



Municipality of Anchorage

Planning Department

Memorandum



Date: January 5, 2022
To: Anchorage Assembly
Thru: Craig Lyon, Planning Director
From: Daniel Mckenna-Foster, Senior Planner, Long Range Planning
Subject: Supplemental Information for the January 6, 2023 Work Session on Accessory Dwelling Units (AO 2022-107)

Summary

This memorandum transmits supplementary information on the accessory dwelling unit code update project.

Public Testimony from the December 20, 2022 Public Hearing

Below are responses to public comment made at the December 20, 2022, Assembly meeting. Some comments may have already been addressed in previous packets:

Public Comment	Response
1. Allowing ADUs to meet existing height limits for principal structures will allow neighbors to "steal/poach" other neighbors' solar access.	<ul style="list-style-type: none"> The proposal allows for ADUs to reach the height limits which already exist for principal structures in Title 21. There are no codes in place for one property owner to assert a right to sunlight over another person's private property.
2. Reference to the Alaska Department of Labor that much of the current housing shortage is being driven by the conversion of homes into short-term rentals.	<ul style="list-style-type: none"> The AKDOL&WD September 2022 Alaska Economic Trends Report¹ lists long-term rentals transitioning to short-term rentals as only one of several reasons why vacancy rates are low. Other reasons include: higher home prices, fewer rentals open from evictions, formation of new households, demographics, and a long-term decline in new housing construction: <i>"Building permits for multi-family housing units in the areas our rental survey covers have been falling since 2014 and hit the lowest point in at least two decades in 2021."</i>
3. Allowing ADUs to meet existing height limits for principal structures is an environmental sustainability issue because it blocks others' desired access to sunlight.	<ul style="list-style-type: none"> The applicable height limits already exist for principal structures in all residential zones. Preventing new housing in high amenity areas encourages development pressure further away from destinations, which can contribute to higher transportation costs and environmental impacts. Allowing ADUs and other infill development contributes positively to more sustainable outcomes.

¹ Alaska Economic Trends, September 2022. <https://labor.alaska.gov/trends/sep22.pdf>

Public Comment	Response
<p>4. The Planning Department was not responsive to Community Council concerns: “Our community council has attempted to engage and so far has been ignored.”</p>	<ul style="list-style-type: none"> • The Planning Department presented at the Federation of Community Councils on April 20, 2022 and again on October 19, 2022 after the ADU proposal was recommended for approval by the Planning & Zoning Commission. At each meeting the Department offered to talk with any interested councils. Most councils did not respond. • The Planning Department attended and presented at 15 community council meetings to discuss this project over 2022. This included the Rogers Park Community Council on 5/9/2022 and the Midtown Community Council on 11/9/2022. • In email correspondence on 11/2/2022, Midtown President Kris Stoechner granted staff 15 minutes to answer questions on the ADU ordinance at their 11/9/2022 CC meeting. Staff attended, answered questions, and received no follow-up questions. • Community Councils have had several months to provide comments on this project, both before, during and after the Planning & Zoning Commission public hearing. • One specific comment from a Rogers Park resident suggested that the Planning Department has not been responsive or provided information when requested. Staff have answered this resident’s questions after the PZC meeting in September, responded to his emailed questions on 12/16/2022, and at his insistence answered his questions again by a telephone call with the Director and staff on 12/19/2022. Staff answered additional questions by telephone later that day. • Lindsey Hajduk of Neighborworks Alaska, a member of the ADU project working group, conducted extensive targeted outreach to the Rogers Park neighborhood including a two-hour focus group on at the Neighborworks Alaska office on December 9, 2021. • The working group received a variety of suggestions for changes throughout the project, some of which ultimately were not supportable by data or policy guidance.
<p>5. Reference to an article on short-term rentals and owner occupancy: “In the absence of an owner-occupancy requirement, housing markets become less affordable.”</p>	<ul style="list-style-type: none"> • Staff asked for the source of this information, but as of this writing had not received it. • Assuming the paper referenced is “The Effect of Home-Sharing on House Prices and Rents: Evidence from Airbnb”² by Barron, Kung, and Proserpio, this statement may not accurately summarize the conclusions of that study. • This study looked at census and short-term rental (STR), company data and concluded that a failure to regulate STRs may lead to a 0.018%-0.026% in rent or housing prices per 1% increase in STR listings.

2 Barron, K., Kung, E., & Proserpio, D. (2021). The Effect of Home-Sharing on House Prices and Rents: Evidence from Airbnb. *Marketing Science*, 40(1), 23-47.

Public Comment	Response
	<ul style="list-style-type: none"> • The study does not establish a causal link between the practice of owner-occupancy and affordability. • The study suggested that taxes on occupancy (rather than zoning restrictions) could be used to regulate STRs. • The study notes that this issue and housing supply in general depends on construction prices and land use regulations. • A more accurate summary might be that housing prices and rental prices may increase when STRs are not regulated and housing supply is not allowed to expand. • Adding new housing supply does not necessarily mean new short-term rentals. If it did, then it might be fairer to consider STR-focused restrictions for all types of new housing, including single-family homes, condos, etc. • Additional research by some of these authors published more recently in 2022 suggests that <i>“In the long-run...home-sharing may lead to a greater investment in residential housing. In particular, we might see an increase in supply of housing units that can be flexibly allocated to both long- and short-term rental markets.”</i>³
<p>6. The proposed amendments appear to contradict the 2040 LUP</p>	<ul style="list-style-type: none"> • The 2040 Land Use Plan calls explicitly for easing restrictions which deter the construction of accessory dwelling units.
<p>7. This ordinance overrides HOA agreements.</p>	<ul style="list-style-type: none"> • This proposal does not include any provision that limits HOA agreements.
<p>8. ADU regulations should be specially tailored for specific areas.</p>	<ul style="list-style-type: none"> • There are multiple tools available outside of either this ordinance or the zoning code to create localized restrictions which meet one area’s desires but do not necessarily affect other parts of the Municipality. • Adding specific regulations for certain neighborhoods or zones adds complexity, which often becomes an obstacle to building new housing.
<p>9. The proposal should be expanded to allow ADUs to be built as subordinate dwellings to triplexes.</p>	<ul style="list-style-type: none"> • This change would likely increase flexibility and increase the possibility of more housing production.

³ Bekkerman, R., Cohen, M. C., Kung, E., Maiden, J., & Proserpio, D. (2022). The Effect of Short-Term Rentals on Residential Investment. *Marketing Science*.

Public Comment	Response
<p>10. The proposal should allow ADUs up to 1,000 square feet or 40%, whichever is larger in order to standardize the rules between Eagle River/Chugiak and Anchorage Bowl codes.</p>	<ul style="list-style-type: none"> • This change would create more uniformity between the Eagle River/Chugiak and Anchorage Bowl code sections.

Notes on Assembly Members Rivera & Zaletel’s Letter to the Planning Department

Some discussion at the December 20, 2022 public hearing referenced a desire of representatives of certain community councils to participate in the working group or otherwise throughout the project. The fundamental purpose of a working group is for a collection of experts or people with experienced perspectives on an issue to work together to produce a proposal for discussion. Once produced, this proposal can then be reviewed, scrutinized, and amended as necessary by policy makers and the public through the established public process. This project followed the same public process as all other code projects completed by the Municipality, a system which is designed to give all individuals and groups in the community the same opportunity to participate in planning projects through comments to staff, participation at Planning & Zoning Commission meetings, and participation at meetings with the Assembly.

In a letter dated April 11, 2022, Assembly Members Rivera and Zaletel noted that one of their constituents would like to participate in the ADU working group and also requested the inclusion of representatives from three specific community councils: Rogers Park, South Addition, and Fairview. In a response by letter on April 19, 2022, the Planning Department explained that it could not fairly add representatives from three councils without inviting representatives from all councils, and adding representatives from all councils in Anchorage would likely result in a size that would likely make the working group untenable. The letter also included the progress to date, plans for community council engagement, and ADU data and analysis. The Department never heard any similar requests from the Fairview or South Addition councils, including when meeting with them on 5/12/2022 and 6/22/2022 respectively. Memos in the PZC and Assembly packets provide additional detail about meetings with community councils or representatives throughout the course of the project.

Final Considerations

Many of the comments opposing ADU code reform have focused on the issue of some neighbors’ preferences versus other neighbors’ existing property rights. This ADU proposal does not change the overall buildable volume of any property, but simply allows more flexibility within that existing allowance to make the production of housing more viable. The 2040 Future Land Use Plan identifies more housing, including more compact housing, as a major priority for the community, and public discourse over the past few years has focused on this need as well. Any individual proposals for adding customized restrictions to new homes should be weighed against the community’s overall desire and need for new housing of all types and varieties.