allows adults with developmental disabilities to live on their own, with roommates, and/or staff. The Arc encourages independence and participation in the community. The organization helps connect people with disabilities

with the resources they need. The Arc connects clients with training and helps them find jobs.

The Arc of Anchorage owns and operates 26 assisted-living homes for persons 18 and older. All of their homes have four or fewer residents. The Arc recently had a successful capital campaign to build five homes in five years and they do not plan to add more homes in the near term.

**Hope Community Resources, Inc.**

Hope Community Resources, Inc. (Hope) is a non-profit organization that provides support throughout the state to more than 1,400 families and individuals who experience disabilities. The people they serve range in age from infancy to the elderly. Clients have diverse ethnic backgrounds and mild to severe disabilities. Approximately 28% of Hope's clients are Alaska Natives. Keeping families together in the community of their choice is a major component of Hope's mission.

Hope operates 80 assisted-living homes in Anchorage. These homes typically house two to three clients. Many years ago, Hope had three homes with 10 clients in each facility, but found that smaller homes were better for clients, as they functioned well in residential settings and had good relationships with neighbors.

The organization said that larger facilities could create significant parking issues. Each home is assigned a van customized to accommodate wheel chairs. Staff members who work at the homes also have their own vehicles, and clients frequently have visitors. The organization limits its homes to five residents because with six or more clients, the homes must meet burdensome state quasi-institutional regulations.

The typical home operated by Hope has one bedroom/bath suite for the live-in individual or couple staffing the home. In a few cases, the staff members also have one or two children. A bedroom may also be allocated for a shift worker. Nearly all of the homes are on one level and each client has their own bedroom. Most homes are ranch-style because about half of the homes have a resident who uses a wheelchair. Some residents are able to walk, but cannot navigate stairs.

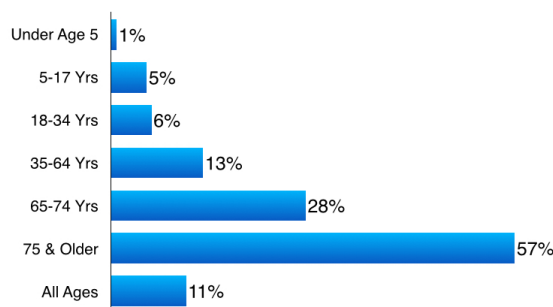
Hope Community Services notes that several decades ago, most children with significant cognitive or physical disabilities were institutionalized. Today, more than 75% of families opt to keep these children living in their own homes. Organizations including Hope, the Arc of Anchorage and Special Olympics, Inc. provide services to help make this possible. When children reach age 18, they are eligible to live in a group home setting.

There is a waiting list to get into their homes and Hope is trying to add about six homes each year. It takes about 90 days to purchase a home and get it renovated and equipped for

clients. An Alaska Housing Finance Corporation (AHFC) loan program targeted to assist with the purchase and operation of assisted-living homes has significantly helped with this effort. The interest rate and terms are better if the home has only one or two clients. All Hope homes are modified to be handicapped accessible. In addition, it is Hope's policy that all of their homes are equipped with sprinklers. The organization has chosen to buy homes and make the renovations because they found it was significantly less expensive than building new homes.

After decades of working with people with disabilities both Hope Community Resources and the Arc of Anchorage have observed that their clients function much better in small, semi-permanent group homes than in conventional rental housing. They found that it was often difficult to find suitable rentals and that moving clients could be very stressful and disruptive. Moves often required training clients to navigate in a new environment by learning new bus routes, where to shop, and how to access needed services.

### Age Ranges for Non-Institutionalized Anchorage Civilians with Disabilities



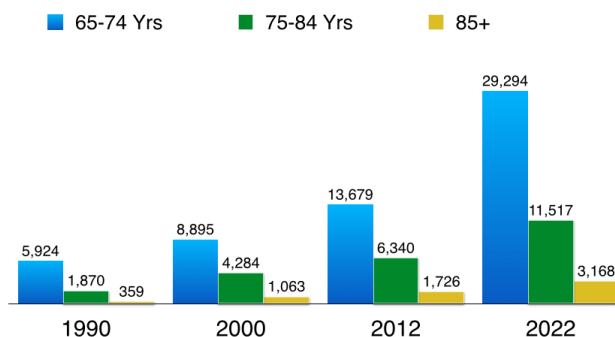
Source: U.S. Census Bureau, American Community Survey 5-year average 2008-2012.

### Seniors with Disabilities

The chart above shows that disabilities increase markedly with age. Although only about 6% of young adults have disabilities, the rate more than doubles for persons aged 35 to 64. More than one person in four aged 65 to 74 has a disability. For seniors 75 and older, 57% have a disability. Anchorage's 22,000 seniors constitute 7.7% of our population. By 2022, the community is projected to have nearly 44,000 seniors, including 11,500 who will be 75 to 84 and nearly 3,200 aged 85 or older.

Seniors are the fastest-growing age group in our population, so the disability issue looms large as a problem for us to address. Anchorage does not have enough senior housing units and is particularly short of ones fully

### Seniors (65 & Older)



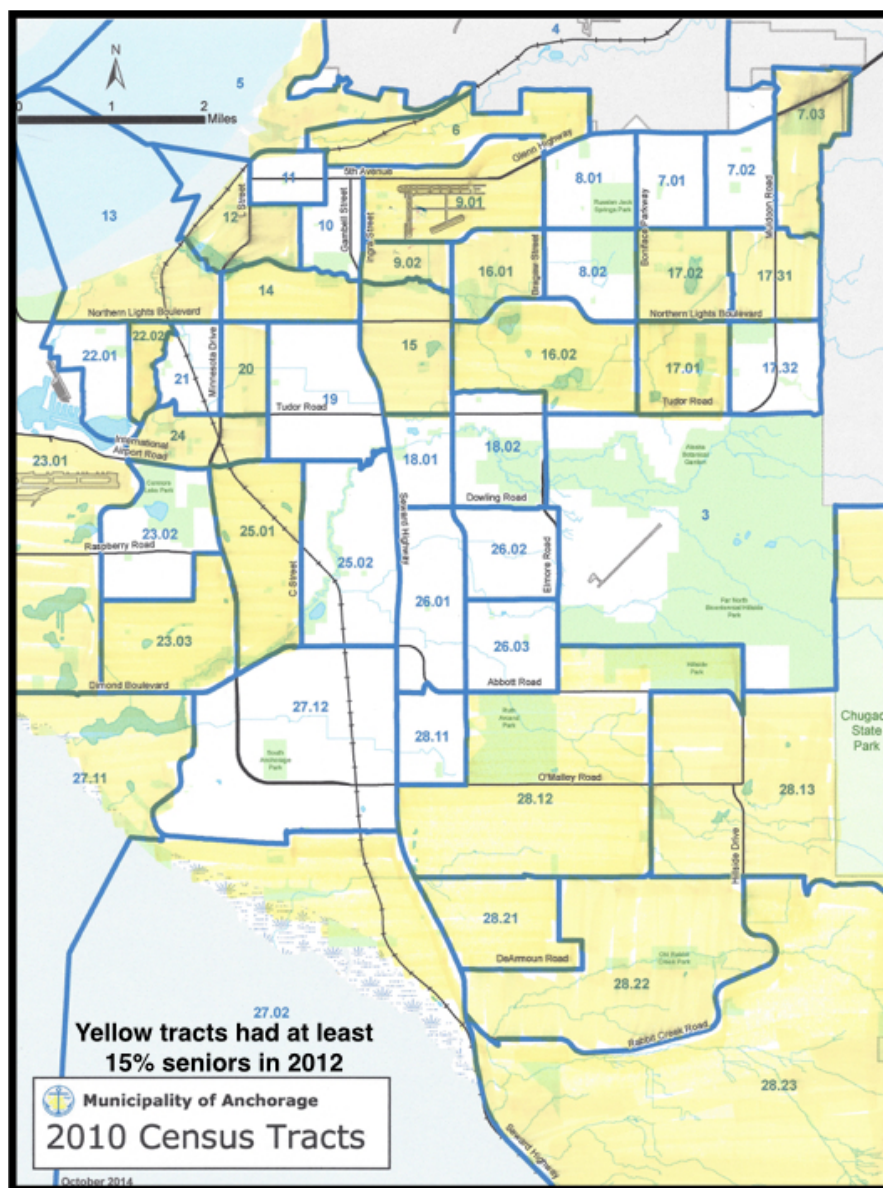
Source: U.S. Census and \*Alaska Department of Labor projection.

accessible for people with physical disabilities. There are not enough assisted-living units or nursing-home beds to accommodate the expected growth in the senior population.

As noted previously, Anchorage has only about 2,200 assisted-living beds and more than 70% of these are in small homes with five or fewer beds. Less than 400 assisted-living beds in Anchorage are in facilities with 20 or more beds. There are fewer than 250 beds in Anchorage for persons needing skilled nursing home services.

On average, 15% of Anchorage households include a senior. In five Anchorage census tracts 12 (South Addition), 5 (Government Hill), 9.02 (Airport Heights), 13 (Turnagain) and 15 (Rogers Park & Geneva Woods) at least a quarter of the households include a senior.

The map on the right shows the census tracts in Anchorage where 15% or more of the households include a senior. It illustrates that seniors are distributed throughout our community including in all of the less densely populated and higher-income census



tracts. Anchorage is not building enough housing units of any kind to meet the city's increasing demand. Most new housing units are multi-level, single-family homes and duplexes. They are not required to be handicapped- accessible and rarely are unless buyers specifically request and pay for the required features. Although multi-family housing stock

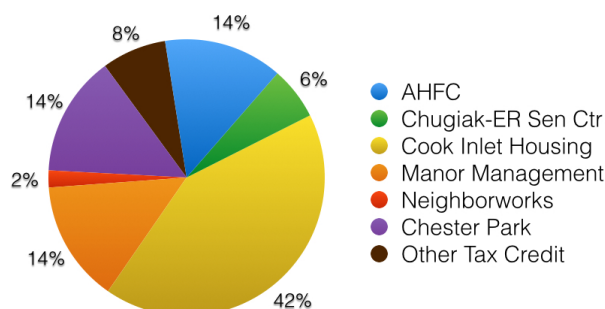
built for first occupancy after March 13, 1991, is required to include some accessible units, only a handful of new, market-rate, multi-family housing units of any kind are being built.

More than 85% of Anchorage's multi-family housing stock was built before 1990, and these older units are not required to be handicapped-accessible. All of the previous factors have combined to create a shortage of units that meet disability requirements.

This report could only identify 1,106 housing units in Anchorage that were developed specifically for seniors. As the pie graph below shows, AHFC, Cook Inlet Housing Authority or other non-profits

organizations operate most of them. Chester Park is the only private, market-rate senior housing development in Anchorage. More than half of the senior housing units are located in Northeast Anchorage, primarily in Muldoon. One-quarter of the senior units are located in Northwest Anchorage, 13% in South Anchorage and 11% in Eagle-River Chugiak.

Senior Housing Units by Operator - 2014



Total Capacity: 1,106 Units

Sources: Compiled by Susan Fison from data provided by Alaska Housing Finance Corporation. All these facilities are independent living. Manor Management is based in Portland, OR. The 142 units at Chester Park and 42 of the units at Chugiak-Eagle River Senior Center are available for seniors of all incomes. All the other units are reserved for low income tenants only.

## Recommendation

### **Fair Housing Accessibility First Training**

For the first time since 2004, HUD will be providing free Fair Housing Accessibility First Training in spring 2015 in Anchorage. The training is targeted to these groups:

- Development community: architects, designers, civil engineers, landscape architects, contractors, developers, and home builders.
- Bankers and real estate professionals.
- Government officials.
- Disability and housing advocates.

The morning session for the accessible-housing construction training will include:

- History of the Fair Housing Act.
- Accessibility standards for compliance with the Fair Housing Act.
- Seven design and construction technical requirements.
- Resources to aid in compliance.

In the afternoon, participants will have two training options:

- Option A: Strategies for Compliant Kitchens & Bathrooms: In-depth overview of the technical requirements and strategies for creating attractive, compliant kitchens and bathrooms.
- Option B: Accessible Entrances & Routes, Accessible Public and Common-Use Areas: an extensive look at requirements to strengthen participants' knowledge of these aspects of accessible site design.

AHFC has taken the lead regarding the HUD-funded Accessible Housing Construction Training that will be held in Anchorage in April 2015. The Municipality has agreed to be a co-sponsor of the event. Some things the Municipality could do to ensure success of the event include:

- Arrange for a luncheon during the event and recruit an expert to speak about what communities can do to improve disability access.
- Create print and/or email materials to advertise the event.
- Work with AHFC to distribute the materials to the target audiences listed above.
- Prominently post information about the event on the muni.org website and encourage target audience groups to put links on their websites.
- Work with AHFC to develop a plan to get advance publicity and event coverage by the news media.

***Help seniors to “age in place” by encouraging “universal design”***

The Municipality's Aging and Disability Resource Center, within the Department of Health and Human Services, should develop a plan to increase awareness of opportunities for seniors to age in place. The Center for Disease Control defines this as the “ability to live in one's own home and community safely, independently, and comfortably, regardless of age, income or ability level.”

According to the MetLife Mature Marketing Institute:

- Ninety-one percent of pre-retirees age 50 to 65 responded that they want to live in their own homes in retirement. Of that group, 49% want to stay in their current homes, and 38% want to move to new homes.
- For people over 65, falls are the leading cause of injury-related visits to the emergency room in the U.S. and the primary cause of accidental deaths.



Most Anchorage residents over 40 are homeowners, but the vast majority of their homes will need modifications to ensure that seniors will be able to live in them safely.



Even though it may not be possible for many older housing units to be renovated using all seven of the disability access design principles, many cities and countries are renovating older housing stock following similar concepts to enable more seniors to age in place. A major part of the effort is education. The previously mentioned Fair Housing Accessibility First Training is one approach. Communities have also promoted awareness of aging in place and “universal design” with brochures, websites and public information campaigns. In addition to the seven disability-access design principles previously discussed, “universal design” concepts include:

- Installing handrails on both sides of stairways to greatly increase safety.
- Installing “comfort height” toilets.
- Installing lever-style faucet handles, adding seats in tubs and showers, and providing zero-step entries to showers.
- Installing smooth durable flooring with non-slip finishes. Installing rocker-style light switches. Replacing doorknobs with levers that are easier to open.

Even making a few of these changes can be a positive step toward enabling seniors to age in place longer, more comfortably and more safely. The two photographs in this section are examples of bathroom renovations from Denmark. One was done in a tiny apartment and the other was a luxury bathroom in a large home. Both include universal design concepts that make the showers accessible.



The issue of home modification is also an economic development opportunity for builders and remodelers. The National Association of Home Builders (NAHB) offers a Certified Aging-In-Place Specialist (CAPS) designation program. Their website notes:

*The maturing of the U.S. Baby Boomer population is a huge opportunity for remodelers. As this consumer group expands, more and more are interested in remodeling their home to fit their new lifestyle and abilities. [This] NAHB Certified Aging-in-Place Specialist (CAPS) course will help you understand the guidelines and requirements of accessibility, the importance of doing an assessment with input from occupational and physical therapists as well as qualified health care professionals, and the significance of good design in making modifications that can transform a house into a safe, attractive, and comfortable home for life.*

Anchorage already has two NAHB-Certified Aging-in-Place Specialists. The NAHB reported that 75% of remodelers have noted an increase in inquiries related to aging-in-place modifications. The organization said such modifications are already 10% of the remodeling market, and predicts that this share will increase.

In the future, the Municipality should consider targeting some of its Community Development Block Grant (CDBG) funds toward promoting universal design modifications to assist seniors to age in place so that they will be able to live in their homes longer.

The Municipality should collaborate with the Alaska Housing Finance Corporation on housing programs that support individuals with a disability to access affordable housing units. Examine municipal funding resources for opportunities to leverage state resources.

## **Impediment 4. Municipal regulations and various administrative policies, procedures and practices.**

### **Discussion**

As noted in the review of complaints at the beginning of this analysis, the Municipality is currently responding to a HUD complaint regarding the Title 21 land use code for assisted living homes. Under both the old and new Title 21 code, an assisted-living home with five residents is a by-right use in all residential zones. In residential zones: R-1, R-1A, R-2A and R-2D, an administrative review process or “reasonable accommodation” process is required to increase to an occupancy of from 6 to 8 residents.

All three of the homes cited in the HUD complaint applied to the Municipal Planning Department for an administrative variance to increase the number of residents; all three were approved. As of this date, one of the homes expanded and now can accommodate eight residents. Another home is still occupied by five residents, but needs to complete building and health code modifications so that it can expand.

The third living home is operating with five residents. Although its administrative variance was approved in February 2014, a resident of the neighborhood appealed the decision to the Municipal Zoning Board of Examiners and Appeals (ZBEA). In June 2014, ZBEA overturned the Planning Department’s approval of the variance. The owner of the assisted living home had the option to file an appeal to the Superior Court, but chose not to do so. The owner is still in discussions with neighbors and hopes they will agree to allow the assisted living home to expand to eight residents.

As noted previously, the Municipal Attorney's Office is currently in discussions with HUD to resolve whether the number of residents in assisted-living homes as a by-right use should be increased in all residential zones.

### Recommendation

In partnership with Alaska Legal Services Corporation and Alaska Housing Finance Corporation, the Municipality should take a more active role to educate the public about the need for more housing options for our growing disabled and senior populations. Further, this effort needs to educate the public about fair housing laws related to group housing.

It is also recommended that the Municipality review the cost vs. benefit of special limitations placed on group housing. Standards used by the Zoning Board of Examiners and Appeals to review administrative variances for increasing the capacity of assisted living homes need to be reviewed to determine their relevance to land use issues and compliance with fair housing laws.

## Impediment 5. Lack of available affordable housing stock designed to meet the needs of people in one or more protected classes.

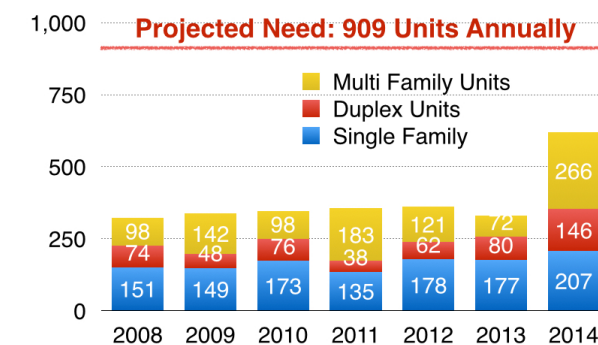
### Discussion

Many of the people in the protected classes, particularly the disabled and minorities, need affordable rental housing.

A 2012 study by the McDowell Group estimated that Anchorage would need more than 900 new housing units each year in the Anchorage Bowl to meet the projected population growth.

Since 2007, only about 350 housing units have been built in the Anchorage Bowl each year. Anchorage housing gridlock has been affecting residents at all economic levels. In 2014, Anchorage had a 30-year-low in the number of homes for sale.

### New Housing - Anchorage Bowl

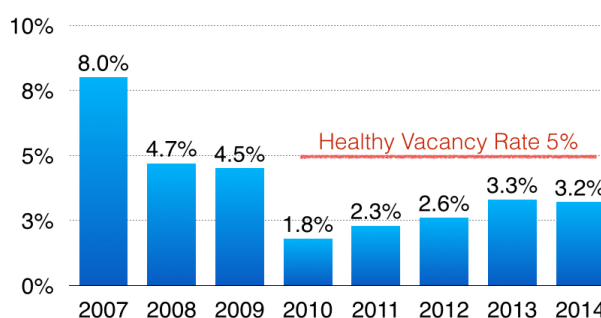


Source: Municipality of Anchorage Building Permit reports.

The McDowell study also made recommendations about the number of units by type that Anchorage would need each year: 418 multi-family, 173 duplex and 318 single-family units. However, from 2008 to 2013 Anchorage added only about a quarter of the needed multi-family units. In 2014, more than 619 were permitted in the Anchorage Bowl, including 266 multi-family units. Most of the new multi-family rentals are being built by AHFC, non-profits or with LIHTC financing. However, these housing developers note that it is unlikely that government funding will be available to add this many units annually in the foreseeable future. Most units are income-restricted to those households at or below 60% of Anchorage average median income, so the rental housing being produced is potentially made available for those most in need of affordable housing. Developers explain that market-rate units are not being built because they are not economically feasible.

One characteristic of a healthy rental market is a 5% vacancy rate, but Anchorage has experienced significantly lower vacancy rates for the last five years. Not surprisingly, the result has been soaring rental rates that have increased nearly 20% in the last five years. Meanwhile, Anchorage wages have been relatively stagnant.

### Average Apt. Vacancy Rate



Source: Rental survey by AK Dept of Labor for Alaska Housing Finance Corporation.

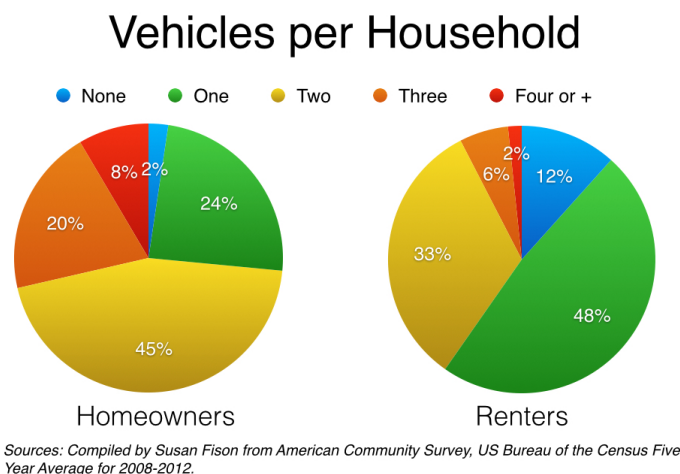
Our lower-income, minority and disabled residents are the most seriously impacted by the housing shortage because most of them are renters. Although affordable housing and fair housing are different issues, they are inextricably linked. Some of the suggestions below arose from the work of the United Way's Housing Anchorage effort funded by the Rasmuson Foundation and the Anchorage Economic Development Corporation's Live. Work. Play. Housing Initiative. With plummeting oil prices creating enormous government budget shortfalls, it is imperative to consider some innovative, low cost ways to increase the supply and affordability of housing to create opportunities for fair housing for all in our community.

### Recommendations

The Municipality's Housing and Community Development 2015 Action Plan already outlines how it will leverage HUD funding to help to alleviate homelessness, help the special-needs population, produce new housing units and rehabilitate existing ones. The remainder of this section focuses on other significant things that the Municipality can do to encourage the building of more housing in our community.

### **Reduce Excessive Parking Requirements for Rental Housing**

The average Anchorage household has 1.8 vehicles, but vehicle ownership patterns for homeowners and renters are dramatically different. As the graph at the right illustrates, nearly 75% of Anchorage homeowners have two or more vehicles. In contrast, 60% of Anchorage renters have one vehicle or none. Yet, as the MOA Parking Requirements table below shows, under the old Title 21 Code, even a one-bedroom unit requires 1.68 parking spaces. If a three-bedroom unit is larger than 900 square feet, it must have almost three spaces.



In recent years, cities around the county have dramatically reduced their multi-family rental parking requirements. As part of the Municipality's Title 21 rewrite, the municipal Planning Department proposed a significant reduction of parking requirements for multi-family housing. Their recommendations were based on detailed research conducted by the planning department staff which found the amount of parking the code required for multi-family housing was nearly twice what was needed. The final parking requirements were slightly higher than staff recommendations. The cost of this excess parking contributes to making housing unaffordable.

The benchmark for affordability is that renters should spend less than 30% of their income on housing. However, the latest American Community survey data show that 46% of Anchorage renters spend more than 30% of their income on housing and nearly 20% spend half or more on housing.

### MOA Parking Requirements (Spaces Per Dwelling Unit)

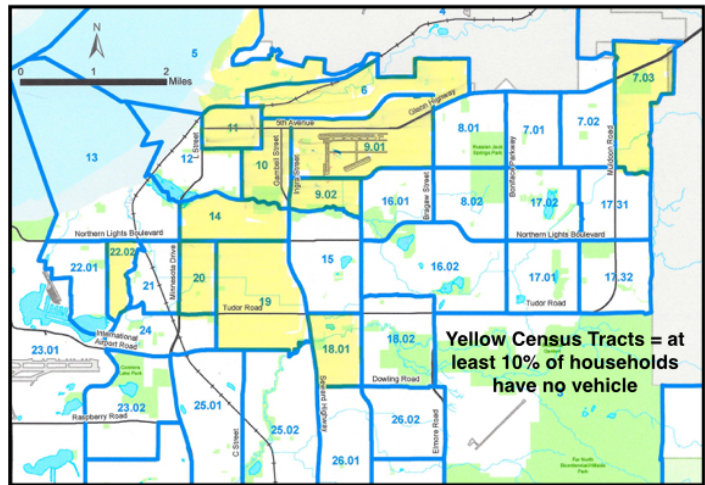
Type of Multi-Family	Old Title 21 Code	New Title 21 Code
Efficiency	1.4 spaces	1.1 spaces
1 Bedroom	1.68 spaces	1.1. spaces
2 Bedroom	1.68 spaces, except 1.96 for units over 800 sq. ft.	1.6 spaces
3 Bedroom	1.96 spaces, except 2.8 for units over 900 sq. ft.	2.1 spaces

Source: Tom Davis, Senior Planner, MOA Planning Department.



Only 2.4% of homeowners do not own a vehicle, but among renters, this figure is nearly 12%. The map below highlights in yellow the Anchorage census tracts where 10% or more of the residents do not own a vehicle. These areas are concentrated in the older neighborhoods of Anchorage in the northwestern portion of the city where there are higher concentrations of poverty and minorities. In addition, the area has the highest number of transit routes.

“Free” parking is not free. Excessive parking requirements increase housing costs because they require more land. Parking spaces are expensive to build and maintain. Each off-street parking space requires about 350 square feet of land. Thus, only about 120 parking spaces can fit on an acre. Local developers estimate that an average space in a surface parking lot requires about \$8,000 for land, paving, landscaping and other costs.



Parking consumes a major portion of land in a housing development, often equal to or exceeding the footprint of the building itself. Excess parking spaces can limit the potential density of the residential development. The Anchorage Community Development Authority and developers and operators of private structures estimate 2014 construction costs of between \$34,000-\$40,000 per space in a parking garage depending on size, location and other factors.

The Anchorage Housing Market Analysis done for the Municipality by the McDowell Group in March 2012 also identified the reduction of parking as an important strategy to encourage more residential development:

*Reduce parking requirements for multifamily housing, to reduce development costs. The Title 21 Rewrite reduces parking requirements, especially for multifamily housing. One of the key costs in building multifamily housing is providing parking, whether it is surface, structured, or underground parking. In the pro-forma analysis, parking added roughly 16 percent to the cost of construction.*

*Reducing the requirements for parking is a key way to allow developers to build less expensive multifamily housing. Leaving the decision about how much parking to provide up to the developer will give him more flexibility to design the project and set the rental rates.*



In 2014, developers had the option to use the Old Title 21 or the New Title 21. Originally, the old code was to expire at the end of 2014, but in October 2014, the Assembly voted to extend the time developers could choose to begin a project under the old code or the new code, to December 31, 2015. Developers of multi-family projects have indicated the main reason to opt for the new code is because of its reduced parking requirements. While these reductions are important, they are still modest compared to national trends. The city should consider further revisions to parking requirements, particularly for rental housing developments located in transit corridors. Through partnerships between the private sector and the Anchorage Community Development Authority, the Municipality could play a more active role in developing multi-level, structured parking.

### ***Allow smaller lot sizes in R-1 Districts***

The minimum lot size in R-1 districts is and will remain 6,000 square feet in the new Title 21 code for single-family detached homes. However, many local developers have noted that reducing minimum lot size could significantly lower costs for new construction. The 2012 Anchorage Housing Market Analysis also recommended that Anchorage allow smaller lots to improve affordability and make more land available to meet the demand for new residential units in the Anchorage Bowl:

*Allow small-lot single-family housing on lots less than 6,000 square feet and narrower than 50 feet, where appropriate and with design standards. The Municipality should allow the type of development that it wants to happen. For example, the Municipality does not allow small fee-simple detached residential lots outside of PUDs, cluster housing, or planned community developments. The Municipality could get more small-lot residential development by lowering the minimum lot size and adjusting the restrictions about width of lots to allow smaller lots. The Municipality could further evaluate what zoning districts are appropriate or consider an overlay-zoning district for appropriate parts of town. Special attention to design standards should be included to ensure neighborhood compatibility.*

### ***Facilitate increased density for infill lots***

Due to complex code requirements, many developers are opting to build duplexes on lots where the zoning and acreage available indicate that from three to five units could be built. While zoning technically allows a 4-plex (or greater) on a standard Anchorage multi-family lot, parking and development standards, as well as financial feasibility to comply with those standards, often make the development of anything greater than a duplex impossible or infeasible.

Anchorage's new zoning code, implemented with a goal to encourage infill and redevelopment, exacerbates this situation with additional design standards. Because many of these urban lots contain existing 4-plex and greater developments from the 1970s and 1980s, this effectively results in the de-densification of Anchorage, a financial disincentive

to reinvest in older multi-plex buildings and new development, and a significant obstacle to meeting the need for anticipated supply of housing units over the next 20 years.

Further complicating matters is the fact that most realtors, property appraisers, planners, landowners, and the MOA's property assessor, mistakenly believe that a standard 6,000-square-foot R-3 and R-4 lot is in fact a "4-plex lot." This results in land values being overvalued, which decreases the feasibility of infill development. As a result, existing 4-plexes, many of which are in marginal condition, lack energy efficiency, and have significant deferred maintenance, are overvalued in the marketplace. All of this serves as incentive to maintain the status quo and discourage new development.

R-3 zoning allows a duplex or a 4-plex on a 6,000 square-foot lot. Importantly, however, the side setback for a duplex is 5 feet, and for a 4-plex it is 10 feet. Given that the maximum height of a structure is 35 feet in either case, this additional setback is nonsensical; the point of a setback is to regulate impacts on the neighboring property. If a duplex or 4-plex can only be 35 feet in height, why require the additional setback for a 4-plex? Given that the standard R-3 lot in Anchorage is 50 feet wide, this would result in a 30-foot wide building if the building were a 4-plex.

R-4 zoning under the new code allows any multi-family on a 6,000 square-foot lot. Thus, there is no technical density limit. The 5-foot wide setback and 45 foot height limit is an improvement over the R-3 zone, but as discussed below, anything greater than a duplex is a significant challenge.

Primary lot dimensions: Most lots in Anchorage's older neighborhoods are 50 feet wide by 120 to 150 feet. They are long and narrow. If those lots are not on alleys, there is no ability to deal with on-site parking other than the entire front yards. Thus the belief that it is in fact "bad design" that led to lack of yard space and dumpsters in front of buildings in Anchorage is misplaced: it is in fact the result of platting these long, narrow lots which leave few options for parking and trash collection.

On-site maneuverability: The Anchorage code and traffic policy requires that any building greater than a duplex requires on-site maneuverability for vehicles. This means that for a duplex, you can presume that cars can back out of driveways onto a neighborhood street. However, for a tri-plex or larger, the code requires that vehicles have enough space to turn around on the lot and pull out forward onto the street. With a 50-foot wide lot, 20-foot long parking spaces, and a typical 24-foot wide driveway "aisle", this would require 64 feet width to have a double loaded parking area on a lot.

The code is silent on whether on-site maneuverability is exempt when a lot is on an alley. However, in practice, there seems to be more leeway to allow parking off the alley; a typical alley lot could accommodate up to 10 spaces if used in tandem – clearly accommodating

more demand. For anything other than on an alley, however, these requirements eliminate any possibility for a building greater than duplex.

### ***Facilitate redevelopment of blighted areas***

There are numerous sites in Downtown, Fairview and Midtown with redevelopment potential. Some of these could be redeveloped as mixed of commercial and residential



areas, including rental housing. These locations are near jobs, public transportation, shopping and services. Community development plans such as Anchorage 2020, the Anchorage Downtown Comprehensive Plan, West Anchorage District Plan and the Fairview Neighborhood Plan identified areas of town and even specific sites with the greatest redevelopment potential.

In some cases, developers are already poised to make major redevelopments, but they face significant challenges.

Redevelopment projects are also more costly and inherently risky because there are unknown costs and hazards in demolishing or renovating old buildings. Such projects may also include expensive environmental remediation.

It is common throughout the nation for redevelopment projects to involve some participation from the local government. Greater partnership between the Municipality and developers is needed to help bring these projects to market,

### **Facilitate redevelopment in Downtown & Midtown that includes multi-family rental housing including accessible units**



through assistance in permitting and planning, financial assistance with environmental remediation, and tax relief for necessary public infrastructure upgrades that currently are being paid for by developers. Again, the 2012 Anchorage Housing Market Analysis recommended:

*Create a redevelopment strategy to encourage infill and more compact residential development. The Municipality could work with key stakeholders to create a redevelopment strategy to encourage infill and more compact housing in the Anchorage Bowl. The strategy would identify stakeholders who would participate in redevelopment, redevelopment tools, funding sources, and specific sites that could present redevelopment opportunities. Redevelopment that increases the supply of compact housing, especially if it is closer to the core of the City and is well planned and attractive, can help to achieve many policy objectives. A detailed review of literature regarding the fiscal impacts of various development types found that, in general, denser development costs less for local governments to build and maintain. On many sites in Anchorage, denser development may take advantage of existing capacity in infrastructure (roads, sewer, and water lines), reducing the miles of pipe and pavement that the Municipality must build and maintain.*

*Infill development can bring more homes closer to jobs, reducing the impacts on transportation systems and supporting ridership for transit. Increased density of housing, depending on its location, may mean that more households are within proximity of retail districts, supporting local businesses and creating more vibrant destinations.*

*Despite all of these benefits, Anchorage's historical development patterns strongly suggest that more compact redevelopment is not likely to occur without some coordinated support that:*

- (1) Identifies the most appropriate locations for compact housing that will be the most desirable for residents and therefore generate the highest rents;*
- (2) Ensures that appropriate infrastructure serves the site and that public amenity (parks or open spaces, transit access, etc.) is available nearby;*
- (3) Supports specific redevelopment projects that can catalyze redevelopment on nearby sites and create districts with a sense of place and appeal.*

*In communities where redevelopment strategies have been successful, public sector investments in infrastructure, storefront improvement grants, and public-private partnerships on catalytic sites have helped to prove the market for more compact forms of development and generate unsubsidized, private-sector investment in compact development over time.*

One of the best examples of the community benefit of this type of public infrastructure investment was the redevelopment of Spenard Road done in the 1980s. Since then, the

millions of dollars' worth of private-sector developments in this corridor have vastly increased its tax base and repaid the Municipality's investment many times over.

### **Encourage more Accessory Dwelling Units**

Anchorage Municipal Code defines an accessory dwelling unit (ADU) as:

*A subordinate dwelling unit added to, created within, or detached from a single-family residence, which provides basic requirements for living, sleeping, cooking and sanitation. (AMC 21.05.070D.1)*

### **Accessory Dwelling Units Anchorage**



*This new ADU was built above a Hillside garage.*

Although Anchorage has allowed ADUs for several years, permits issued to date appear to indicate that most have been used to legalize ADUs built before enactment of the ordinance. The few units that have been built after the ordinance was adopted are primarily on large lots on the Anchorage Hillside.

There are some major reasons Anchorage should consider promoting more ADUs:

- New housing is added without government funding or subsidy.
- Residential density is increased, but is compatible with neighborhood character.
- Property values and the Municipal tax base increase, without the need to fund additional road, trail, school, park or utility infrastructure.
- More housing options are created for seniors to age in place; young families to house child-care providers and older families to house adult children or visitors.
- Rental income, as well as safety, security and social interaction are other potential benefits.

### **Accessory Dwelling Units in Portland, OR**

- Small detached unit on same lot.
- Small apartment attached to or within existing home.
- Small apartment over or attached to a garage.



- There could be more rental housing options in desirable neighborhoods.
- The supply of accessible and more affordable housing may increase.

ADUs can be a significantly cheaper and easier way to add housing units in Anchorage. They are paid for and developed by the private sector (homeowners), and can significantly increase the value of Anchorage properties, thereby increasing Municipal property tax revenues. One of the significant limitations for ADUs is that small-detached units on the same lot are not permitted in the R-1 and R-1A zones regardless of the lot size.

A more recent type of ADU is the “Med Cottage” or “Granny Pod”. These are targeted for families who have an elderly or disabled relative who needs care, but the cost of a skilled nursing home is too expensive. Even for people who can afford nursing homes, many may prefer this option to a nursing home, removed from friends and families. Granny pods can also be more affordable than paying for years of care in a nursing home.

Med Cottages, which typically range from 300 to 600 square-feet, are usually delivered intact to the backyard of a home where the cottage is then hooked up to the water, electricity and sewer system. The cottage operates like a portable nursing home with a private handicapped accessible bathroom and kitchenette, as well as a washing machine and dryer.

Granny Pods enable family members to care for an elderly or disabled relative while allowing everyone to maintain their privacy. Caregivers are able to use the state-of-the art technology in the cottage to monitor the occupant, when necessary.

The Med Cottages typically cost less than building an addition and can be easily removed when they are no longer needed. This option will not work for families that do not have a suitable backyard. Anchorage zoning restrictions would not allow these in R-1 and R-1A zones.

The Municipality should make more of an effort to promote the potential benefits of ADUs by preparing an easy-to-follow guide for private property owners who might want to consider this option. The Municipality could look to ADU programs in other cities, such as Portland, Oregon. For many years, Portland allowed ADUs, but their regulations were restrictive and complex. As a result, only about 30 new housing units per year were being added.

Several years ago, Portland simplified its rules and began actively promoting ADUs with better success than any other U.S. city. Portland is now adding more than 300 ADUs per year, making it a leader in the “small house” movement. Portland actively encourages residents to consider building ADUs via its website, brochures and the news media. Some fees have been waived to encourage the development of ADUs.



Portland collaborates with other organizations to offer training courses in how to build an ADU. The city is also a co-sponsor an annual tour of accessory dwelling units that attracts people from all over the country. Anchorage should encourage a delegation of builders, city officials and others to travel to Portland for the 2015 to educate Anchorage about the potential of this new housing option.

Anchorage should also revisit the issue of forbidding detached ADUs in the R-1 and R-1A zones. ADUs could be a very attractive option for adding rental units in many Anchorage single-family neighborhoods with large lots.

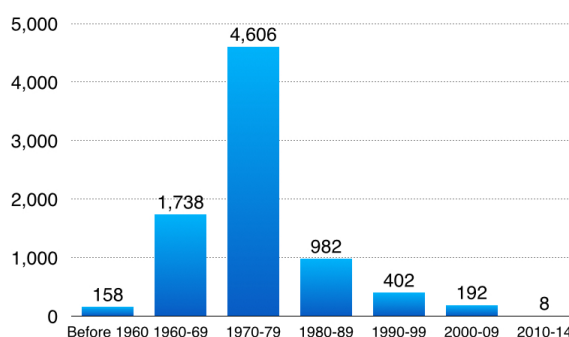


### ***Plan ahead for the potential redevelopment of mobile home parks***

There are more than 8,000 mobile homes in Anchorage mobile home parks. The last major influx of mobile homes occurred during construction of the Trans-Alaska Pipeline.

Mobile homes have been a significant component of our housing stock for decades, but many of these are approaching the end of their useful life. As the graph on the shows, most of the mobile homes in Anchorage are at least 35 years old and many are much older.

**Year Built for Mobile Homes in Parks - 2014**



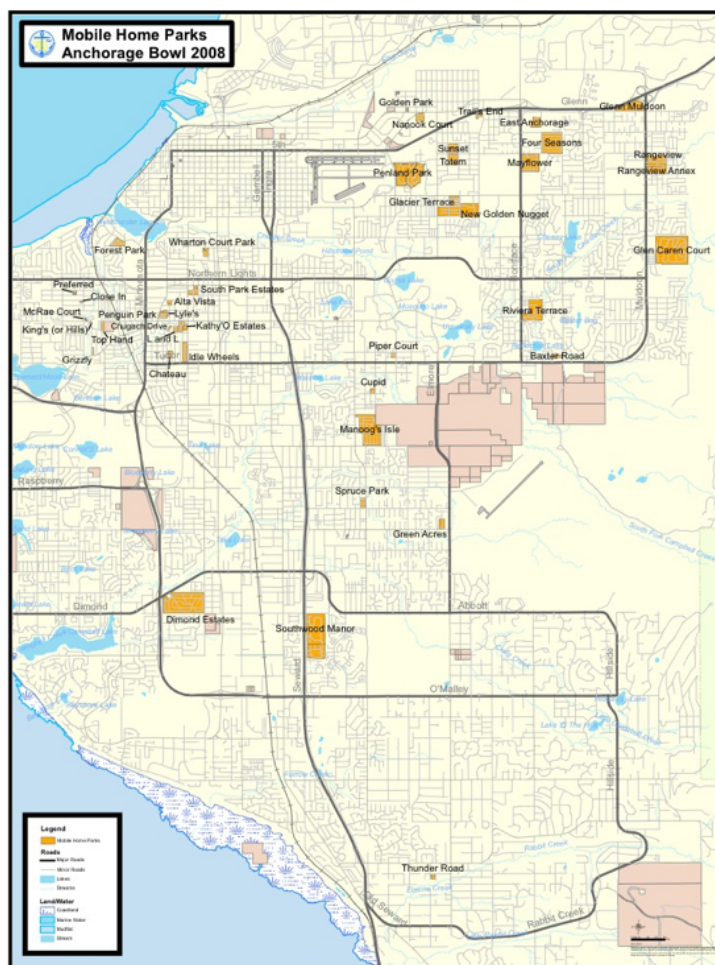
Source: Municipality of Anchorage Property Appraisal records.

However, it is important to recognize that mobile homes have been a very important source of affordable housing for a large number of our residents. When mobile home parks are redeveloped, the residents are often displaced. At a minimum, redevelopment of parks should include a requirement for some affordable housing units to offset these losses.

More than 600 acres of land in the Anchorage Bowl is being used for mobile home parks. Most parks are located in areas that make them ideal for more dense residential development. In the past two decades, when mobile home parks have been redeveloped these are the typical outcomes:

- All or a large portion of the park was rezoned for businesses and none of the lost housing units were replaced.
- The park was redeveloped into high-end, single-family homes on large lots at roughly half the density of the previous mobile home park.
- The park was redeveloped into a combination of business, housing and public uses, but the number of new housing units within it was still much smaller.

If the city does not plan for mobile home park redevelopment, it is likely that past patterns will be repeated. The result will be that Anchorage will have fewer housing units on these sites after redevelopment.

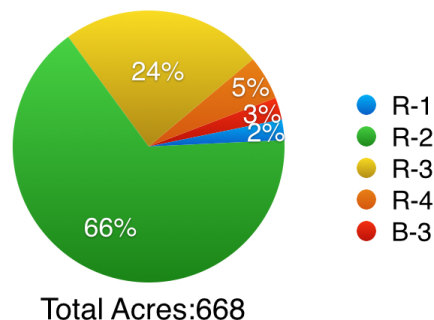


The underlying problems with redeveloping these parks are many. The mobile homes must either be disposed of or moved. Many of the parks have hazardous materials such as buried fuel tanks or leaking water or sewer pipes. It is costly to remove buried fuel tanks, and to remove or make major modifications to the road and/or utility infrastructure.

One of the major obstacles to redeveloping these mobile home parks is that more than two-thirds are zoned R-2 and a few are zoned R-1. In order to increase density the developer must apply to the city to request that the property be rezoned. This expensive, time-consuming process is often met with strong neighborhood opposition to any proposed increase in residential density.

One exception to usual redevelopment trend was the former Four Seasons Mobile Home Park that was redeveloped into the Four Seasons

**Zoning of Mobile Home Parks  
Anchorage Bowl - 2014**



Source: Municipality of Anchorage Property Appraisal records.

Apartment Homes. The park owner had originally hoped to redevelop the property into a major rental-housing complex. However, the 5 to 15 units per acre allowed under the R-2M zoning were not dense enough to make the project economically feasible. Instead, the developer began purchasing mobile home units in the park and replacing each one with a new manufactured rental unit. It still looks like a mobile home park, but the units are much higher quality than most parks in Anchorage, and no housing units are being lost.

### Recommendation

The Planning Department is currently revising the Land Use Plan Map as part of the Title 21 Land Use Code revision. The department should consider recommending higher density zoning for mobile home parks that are well located for multi-family housing. Further, the city should ensure that future mobile home redevelopment does not result in the net loss of residential housing units. Ideally, redevelopment should increase residential density on many of these sites.

For more than a year Housing Anchorage, spearheaded by the United Way of Anchorage and the Anchorage Economic Development Corporation's Live.Work.Play. Housing Initiative have been raising community awareness about housing gridlock in Anchorage. One of their working groups is developing recommendations regarding code changes that could facilitate redevelopment and increase housing density. The Municipality needs to take more of a leadership role to support these efforts and consider implementing their recommendations.

## Impediment 6. Neighborhood opposition to group housing, increased residential density and rental housing

### Discussion

The Municipality's Title 21 land use code requires that rezones, replatting land and some use changes go through a public process. Some of these are handled administratively. Others require staff review, commission review and a public hearing process. Public input is often an important element and can include notifying nearby residents of proposed changes. However, until 2013, only property owners received



notifications in the mail. Before this change, renters might see a poster or hear about a project from a neighbor or the news media, but were not notified by mail. Partly as a result, it was common that most persons who attended community council meetings were homeowners, even in neighborhoods where the overwhelming majority of residents were renters.

Single-family homeowners typically oppose the following in their neighborhoods: group housing, any increase in residential density and rental housing, particularly affordable rental housing. This opposition can cause project delays and substantial cost increases. Some projects are not approved and others are withdrawn. Even those, that are approved, are often required to agree to special conditions and limitations in response to neighborhood opposition. Four examples:

***Opposing expansion of an assisted living home***

Neighbors appealed and successfully overturned an assisted living home's request for a "reasonable accommodation," through an administrative variance process to increase their capacity from five residents to eight. The 5,100-foot home has five bedrooms and four bathrooms. It is located on an affluent neighborhood on the lower Hillside. The following is a small sample of comments taken from 47 written comments by neighbors opposed to the expansion of this home:



- "An assisted living facility is a business . . . not be in compliance with our existing CCRs."
- "My home will begin to depreciate"
- "It will change the character of the neighborhood"
- "The significant increase in traffic to serve 8 residents at this ALF will tremendously affect the safety level for our children"
- "While not all assisted living facility patients are a threat in any way, there are many that are mentally incompetent and a danger"
- Wild animals, particularly moose, bears, coyotes, and lynx are frequent visitors to the property.
- "Safety - increased traffic, strangers, lots of different workers in and out. Who will these people be?"
- "There are plenty of Anchorage neighborhoods that could absorb this sort of facility"

***Opposing an ordinance to allow accessory dwelling units***

Allowing accessory dwelling units was one of the strategies the Anchorage 2020 Comprehensive Plan, adopted in February 2001, and recommended to increase the supply



of affordable housing. The plan suggested they be allowed in certain residential zones, but did not specify which ones. It also recommended that design standards should be required.

In 2003, some Anchorage Assembly members and the Planning Department proposed an accessory dwelling unit (ADU) ordinance. It was well known that many illegal “mother-in-law” apartments already existed in Anchorage. Other cities were beginning to realize that allowing well-planned ADUs could help increase the supply of rental housing. However, several Anchorage Community Councils quickly opposed the proposed ADU ordinance. They opposed allowing renters in primarily single-family owner-occupied housing areas. They argued their property values would drop and traffic congestion would increase.

The Community Councils were successful in defeating the ordinance. Several years later, with support of a new mayor and Assembly, an ADU ordinance was adopted. However, neighborhood opposition has still been successful in prohibiting detached ADUs in R-1 and R-1A zoned neighborhoods, regardless of lot size.

### ***Opposing rental housing***

Redevelopment of a 15-acre site on Government Hill, formerly occupied by more than 300 units of low-income housing rental housing, was a contentious issue between several city administrations and the Government Hill community council. This large site had beautiful views of downtown and the Chugach Mountains. Several planning consultants recommended that the site be redeveloped with a mix of rental and owner occupied housing in varying types, sizes and price ranges including affordable housing.



The community council wanted an owner occupied, single-family subdivision. A January 6, 2007 article in the Anchorage Daily News noted:

*Government Hill was one of the city's first neighborhoods and still features cottages built in 1915. The west side includes a lot of single-family houses. The east side developed with many apartments, including low-income apartment buildings. At the request of the neighborhood, all units in the new Hollywood Vista development would be sold, not turned into rentals . . .*

*The area was rezoned to make sure it could never again be packed with low-rent apartments. The rezoning requires 60 percent of the housing built there to be single-family houses with two-car garages.*

### ***Opposing rental housing for chronic inebriates***

In 2009, RurAL CAP made an offer to purchase the Red Roof Inn, a 55-room downtown hotel, to convert it into a 48-unit apartment complex for Anchorage's chronic inebriate population.

The project was modeled after "Housing First" which had been successful in Seattle, WA, Duluth, MN and other cities. Housing First is an approach to ending homelessness that centers on providing housing as quickly as possible. The approach also offers services to promote housing stability and individual well-being. Participants are required to sign standard housing lease agreements, but are not mandated to participate in therapy. Program models vary significantly depending upon the population served. Housing First programs in Seattle and Duluth have dramatically lowered costs for services such as police, jail, detoxification and medical treatment among chronically homeless.



The Red Roof Inn had been renovated in 2004 and sprinklers had been installed in every room. The owners offered RurAL CAP a discounted price on the building. The program was to be staffed 24-7, it would have video monitors and there would be limits on visitors to ensure the safety of tenants and staff.

In response to growing neighborhood opposition to the project, the Municipal Assembly proposed a "Severe Alcohol Dependent Housing" ordinance, or SADH (pronounced "sad") for short, which created standards for this type of housing such as distance from parks. The ordinance was approved by the Assembly 11-0 and was signed by the mayor.

Despite strong neighborhood opposition, there were many supporters of the project both within and outside the surrounding neighborhood. One submitted the following comment on the project:

### **Neighborhood Opposition**



- One man handed out cards showing a mock "inebriate crossing" and designated panhandling lanes along Sixth Avenue.
- "Our homeless are not old white veterans who drink alone in their rooms. To be blunt ours are generally social drinkers, and to be blunt once again mostly native(I am part native)."
- The neighborhood is a low down neighborhood that will not benefit from having a wet house. Place it in an industrial area where it will not affect families.



*I am a property owner in Fairview and can not recall the inebriate problem being so bad. We need to try something different. The Karluk Manor proposal is well thought out, the location is not perfect, but which location would be better? In my experience as an affordable housing developer, people complain no matter what, when it comes to a change in their neighborhood. . . The Red Roof has had a long history of being a problem property that looked bad and had some unsavory tenants. RurAL Cap has proven to be a good neighbor and good operator with a solid track record. . . we'll have a shot at improving the inebriate problem in Anchorage.*

One of the key things that helped gain project approval was community education and being responsive to neighborhood concerns. The Alaska Mental Health Trust Authority sponsored trips to Seattle and Duluth so an assembly member, community council members, MOA Planning Director, city officials, social service providers and others could visit successful Housing First programs.

RurAL CAP agreed to have a cell phone for neighbors to call 24-7 to report concerns about intoxicated persons whether they were Karluk Manor residents or not. They agreed to survey restaurants and businesses in close proximity to identify and address problems. RurAL CAP agreed to clean up a nearby park. They also agreed to have policies like staff intervening with residents who are too intoxicated to leave and prohibiting inebriated visitors.

In August 2010 when the project came before the Planning Commission, the city Planning Department staff recommended against the project because of the concentration of social services already in Fairview. Other factors were the project's proximity to the Fairview Lions Park and potential traffic dangers. Despite the staff recommendation, the Planning Commission approved the project by a vote of 7 to 2. However, they attached numerous conditions to the approval including:

- Security cameras in the park to be monitored by RurAL CAP. It would be the first city park with such security cameras, and city lawyers have questioned whether it is legal for a private group to monitor the cameras.
- Around-the-clock contact numbers for people in Fairview to call Karluk Manor in case of problems.
- Regular neighborhood surveys by RurAL CAP to see what is working, and what is not.
- At least two staff members working at any time.
- Annual reviews by the planning commission.
- An elevator big enough for a stretcher.

These stipulations gained project approval, but as shown in the table below, the process increased project costs and caused delays.

## Extra Costs for Karluk Manor

Description	Multi-Family Apartment	Karluk Manor	Purchase Cost
Heated Sidewalks	No	Yes	\$1,500 to install, plus gas and electrical costs to operate
Elevator	No	Yes, extra-large to fit a gurney*	\$400,000
Conditional Use Process	No	Yes	\$50,000**, plus delayed project for several months

\*No senior housing project in Anchorage has been required to have this size elevator. Installing the elevator eliminated two housing units (reducing income by \$1,400 month), eliminated the commercial laundry, required extensive structural engineering & construction costs. Elevator costs \$2,000 annually to maintain.

\*\*This was a deep discount given by DOWLHKM as their contribution to the project. The market rate for the work they did would have been much higher.

Karluk Manor opened December 8, 2011. Later that month, the Northern Justice Project challenged the law in Anchorage Superior Court, saying it discriminated against people with alcoholism a disability under federal and state law. Acknowledging the conflict of the ordinance with the Fair Housing Act, the City repealed the SADH ordinance in 2014.

Karluk Manor's 46 beds were filled to capacity within 30 days of opening and had a waiting list of about 150 persons. All residents are involved in intensive case management and 57% are on Medicaid. About 90% of residents have stayed at least 6 months and 61% have stayed at least two years. Karluk Manor's annual police calls have been less than one-fourth the police calls that occurred during the last year the Red Roof Inn was in operation.

Alaska Housing Finance Corporation and the Alaska Mental Health Trust Authority contracted with the UAA Institute for Circumpolar Health to conduct a study of the impact of Karluk Manor. Preliminary results of the study have found that:

- Most residents enter Karluk Manor with one or more serious health conditions.
- Residents report an improved sense of safety and less time feeling depressed or anxious.

- Residents reported drinking lower quantities of alcohol and drinking less frequently.
- There were significant decreases in costs for public safety services, shelter use, and incarceration after residents moved in to Karluk Manor.

### Recommendations

Develop a program to educate community councils about the Fair Housing Act.

Make presentations to Community Councils about the need for and benefits of more group housing, supportive housing and rental housing.

Promote a full continuum of supported housing in proportion to the needs of resident requiring social services.

Promote awareness of fair housing through Municipal and community channels to examine areas where processes impede access to fair housing.