

(1) Table of Contents. Provide a table of contents matching the submission requirements of this section.

Exhibit A - Executive Summary	1
Exhibit B – Threshold Requirements	1
Exhibit C – Need	1
Exhibit D – Soundness of Approach	5
Exhibit E – Capacity	8
Exhibit F – Leverage	9
Exhibit G – Long-Term Effect	9

(2) Narrative Exhibits. The narrative exhibits required in your applications are as follows:

Exhibit A Executive Summary.

The Municipality of Anchorage is requesting \$3,450,000 in grant funding through the Pathways to Removing Obstacles to Housing (PRO Housing) program for a series of projects that will build on the Municipality’s extensive efforts to address the supply and cost of housing in Anchorage. These projects will help to define the scope of the problem through an updated housing market analysis and help to eliminate specific known or suspected barriers through the development of pre-approved multifamily and compact housing plans, a housing redevelopment and displacement mitigation strategy, a code analysis to identify barriers to compact housing development, a review of off-site infrastructure requirements, and the assessment and installation of an updated software system to streamline and coordinate permitting across different municipal departments. These projects will collectively allow the Municipality to take the next steps in addressing the housing crisis and making Anchorage an affordable place to live for everyone.

Exhibit B Threshold Requirements and Other Submission Requirements. Review and provide a narrative response, as necessary, to the Threshold Eligibility Requirements in Section III.D and Other Submission Requirements in Section IV.G

1. Resolution of Civil Rights Matters

The Municipality of Anchorage has no pending Civil Rights Matters.

2. Timely Submission of Applications

The Municipality of Anchorage intends to submit this application in a timely manner.

3. Eligible Applicant

The Municipality of Anchorage is a city government and is therefore an eligible applicant under the NOFO (III.A).

4. Number of Applications

This is the only application the Municipality of Anchorage is submitting for this grant opportunity.

Exhibit C Need. Review and provide a narrative response to V.A.1.a

Describe your efforts so far to identify, address, mitigate, or remove barriers to affordable housing production and preservation. (12pts)

The Anchorage Assembly has taken several positive steps to identify and remove barriers to affordable housing production and preservation over the past several years including:

- Simplifying zoning code for Accessory Dwelling Units (removing special design standards, bedroom restrictions, owner occupancy restrictions, allowing ADUs in all residential zones, and increasing allowable square footage);
- Simplifying zoning code for Downtown anchorage, with an eye on increasing housing development around goods and services in the central core;
- Eliminating minimum parking requirements;
- Updating zoning standards to allow for more mixed-use development, including allowing manufactured housing communities as a permitted use in the R-4A zone, and eliminating minimum lot sizes in the R-4A zone;
- Convening several housing summits for community partners to find joint solutions from the development community, local non-profit housing providers, the MOA planning department, the University of Alaska, and others;
- Dedicating municipal budget to resolving the failure of infrastructure at an aging manufactured home community in Eagle River; and
- Discussions of large-scale discussions to vastly simplify the existing zoning code in pursuit of more housing.

The Municipality works regularly with local partners including Cook Inlet Housing Authority, AARP Alaska, NeighborWorks Alaska, and Habitat for Humanity to share information and proactively address housing issues.

The Municipality's recent work to address housing challenges builds on a long history of planning efforts aimed at this issue.

Title 21, Anchorage's zoning code, was overhauled in 2013. Title 21 includes updated standards that are intended to promote and encourage redevelopment and infill development with higher land use densities and intensities. It provides a range of multifamily districts allowing moderate, medium, and high-density housing types—both market and affordable—by right.

In 2017, the Assembly adopted the Anchorage 2040 Land Use Plan (2040 LUP). One of the main objectives of the plan is to make sure that enough land is designated to accommodate anticipated housing needs, including more compact housing types. The Planning Department included as a factor the need for equity in the geographic distribution of compact housing types that tend to be more affordable and transit oriented. The 2040 LUP sets the stage for future growth and development, with an emphasis on future housing needs. The 2040 LUP incorporates the adopted area specific plans, public facility plans, and recent analyses regarding population, housing, commercial, and industrial needs over the next 25 years. The 2040 LUP has a housing Goal (Goal #4) to meet the housing needs of all and adds additional policies to encourage and guide the development of housing. It also includes recommended

strategies to carry out the plan and manage growth including strategies to help reduce the cost of housing and alleviate the workforce housing deficit. Actions 4-1 through 4-19 in the Plan are focused on housing.

The municipal Planning Department has assisted the Real Estate Department to evaluate the best use of the limited Municipal owned lands in the Municipality of Anchorage for housing development. Examples of this include the former Federal archive site in Midtown and the Municipal owned lands on the southwest corner of Tudor and Elmore Road, which the Municipality rezoned to mixed-use to accommodate a 192 dwelling units along with commercial and community uses. Private property owners have also rezoned lands designated in the 2040 Land Use Plan for compact housing, including the Dimond/Sand Lake Polen Park rezoning in 2019 that added 7.5 acres of buildable R-2M zoned land with a forecast capacity of 50+ duplex/attached dwelling units. In 2019, the Municipality adopted a tax abatement ordinance for the Central Business District to foster new housing development in the downtown area. The tax abatement allows for up to 12 years of tax relief for newly constructed residential units.

During this same period, the Municipality amended the rules governing Accessory Dwelling Units (ADU) to allow this type of housing in more of its residential districts as well as increasing the allowed size of these units. Due to recent reforms, ADUs are a permitted accessory use in all residential and commercial zones in the Anchorage Bowl and can be attached, above a garage or detached, as long as the ADU conforms to the other bulk regulations of the lot (in most cases). The 2040 Land Use Plan proposed a goal of 1000 new ADUs within 23 years. To meet this goal, the Anchorage Bowl would need around 40 new ADUs built per year; since tracking began in 2005 it averages about 11 legal units per year. The entire Municipality sees about 14 legal units per year.

The Municipality is updating the city Zoning Map incrementally to conform to the Anchorage 2040 Land Use Plan and meet the housing needs. Strategies include targeted Area Rezones that the Municipality can carry out to facilitate area-specific changes in the Zoning Map to allow more housing and mixed-use where called for in the 2040 LUP.

The Municipality has further implemented the 2040 Land Use Plan by developing the Reinvestment Focus Area (RFA) program. Once in place, a RFA can focus and coordinate municipal actions including development incentives, infrastructure investments, and implementing procedures to catalyze private sector reinvestment and support infill and redevelopment in strategic areas of Anchorage. In general, RFAs can help increase new housing development on vacant infill lots and redevelopment of underused buildings and sites in or near centers and transit corridors.

Do you have acute demand for affordable housing? What are your remaining affordable housing needs and how do you know? (13pts)

In the Spring of 2023, housing prices in Anchorage were 10% higher than the nearby Matanuska Susitna Borough¹. Anchorage in 2023 has fewer people than in 2010, but more households and fewer families with children. Household sizes have changed from 2.71 people per household in 2010 to 2.56 in 2021. Since 2016, Anchorage has permitted fewer than 500 new housing units per year².

Of 56 parcels in Anchorage with manufactured housing communities, 26 of them are in zones that do not allow this type of housing as a permitted or conditional use (MHFC are only allowed in any form as a conditional use in R2M, R3, R4, or R5). As these facilities age out, they are likely to be converted to other uses, removing manufactured housing from the housing stock inventory.

According to the Anchorage 2020 Plan from 2001, in 1975 mobile homes represented 14 percent of the housing stock in Anchorage. At the time of that plan's publication they represented 6% of the housing stock, and according to ACS 2021 5 year estimates, today mobile homes account for about 4% of the housing stock. No new mobile home parks have been created in the Anchorage Bowl since 1982.

For other types of small housing, recent development and subdivision activity indicates there is high demand for smaller types of market housing which may be more affordable. But current minimum lot size and minimum lot width requirements limit the development of this type of affordable housing.

The Anchorage Coalition to End Homelessness (ACEH) in its Anchored Home 2023-2028 plan has determined that there is a gap of 2,478 units of permanent housing necessary to eliminate homelessness in Anchorage. The Municipality partners closely with ACEH to provide programs and resources to help eliminate this gap.

What key barriers still exist and need to be addressed to produce and preserve more affordable accessible housing? (10 pts)

The cost of housing and the incentives to develop, maintain, or improve affordable housing are affected by public policies, particularly those of the Municipality. Such policies include:

- Title 21 zoning ordinance residential design standards including limits on size, type, and number of residences
- Regulatory processes including permits and approvals
- Building codes
- Fees and charges
- Infrastructure standards and requirements
- Off-site improvements requirements

¹ https://www.muni.org/Departments/Assembly/SiteAssets/Pages/FOCUS-Housing/Klouda_The%20Upside%20Down%20of%20Housing_Assembly%20Retreat_2023-05-19.pdf

² <https://aedcweb.com/wp-content/uploads/2023/08/3-Year-Outlook-Report-Edited-8.16.23.pdf>

Additional barriers to housing production in Anchorage include costs of infrastructure, high materials costs and a lack of local productive capacity. The MOA can play a role in easing some of these burdens by:

- 1) Legalizing manufactured home communities in more places across the Bowl
- 2) Reducing the barriers to creating new manufactured home communities, such as large acreage requirements.
- 3) Legalizing the placement of building-code safe manufactured housing anywhere a single family house would be allowed.
- 4) Legalizing other forms of entry level housing, especially through lot size reform. Currently the minimum lot size for most residential developments in Anchorage is 6,000 square feet. Some housing types such as townhomes are allowed to be placed on smaller lots, but often required in multiples so that 6,000 square feet is required for any type of development.

There may be additional barriers to producing and preserving affordable housing in Anchorage. Some of the projects proposed in this application will work toward identifying these barriers and how the Municipality may be able to mitigate or eliminate them.

Exhibit D Soundness of Approach. Review and provide a narrative response to V.A.1.b

What is your vision? (15 pts)

The Municipality of Anchorage proposes to build on the extensive work already done to reduce barriers to affordable housing by using PRO Housing funding to conduct the following activities. Most of these activities are identified as Action Items within our adopted Comprehensive Plan (Anchorage 2020 and Anchorage 2040 Land Use Plan) and are identified as such.

- 1) Area-Wide Housing Market Analysis (2040 LUP, Action Item 4-16)
 - This analysis would include a comprehensive study into the demand for various housing types within the Municipality of Anchorage. Specific focus would be placed on low-income ($\leq 80\%$ AMI) and below housing options such as compact housing, manufactured housing, and alternative subdivisions (small-lot). The most recent stand-alone housing market analysis was completed in 2012. The MOA has noticed a dramatic rise in the cost of housing due to the increase in material cost, market rates, labor shortage, and an overall shortage of housing supply. This analysis would provide the MOA a complete picture of our housing demand and needs so we may better focus our efforts to address our housing shortage.
- 2) Drafting and Purchase of Pre-Approved Multifamily and Compact Housing Plans (2040 LUP Action Item 4-13)
 - The MOA currently has a catalog of single-family and two-family housing types, but we lack any pre-approved plans for small-scale multifamily (3 & 4-plexes) and other compact housing types such as townhomes, ADUs, and cottage homes. When a plan

set is drafted, it is stamped work that is subject to the use permissions of the drafter. Because of this, any existing plan on file that has been approved cannot simply be used by another party without the drafter's permission. Having a pre-approved catalog of plans that is owned by the Municipality will not only reduce design costs for the developer, but it will also reduce permit review timelines. This project will involve MOA staff working with local architects and plan reviewers to create a catalog of pre-approved plans for a variety of housing types that can be used for free by any property developer.

3) Develop a Low-Income Attainable Housing Redevelopment & Displacement Mitigation Strategy (2040 LUP, Action Item 4-12)

- The MOA has noticed incremental redevelopment of existing manufactured housing communities and aging multifamily dwellings into other uses to include nonresidential uses which has displaced residents without relocation assistance and has eroded away our residential land base. The development of this strategy will provide guidance to MOA staff and developers to mitigate the impacts to low-income ($\leq 80\%$ AMI) and below residents when the property they reside in (or on) is redeveloped to avoid displacement. MOA staff will work closely with the Manufactured Housing Industry, local residential builders, and the public to develop this strategy.

4) Conduct a Code Analysis to Identify Barriers to the Development of Compact Housing Types and Lots (2040 LUP, Action Items 4-10 and 4-17)

- This project will involve a detailed code analysis and testing to identify any known or potential impediments to construction of allowed compact housing types and alternative subdivisions within the MOA. The results of the initial study will be shared with the public through a collaborative public process to determine appropriate and specific amendments to local land use code (Title 21). The recommendations reached through this project will be summarized upon completion of this project. The recommendations may then be drafted into an ordinance for consideration by the MOA's Planning and Zoning Commission, and Assembly.

5) Comprehensive review of off-site infrastructure requirements, site design and utility engineering design criteria for infill housing (2040 LUP, Action Items 2-12 and 4-5)

- The cost of installing and/or upgrading public infrastructure improvements within the right-of-way and utility extensions to include, water, sewer, stormwater, electricity, and telecom can sometimes be what makes the cost of a residential infill project financially infeasible. The estimated cost of installing new water and sewer lines within the MOA is approximately \$1,000 per linear foot, respectively. This is often a cost a developer has not adequately factored into their project estimations. This study will involve MOA staff, local builders, engineers, designers, and the public to evaluate our site design and utility engineering design criteria to determine any

appropriate amendments to our local codes that will reduce the cost of infill-development without sacrificing safety, function, or engineering objectives.

6) Evaluate and acquire land use permitting software for use by MOA Development Services and Planning Department

- MOA Development Services and MOA Planning currently use two different software types to process and track land use permits. Because of this, there is a disconnect between the Departments and creates an impediment to sharing information, as well as public accessibility. This project will include an evaluation of available land use permitting software that could be used by both Departments to improve information sharing, permit tracking to assess reform progress, reduce the municipal cost of permit processing, improve permit review efficiency, and public accessibility. Upon completion of the evaluation, remaining funds will be used to purchase the software and an accompanying enterprise license.

What is your geographic scope? (5pts)

Our geographic scope is the entire Municipality of Anchorage, including the Anchorage Bowl, Chugiak/Eagle River, Girdwood, and the Turnagain Arm communities. Nearly half the state's population lives within this geographic scope, including communities that are considered disadvantaged by the Climate and Economic Justice Screening Tool as identified by the President as the way in which federal agencies should determine priority.

Who are your key stakeholders? How are you engaging them? (5ts)

Key stakeholders in these efforts include Cook Inlet Housing Authority (Tribally Designated Housing Entity and nonprofit housing developer), Alaska Housing Finance Corporation (Public Housing Authority and state housing finance corporation), Habitat for Humanity Anchorage (Community Housing Development Organization), NeighborWorks Alaska (nonprofit housing owner and program operator), RurAL CAP (Community Action Agency and nonprofit housing owner and program operator), and many other public and private entities involved in housing development and operations. We have discussed this grant opportunity with many of these entities and incorporated their feedback into the proposed projects.

We will continue to meet regularly with these and other interested organizations to update them on our progress with the projects funded under this grant and gather feedback on our work.

How does your proposal align with requirements to affirmatively further fair housing (5pts)

The Municipality's federally funded housing programs are required to affirmatively further fair housing and we will continue to incorporate that priority into the work done under the PRO Housing funding. Removing obstacles to housing is a core component of affirmatively furthering fair housing and the projects we are proposing work toward this goal in a variety of ways, including by emphasizing the development of compact housing types which are

accessible to a wide range of people and the preservation of existing affordable housing serving low-income families. Our geographic scope is the entire Municipality of Anchorage to ensure equity across different neighborhoods and avoid the concentration of affordable housing in disadvantaged or low-amenity areas.

What are your budget and timeline proposals? (5pts)

The Municipality's total request is for \$3,450,000 for a series of projects expected to be completed within two years of the grant award. Each proposed project has its own budget and timeline associated, as follows:

- 1) Area-Wide Housing Market Analysis (2040 LUP, Action Item 4-16) –\$550,000, 18-24 months
- 2) Drafting and Purchase of Pre-Approved Multifamily and Compact Housing Plans (2040 LUP Action Item 4-13) –\$175,000, 12-18 months
- 3) Develop a Low-Income Attainable Housing Redevelopment & Displacement Mitigation Strategy (2040 LUP, Action Item 4-12) –\$200,000, 12-18 months
- 4) Conduct a Code Analysis to Identify Barriers to the Development of Compact Housing Types and Lots (2040 LUP, Action Items 4-10 and 4-17) –\$150,000, 12-18 months
- 5) Comprehensive review of off-site infrastructure requirements, site design and utility engineering design criteria for infill housing (2040 LUP, Action Items 2-12 and 4-5) – \$375,000, 18-24 months
- 6) Evaluate and acquire land use permitting & tracking software for use by MOA Development Services and Planning Department –\$2,000,000, 18-24 months

Exhibit E Capacity. Review and provide a narrative response to V.A.1.c

What capacity do you and your Partner(s) have? What is your staffing plan?(10pts)

The Municipality of Anchorage is the largest local government in the state of Alaska and has a large, professional staff spread across several departments that is easily capable of managing a set of projects of this scope. The primary departments involved will be Health, Planning, and Development Services.

The Anchorage Health Department manages the Municipality's entitlement HUD funding, including the Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), and Emergency Solutions Grant (ESG) programs. Its highly experienced staff will manage all aspects of PRO Housing funding involving compliance with CDBG regulations and interfacing with HUD.

The Planning Department manages the Municipality's planning functions and has extensive experience with planning activities very similar to much of the work being proposed for PRO

Housing funding, including previous iterations of some of the studies proposed. Planning staff will contract with private-sector experts for many of the studies proposed.

Development Services manages permitting and has an experienced staff very familiar with the challenges to enabling housing development posed by the Municipality's current systems. Development Services will work with Planning on the evaluation and acquisition of new software to streamline the permitting process and enable more housing development to move through the system.

Exhibit F Leverage. Review and provide a narrative response to V.A.1.d

Are you leveraging other funding or non-financial contributions? (10pts)

The Municipality has its own funding for operations of the departments involved that can be leveraged to support the work proposed to be done with PRO Housing funds. These funds include municipal general funds and HUD Entitlement funds.

Exhibit G Long-term Effect. Review and provide a narrative response to V.A.1.e

What permanent, long-term effects will your proposal have? What outcomes do you expect? (10 pts)

We expect that the proposed activities will identify the gaps and barriers in Anchorage's housing supply and directly eliminate or mitigate some barriers to incentivize desperately needed new housing.

The Area-Wide Housing Market Analysis will provide a necessary baseline picture of the state of the housing market in Anchorage. The last such analysis was completed more than ten years ago and the picture has likely changed dramatically in those years. Knowing where the greatest needs are will inform all of the Municipality's efforts to boost the housing supply.

The development of a catalog of pre-approved plans for multifamily development will greatly streamline permitting and reduce costs for developers of multifamily housing. We expect an increase in the number of multifamily developments proposed, permitted, and built as a result of this project.

The Low-Income Attainable Housing Redevelopment & Displacement Mitigation Strategy will mitigate the impacts of redevelopment of manufactured and other affordable housing and prevent the loss of housing units when redevelopment occurs. We expect to see a decrease in resident displacement from redevelopment as a result of this project.

The Code Analysis will result in the identification of any impediments to the development of compact housing types in municipal code. The further outcome would be the adoption of an ordinance by the Anchorage Assembly to make the necessary changes to code to remove these impediments, and a further outcome to that would be an increase in the number of units of this type of housing developed.

The Comprehensive Review of off-site infrastructure requirements, site design and utility engineering design criteria for infill housing will identify any needed changes to code requirements to remove barriers to housing development. We expect to see an ordinance to make the necessary changes and a subsequent increase in the development of housing.

The Land Use Permitting Software Upgrade project will identify and purchase new software to streamline permitting, coordinate better between multiple municipal departments, and track progress of reforms. We expect to see an increase in the number of housing units moving through the system and a decrease in the time required to secure permits; we also hope to use this data to ensure that reforms are effective.

The overall outcome that we expect to see as a result of this set of projects is an increase in the housing supply in Anchorage. There are numerous indications that we currently have a crisis of housing supply and that there are likely several different factors contributing to it. Each project within this application seeks to tackle one of these factors and combined we expect them to have a significant impact in the long term.

(3) Attachments.

Attachment A Summary of comments received on published Application and list of commenters by name/organization.

Other forms