

ASSEMBLY MEMBER KEVIN CROSS

THE UPSIDE DOWN OF HOUSING IN ANCHORAGE

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THANKS TO

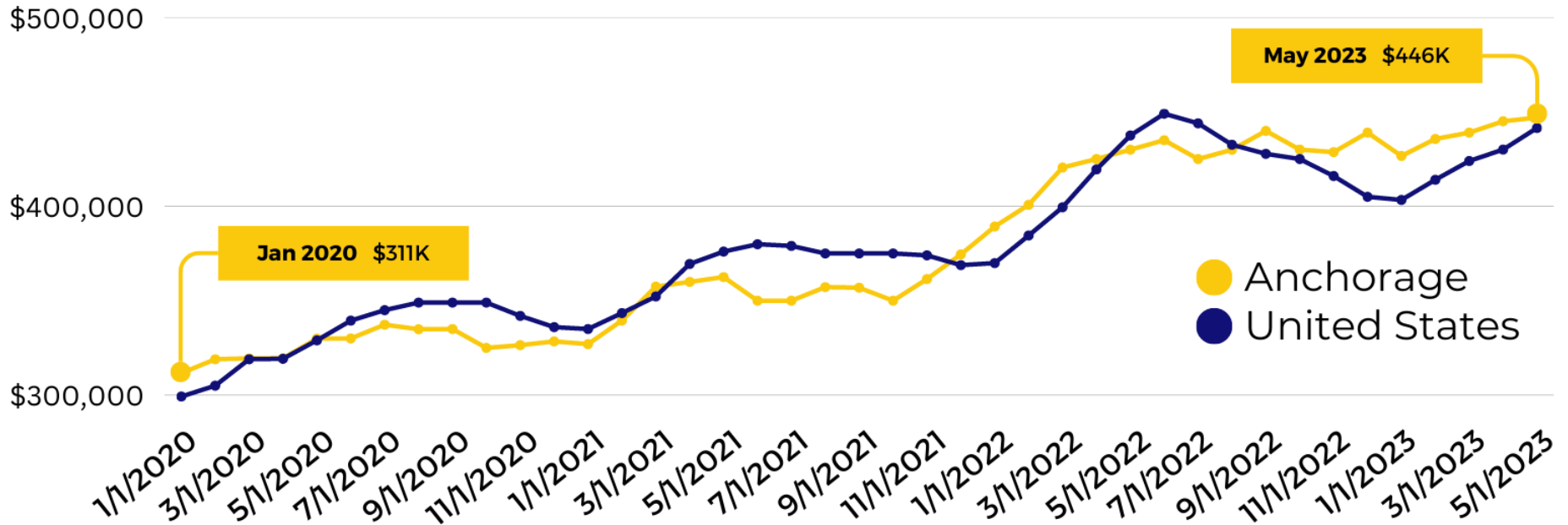
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HOUSING MARKET SNAPSHOT

Median Listing Price



MASSIVE EMPLOYEE SHORTAGES

Anchorage

A crucial van service in Anchorage's public safety system is short-staffed, straining city fire and police

By Nathaniel Herz, Northern Journal

Updated: 20 hours ago

Published: 1 day ago

ANCHORAGE, Alaska (KTUU) - The Anchorage fire, police, and health departments are all facing critical shortages, which some may say can mean the difference between life and death during an emergency.

Business/Economy

A shrinking workforce is hobbling Anchorage's economic recovery, report says

By Alex DeMarban

Updated: January 27, 2023

Published: January 25, 2023

Senior clinic at Alaska Regional to close in February, leaving vulnerable patients with limited options for care

By Annie Berman

Updated: January 23, 2023

Published: January 23, 2023



WHERE CAN OFFICER ORTEGA LIVE WITH HER KIDS IN EAGLE RIVER?

\$73,528

New APD Officer
Annual Salary

\$4,913

Monthly Income
After Taxes

\$1,475

Rent Budget as 30%
of Monthly Income

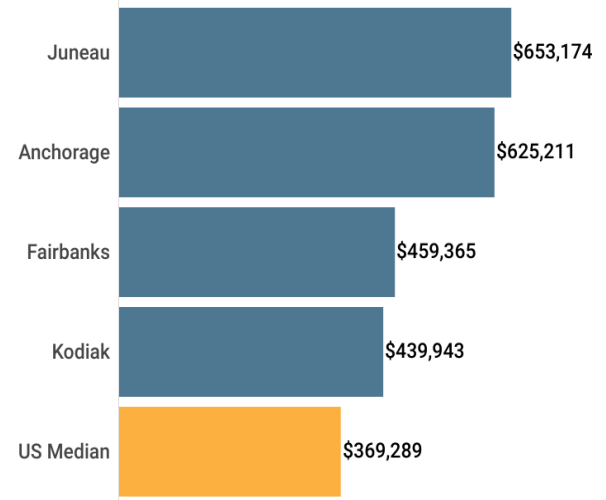


POLICE NEED HOMES TOO.

IT GETS WORSE

- The Cost of Living Index (COLI) tracks the cost of a specific type of house around the US:
- Anchorage/ER zoning was planned around the below assumed housing plan:
 - 2,400 sq ft living area
 - 8,000 sq ft lot
 - 4 bedrooms, 2.5 bathrooms
 - New construction

COLI home prices for Alaska cities

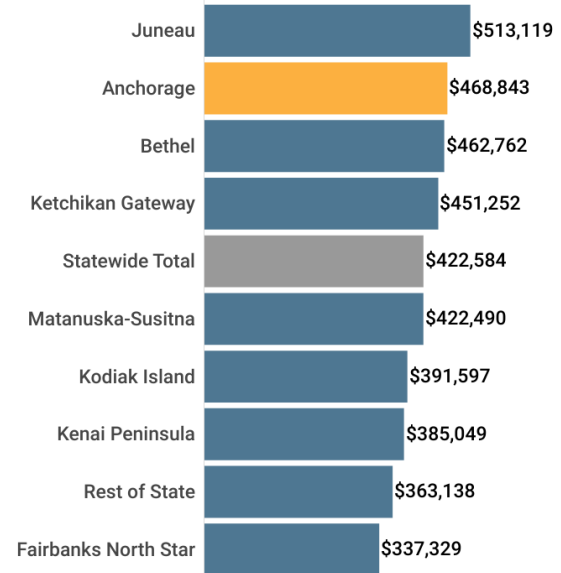


Source: Council for Community and Economic Research C2ER, Q1 2022

AVERAGE HOME PRICES AROUND THE STATE

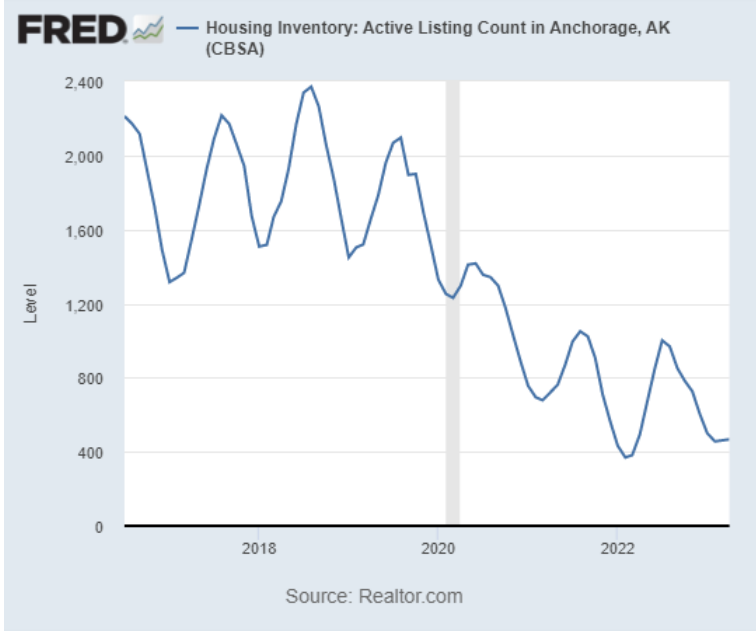
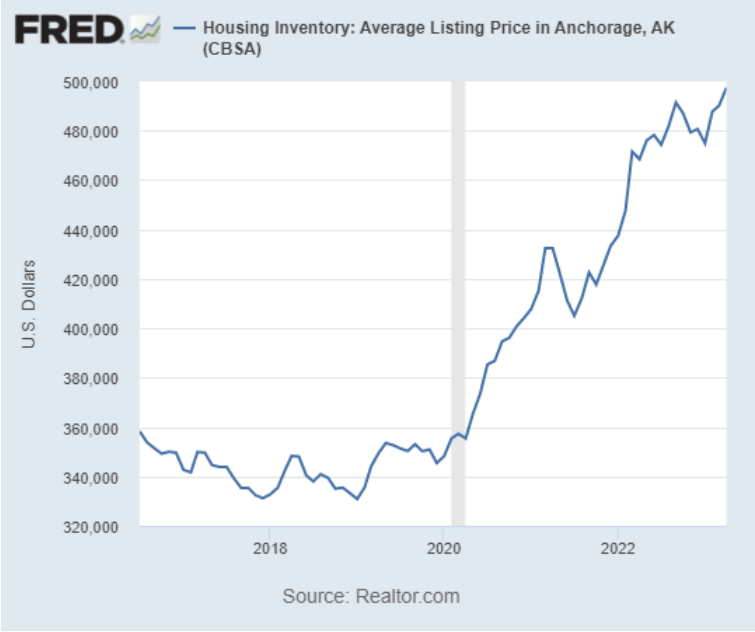
- Juneau and Anchorage are most expensive
- Anchorage is ~10% above the Mat-Su
- Highway-connected areas outside of Anchorage have the cheapest homes in the state

Home prices vary across the state



Source: AK DOL&WD and AHFC, 2022 data

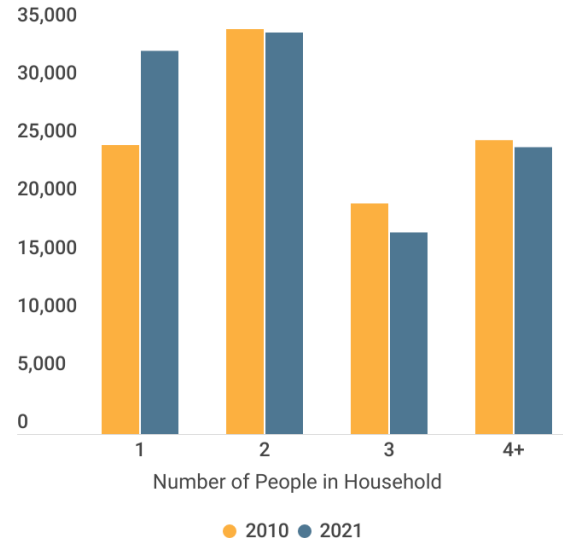
DEMAND IS HIGH, SUPPLY IS LOW



WHY DID HOUSING PRICES INCREASE WHEN WE LOST POPULATION?

- Anchorage has fewer people than in 2010, but more households
- Fewer families with children, higher population above age 18
- 2.71 people per household in 2010 2.56 in 2021
- 20% reduction in occupancy since 1991

Household size changes in MOA

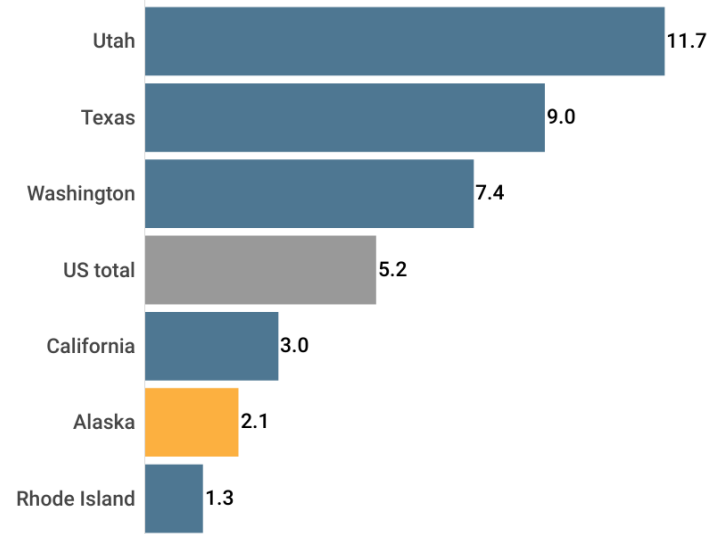


Source: US Census ACS 1-Year

VERY LITTLE HOUSING GETS BUILT IN ALASKA

- Alaska ranks 45th in the US for new housing units built, adjusted for population
- High construction costs are likely the biggest culprit

Housing units permitted per 1,000 population

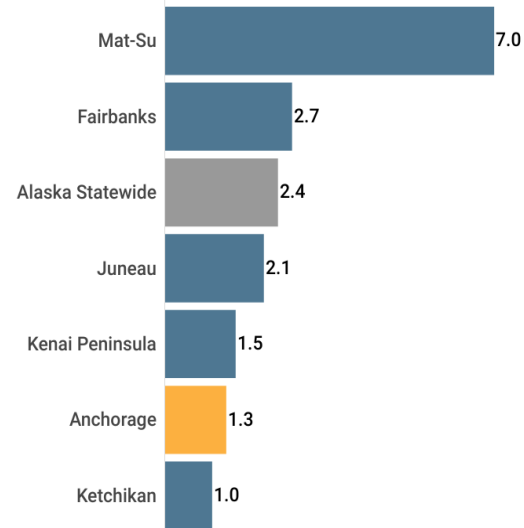


Source: US Census Building Permits Survey, 2021

WHERE IS HOUSING BUILT?

- Anchorage currently adds less than 400 units per year
- To match statewide average: 700 units
- To match national average: 1500 units
- To match Mat-Su: 2,000 units

New housing units per 1,000 population



Source: DOL&WD and AHFC, 2021

THE RENT IS TOO DARN HIGH

- Average apartment rent is \$1,353 in Anchorage and \$1842 in Eagle River (DOL&WD in 2022)
- Vacancy is 2-3% (US is about 6%)
- Anchorage in top 20% of US metros for rent cost, Eagle River is even higher.
- Very little multi-family construction for decades: difficulty of profitable development, zoning and permitting process adds 20% (AHBA)
- 2021 Housing study: 37% rentals, 67% Owner Occupied.



NUMBER OF RENTAL UNITS ON MARKET

2018	2019	2020	2022/23
09-17-2018: 330	03-04-2019: 272	01-03-2020: 281	10-12-2022: 113
09-24-2018: 352	04-08-2019: 211	02-12-2020: 248	02-10-2023: 101
10-01-2018: 346	05-21-2019: 185	04-24-2020: 204	03-01-2023: 69
10-08-2018: 330	08-20-2019: 266	05-20-2020: 211	03-28-2023: 69
10-22-2018: 325	09-05-2019: 296	06-17-2020: 220	07-03/2023: 60
11-08-2018: 327	09-10-2019: 308	07-28-2020: 169	
11-19-2018: 350	10-21-2019: 318	08-12-2020: 165	
11-26-2018: 342	12-05-2019: 293	10-06-2020: 220	
12-17-2018: 317		11-13-2020: 226	
		12-28-2020: 273	

MLS & Rentlinx

WHY DOES THE MAT-SU BUILD SO MANY MORE HOMES?

- Anchorage and Mat-Su have a shared economic base
- Land availability
- Zoning, permitting, and regulations.
- More rental housing as a percentage resulting in greater workforce.



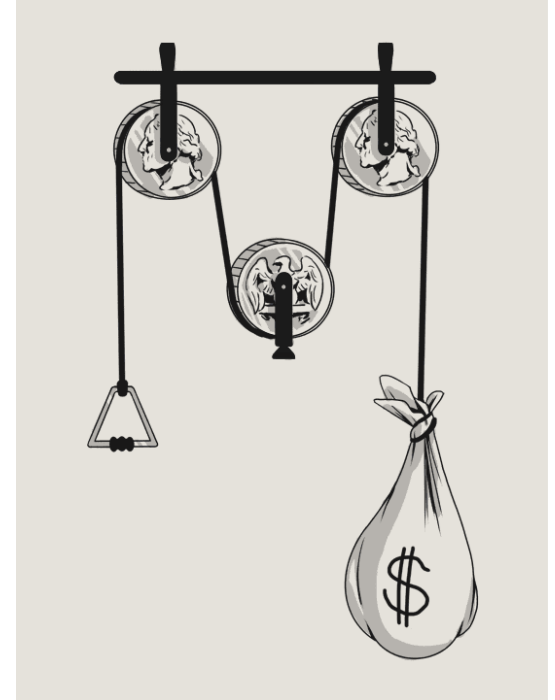
SOLUTIONS: FINANCIAL INCENTIVES

MOA suggested Solutions

- Property tax abatement (esp for multi-family)
- New sources of patient capital: loans with long repayment terms/grants/subsidies
- Public funds to finance site infrastructure: water/ wastewater, utilities, road access
- Grants to subsidize multifamily building, greater rental assistance, food programs

NOTE: All these suggestions require higher taxes on existing home owners!!

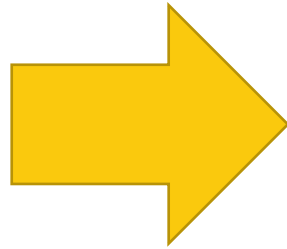
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POSSIBLE SOLUTION: AO 2023-66

Consolidate redundancy in Zoning Classifications

R-1, R4-A
R-1A, R-5,
R-2A, R-6,
R-2D, R-7,
R-2M, R-8,
R-3, R-9,
R3-A R-10
R-4,



RSF (Res Single Family)
RSMF (Res Small MF: 1-4 units)
RHDMF (Res High Density MF
5+)
RHDMU (Res High Density
MF/MU)
RSS (Res Steep Slopes)
ROUS (Residential with On Site
Underground Systems
Alpine/Steep Slopes)

ZONING AND CODE REFORMS

Any requirement raises the cost of development. *Is it worth that cost?*

- Adjusting Minimum lot sizes?
- Aesthetic requirements for MF?
- Setbacks?
- Limits on density and multifamily development?
- Zoning restriction/consolidation?

AO 2023-66 is meant to address these issues over 18 months.

We have the opportunity to:

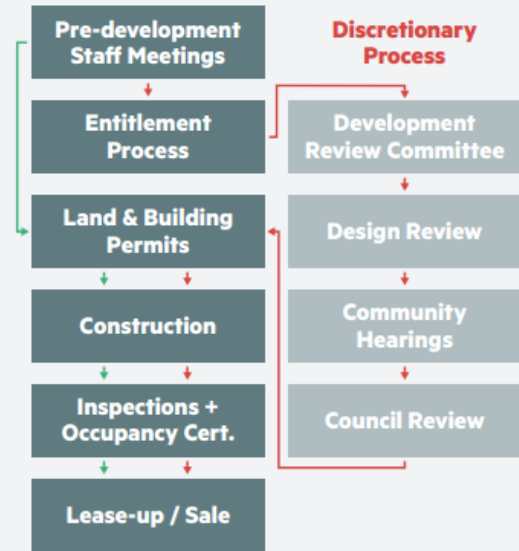
- address the need for new housing
- streamline processes
- respect neighborhood character

BY-RIGHT DEVELOPMENT

By-right development removes the discretionary aspect of approval, making development more predictable.

Land use and zoning are the first hurdle to development reform.

Typical Development Process Map



THANK YOU.

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