MUNICIPALITY OF ANCHORAGE
ASSEMBLY MEMORANDUM

No. AM 721-2025

Meeting Date: September 23, 2025

From: **Assembly Member Volland and Assembly Chair Constant**

Subject: **AN ORDINANCE OF THE ANCHORAGE ASSEMBLY SUBMITTING TO THE QUALIFIED VOTERS OF THE MUNICIPALITY OF ANCHORAGE A BALLOT PROPOSITION AMENDING THE HOME RULE CHARTER TO AUTHORIZE A TAX ON SHORT-TERM RENTALS.**

This ordinance proposes a new tax on short-term rentals (STRs) of residential dwellings, and dedicates this new revenue stream to development of housing and infrastructure needed to support new housing and increased density. Since the prolific growth of STRs, vacation rentals or house sharing over the past two decades with the convenience of online platforms such as AirBnB and VRBO, the housing supply has been affected. As one article explains in a study on the impacts to the Kansas City region:

> In 2023, there were over 2.4 million STR listings in the U.S. Over the last decade, the impact of these businesses has been dubbed the "Airbnb effect." The increase in STRs directly impacts rents in surrounding neighborhoods by pushing it higher and affects affordability across the region as supply is removed from the long-term rental or purchase market.[1]

A 2020 nationwide study found that "a 1% increase in Airbnb listings leads to a 0.018% increase in rents and a 0.026% increase in house prices."[2] It is an economic fact that in an unregulated market the growth of STRs has an impact on housing prices and rental rates and on the supply for long-term and owner-occupied housing availability. Even in the state of Alaska, the trend is identified by the Department of Labor and Workforce Development in its recent report of its annual survey of rental costs in Alaska, as well as noting the lack of data on STRs:

> Some rentals are converted to other uses. New home construction is just one indicator of potential changes to an area's rental supply over time; another change is units entering or leaving the rental market. Some rentals become short-term vacation rentals or owner-occupied, but those data are lacking. Rental stock estimates for Alaska from the Census Bureau's American Community Survey are imprecise and cover a five-year span for most

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[1] Mid-America Regional Council, "Is the growth of short-term rentals fueling the region's housing crisis?," October 28, 2024 (https://www.marc.org/news/economy-housing/growth-short-term-rentals-fueling-regions-housing-crisis#:~:text=In%202023%2C%20there%20were%20over,supply%20is%20removed%20from%20the , (accessed August 29, 2025))

[2] Barron, Kyle and Kung, Edward and Proserpio, Davide, The Effect of Home-Sharing on House Prices and Rents: Evidence from Airbnb (March 4, 2020). Available at SSRN: https://ssrn.com/abstract=3006832 or http://dx.doi.org/10.2139/ssrn.3006832

boroughs and census areas, and the most recent are only available through 2023. Public short-term rental data quantifying the impact of Airbnb, Vrbo, and similar services are not available.[3]

The Municipality has attempted to require hosting platform services to include some informative data about their operators when reporting and remitting taxes on their behalf, as required by AMC subsection 12.20.031G.1. However, this requirement enacted by AO 2024-81(S), As Amended, was effective January 1, 2025, and to date there was no response to the sponsors' requests for this data.

In the Municipality of Anchorage several legislative actions in the past decade have attempted to enforce room tax collections from STRs and to address, understand and alleviate the negative effects of STRs to the surrounding neighborhoods and to the region as a whole. Those include:

- AO 2016-66, As Amended, enacted new section AMC 12.20.031, Registered hosting platforms, specifically to address the hosting platform marketplace structure and provide the Municipal Treasury Division with an additional tool to enforce compliance and reduce room tax revenue loss from unregistered operators.
- AO 2019-99(S), As Amended, changed the hosting platform agreement from being only voluntary as originally enacted, to being required. The landmark case *Wayfair v. South Dakota v. Wayfair,* 585 U.S. 162, 138 S.Ct. 2080 (2018), removed the physical presence requirement for the nexus required to obtain jurisdiction over remote, internet based businesses and catalyzed this code change.
- AO 2023-110(S-1), As Amended, Vetoed by the Mayor, would have established licensing and registration by STRs, to ensure operators had someone responsive to complaints available locally and provide assurance STR units meet land use, fire, health and other applicable municipal code, for the quiet and peaceful enjoyment of neighborhoods where they exist. The Mayor's veto was not submitted for an override vote.
- AO 2024-81(S), As Amended, amended the room tax reporting requirements for hosting platforms to add data on the number and types of STR units the platform serves and area they are located.
- AO 2025-35(S-1), As Amended, provided for tax incentives for new housing developments, but disqualifies and terminates the exemption for units used as STRs.

And several recent measures are specific to the community of Girdwood, which is uniquely impacted as a vacation resort destination with a high volume of "dark homes" with many of those used as STRs:

- AO 2023-137, As Amended, approved the disposal of portions of Heritage

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[3] Schultz, G., and Kreiger, R., "Rent up 5 percent in spring survey," Vol 45, No. 9, p 4, Alaska Economic Trends (September 2025) (*available at* https://live.laborstats.alaska.gov/trends-magazine/2025/September/rent-up-5-percent-in-spring-survey accessed September 5, 2025).

Land Bank parcels to CY Investments for the Holtan Hills residential development, and required a homeowner's association to prohibit STR uses except for rentals of accessory dwelling units.

- AO 2024-114(S), As Amended, establishing a policy in the Girdwood Comprehensive Plan for future HLB disposals to include a condition restricting STR uses, similar to the disposal for Holtan Hills.
- AR 2025-103, As Amended, approving the HLB 2025 Annual Work Plan and Five-year Management Plan included acknowledgment of the Girdwood Comp Plan policy to restrict STR use as a condition of disposals.

Each one included information and findings about the AirBnB Effect. Clearly, STR listings throughout the Municipality of Anchorage have impacted and contributed to the housing crisis: the AirBnB Effect has been here for a while now.

The proposed tax will generate revenue from one of the significant contributing causes to our housing crisis-STR listings-and dedicate it to funding solutions and supporting housing supply growth. The Assembly has directed funding appropriated for this purpose in the 2023 and 2024 General Government Operating Budgets, but they were not utilized and lapsed back into general fund balance at the end of the year.[4] With a new, self-sustaining and dedicated revenue stream directed to this purpose, extracted from a significant contributor to the housing crisis, these STR tax monies would permanently be restricted for housing and never lapse. Funding restricted to this use is needed to facilitate the success of the Mayor's action plans in the [10,000 Homes in Ten Years Strategy](https://www.muni.org/Departments/Mayor/Documents/Priorities/10K%20Homes%20IV.pdf) launched earlier this year.[5] From investments to streamline municipal processes and permitting, to providing funding-backed incentives to support new housing developments, to monetizing programs for remediating neglected properties and put them to useful, habitable occupancy, the Strategy has a price tag. This dedicated STR tax funding stream is potentially a key part of the economic solution.

Some other jurisdictions have similarly enacted and levied a tax specifically on STR transactions, and dedicated all or a portion to affordable, attainable or workforce housing. This includes the Colorado communities of Aspen (5% or 10%, depending on STR type), Carbondale (6%), Crested Butte (7.5%), and Telluride (2.5%), which all singled out STRs for additional tax on top of a room tax applied to hotels and other transient lodging. In California the county of Napa and City of St. Helena dedicated revenue from a special transient occupancy tax (1% in each jurisdiction) to affordable and workforce housing programs and services, on top of their 12% general room tax that goes to their general fund. This proposal is not a new concept, it follows a model that other local governments across the country have used to

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[4] *See* 2024 Approved General Government Operating Budget, p. 24 line 103, $500,000 for Housing Fund, (https://www.muni.org/Departments/budget/OperatingArchive/Documents/2024/Web%20-%20Full%202024%20Approved%20GGOB.pdf accessed September 11, 2025); *and* AM 585-2025 attached to AR 2025-221, p. 1 lines 28-32, describing three ARs granting $1,300,0000 to the Anchorage Affordable Housing and Land Trust for rehabilitating vacant and abandoned properties for housing, (https://www.muni.org/Departments/budget/operatingBudget/2023%20GGOB/2023%20Revised%20Budget/Book-07%20-%202024%20Revised%20Budget%20Complete%20Book.pdf accessed September 11, 2025).

[5] *See* https://www.muni.org/Departments/Mayor/Documents/Priorities/10K%20Homes%20IV.pdf

address their affordable and workforce housing supply issues.

Here in the Municipality of Anchorage, in the midst of our housing crisis, it is appropriate to create a dedicated revenue stream from the STRs that benefit from transient visitors attracted to our community but also detrimentally affect the housing supply. In Alaska, this kind of tax is a sales tax and requires approval of the voters, either by charter amendment or by ratification of an ordinance imposing it. This ordinance proposes a ballot proposition amending the Home Rule Charter of the Municipality for approval by the qualified voters at the April 2026 election. We request our colleagues to allow the people of Anchorage to consider and vote whether this tax should be imposed.

We request your support for the ordinance.

Prepared by: Assembly Counsel's Office
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Respectfully submitted: Daniel Volland, Assembly Member
District 1 – North Anchorage

Christopher Constant, Assembly Chair
District 1 – North Anchorage