



# MUNICIPALITY OF ANCHORAGE

## Assembly Information Memorandum

No. AIM 13 - 2024

Meeting Date: February 13, 2024

1 **FROM: MAYOR**

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3 **SUBJECT: ACCESSORY DWELLING UNIT (ADU) REPORT FOR 2023.**

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5 This informational memorandum provides a report on the development of  
6 Accessory Dwelling Units (ADUs) in the Municipality since February 2023 as  
7 required by AO 2022-107, As Amended.

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9 Passed on January 10, 2023, AO 2022-107, As Amended, included the following  
10 provision:

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12 *“Section 3. Within one year of the adoption of this ordinance, the*  
13 *Planning Department shall implement the following strategies: permit*  
14 *review assistance program, applicant guidance materials, and improved*  
15 *tracking of ADU development trends. In addition, the Planning*  
16 *Department shall evaluate the success or impediments to a successful*  
17 *implementation of this ordinance and submit a report to the Assembly*  
18 *by an information memorandum no later than one year after the effective*  
19 *date of this ordinance describing its implementation and whether the*  
20 *requirements of this section have been met.”*

### 21 22 **Overview of Progress on ADUs since Passage of AO 2022-107 (AA):**

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- 25 • Planning, Development Services, and the Geographic Data and Information  
26 Center (GDIC) collaborated to add a new checkbox in May 2023 within the  
27 MOA’s permitting software for residential permits to track the construction  
28 of ADUs.
  - 29 • This new tracking system shows 11 permits opened for ADUs since May  
30 2023, but not all of them have been completed.
  - 31 • MOA Property Assessment data showed 673 parcels with a land use of  
32 “Single Family with Accessory Dwelling Unit” in 2022 and 726 parcels with  
33 a land use of “Single Family with Accessory Dwelling Unit” in 2023.
  - 34 • Planning and GDIC have posted an online building permit dashboard with  
35 ADUs and other residential permits that are publicly available.
  - 36 • Development Services and Planning published ADU review guide policy AG  
37 37.
  - 38 • Planning has received no fewer than 44 calls or emails expressing positive  
interest in constructing an ADU.

**How Many ADUs Were Built in 2023?**

Prior to AO 2022-107 (AA), all property owners with ADUs were required to file an affidavit of owner occupancy with the Planning Department. Up until the reform, these records provided the most consistent data for ADU production in the Municipality. After AO 2022-107 (AA) removed the owner occupancy requirement, the Planning Department no longer had an accurate way to track ADUs, and thus worked with other departments to add a checkbox to new building permits to indicate when new construction includes an ADU. This section was fully integrated into building permits in May of 2023. Since then, the MOA has recorded 11 permits for new ADUs throughout the year.



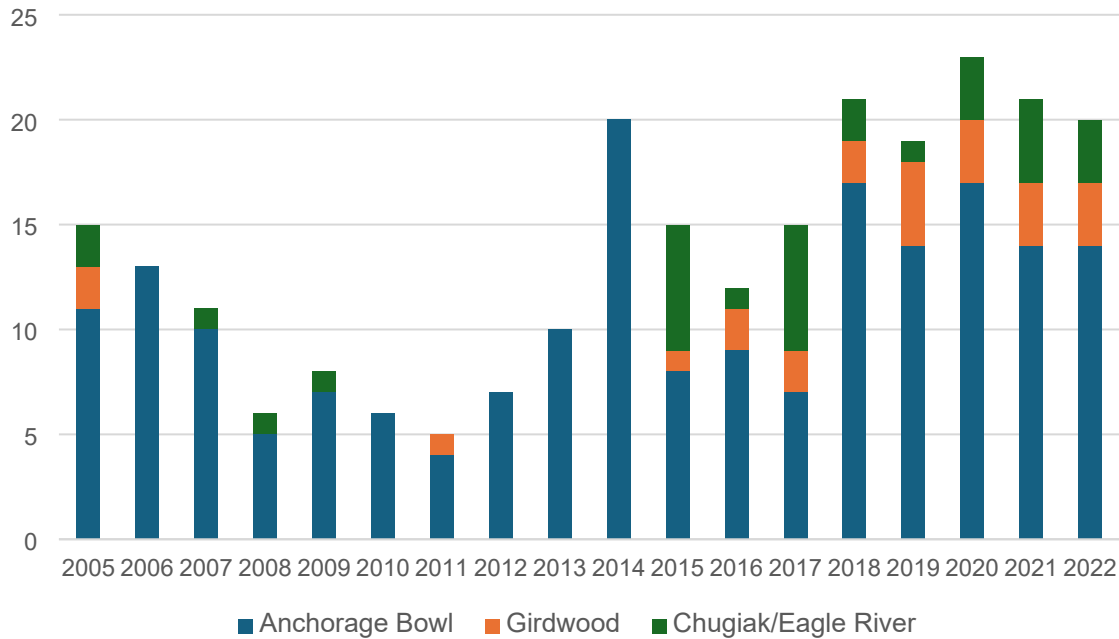
**Figure 1.** New ADU Permits since May 2023. Addresses not shown for privacy.

| Application Number | Work type         | Status    |
|--------------------|-------------------|-----------|
| 1.R20-2891         | New Building      | Issued    |
| 2.R23-1196         | Building Addition | Issued    |
| 3.R23-1211         | Building Addition | Issued    |
| 4.R23-1174         | New Building      | Issued    |
| 5.R23-1326         | New Building      | Cancelled |
| 6.R23-2205         | Building Addition | Issued    |
| 7.R23-1773         | New Building      | Issued    |
| 8.R23-2920         | Building Addition | Issued    |
| 9.R23-1880         | Building Addition | Open      |
| 10. X23-1402       | New Building      | Closed    |
| 11. R23-2182       | New Building      | Issued    |

These 11 new ADUs since May 2023 compare with 21 new ADUs in 2021 (6% of all new residential units) and 20 new ADUs in 2022 (around 5% of all new residential units)<sup>1</sup>.

<sup>1</sup> Based on affidavit tracking and year-end permit activity reports from MOA Development Services.

## ADU Affidavits since 2005



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### How Many ADUs Exist in the Bowl in January 2024?

ADUs have long existed in all parts of Anchorage, most of them generally on the same property as a single-family dwelling. In 2022, the MOA’s property assessment data showed 673 properties with a land use description of “Single Family w/Accessory Dwelling Unit”. In 2023, the MOA’s property data file showed 726 properties with a land use description of “Single Family w/Accessory Dwelling Unit,” indicating 53 more “single units with an ADU” at the end of 2023 than at the end of 2022. This could be due to changes in assessment methodology, formalization of ADUs in the wake of reforms, unpermitted ADUs, or a mixture of any of these. Assessing observations broken down by community council area can be found in the table below:

| Community Council | 2022 ADU Count | 2023 ADU Count | Number of residential parcels as of 1/3/2024 | Percentage of parcels that have ADUs as of January 2024 |
|-------------------|----------------|----------------|--|---|
| Abbott Loop       | 22             | 22             | 8,856  | 0.2%  |
| Airport Heights   | 2              | 3              | 1,897  | 0.2%  |
| Basher            | 6              | 8              | 265  | 3.0%  |
| Bayshore/Klatt    | 17             | 20             | 5,147  | 0.4%  |
| Bear Valley       | 10             | 11             | 593  | 1.9%  |
| Birchwood         | 14             | 15             | 1,262  | 1.2%  |
| Campbell Park     | 1              | 1              | 1,830  | 0.1%  |
| Chugiak           | 34             | 32             | 3,637  | 0.9%  |
| Downtown          | 0              | 0              | 1,065  | 0.0%  |
| Eagle River       | 18             | 21             | 4,210  | 0.5%  |

| Community Council    | 2022 ADU Count | 2023 ADU Count | Number of residential parcels as of 1/3/2024 | Percentage of parcels that have ADUs as of January 2024 |
|----------------------|----------------|----------------|--|---|
| Eagle River Valley   | 34             | 35             | 5,048  | 0.7%  |
| Eklutna Valley       | 0              | 1              | 125  | 0.8%  |
| Fairview             | 6              | 7              | 1,856  | 0.4%  |
| Girdwood             | 41             | 51             | 2,014  | 2.5%  |
| Glen Alps            | 3              | 3              | 208  | 1.4%  |
| Government Hill      | 2              | 4              | 605  | 0.7%  |
| Hillside             | 106            | 104            | 2,911  | 3.6%  |
| Huffman/O'Malley     | 53             | 47             | 4,340  | 1.1%  |
| Midtown              | 2              | 2              | 1,434  | 0.1%  |
| Mountain View        | 2              | 3              | 1,488  | 0.2%  |
| North Star           | 3              | 6              | 1,021  | 0.6%  |
| Northeast            | 22             | 21             | 7,263  | 0.3%  |
| Old Seward/Oceanview | 16             | 15             | 3,019  | 0.5%  |
| Portage Valley       | 0              | 0              | 129  | 0.0%  |
| Rabbit Creek         | 64             | 78             | 3,263  | 2.4%  |
| Rogers Park          | 21             | 23             | 1,383  | 1.7%  |
| Russian Jack Park    | 5              | 7              | 2,824  | 0.2%  |
| Sand Lake            | 50             | 50             | 8,568  | 0.6%  |
| Scenic Foothills     | 7              | 9              | 3,356  | 0.3%  |
| South Addition       | 40             | 44             | 1,984  | 2.2%  |
| South Fork           | 11             | 13             | 983  | 1.3%  |
| Spenard              | 10             | 11             | 3,772  | 0.3%  |
| Taku/Campbell        | 5              | 8              | 5,241  | 0.2%  |
| Tudor Area           | 9              | 9              | 687  | 1.3%  |
| Turnagain            | 22             | 25             | 4,309  | 0.6%  |
| Turnagain Arm        | 6              | 6              | 296  | 2.0%  |
| University Area      | 9              | 11             | 2,797  | 0.4%  |
| Sum:                 | 673            | 726            |  |   |

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**Observations Since Implementation**

- The Planning Department has received many calls asking positively about ADUs, and a portion of these have asked about whether people can build a smaller unit now and a larger unit later.**

The Long Range Planning division has recorded 44 phone calls or other inquiries expressing positive interest in ADUs. Many of these callers seemed interested in building a structure below 1,200 square feet now and a larger house as the primary structure later, with ultimate plans to convert the housing unit into an ADU at a later date. This would indicate that the reforms might contribute to more housing production in the long term, and would require long-term analysis of building square footprints and instances

1 of multiple structures on a lot.

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3 **2. Potential ADU projects may have been limited by other aspects of Title**  
4 **21:**

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6 ADUs have not been included in density calculations for a site since before  
7 the 2018 ADU reform ordinance passed by AO 2018-43(S). This provision  
8 makes ADUs attractive as a way to convert existing buildings to housing on  
9 lots built at or approaching their zoned densities. AO 2022-107, As  
10 Amended, allowed ADUs alongside any dwelling unit, whether it was a  
11 single unit, duplex, triplex, or greater. In the weeks following the passage of  
12 the ordinance, staff received several inquiries from the public about placing  
13 an ADU alongside duplexes or other types of housing within the R-2M  
14 zoning district:

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16 **Example 1:** Two existing detached living units on a 7,000 square foot R-2M  
17 lot with an additional garage the property owner wished to convert to an  
18 ADU (see Figure 2).

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20 **Example 2:** A portion of an existing duplex burned down on a 17,000  
21 square-foot, R-2M lot, and the owner wished to rebuild the second unit  
22 separately, then add a new ADU at the back of the site.

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24 Adding ADUs to these lots was revealed to be potentially problematic  
25 because:

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- 28 • **Lot size:** The R-2M zone allows multiple structures on a lot of three  
29 or more units (triplex or greater), but not for duplexes. Thus,  
30 converting the garage on the 7,000-square-foot lot in the image in  
31 Figure 2 could potentially be permitted, but only as a triplex of three  
32 separate structures. However, due to lot size restrictions at that time,  
33 three units on this lot would not be permitted.
  - 34 • **Definitions:** Title 21 defines a duplex as two units in a single building  
35 but not as two separate units in two separate buildings, meaning two  
36 units in separate structures are undefined and thus not explicitly  
37 permitted—a “detached duplex” does not exist as a housing type.  
38 Within the R-2M zone, Title 21 does allow three or more units to be  
39 in either one structure or multiple structures on a single lot.
  - 40 • **Higher standards for three or more units:** Until the adoption of AO  
41 2023-103, three units or more on a lot triggered a higher level of  
42 standards and review. As ADUs do not count towards density, they  
43 provided a means for adding housing to lots where two units already  
44 existed without reaching this higher threshold.

45 These situations may be resolvable through the recent adoption of AO  
46 2023-103, although the lack of a definition for detached two-family dwellings  
47 remains.



**Figure 2:** A 7,000 square-foot R-2M lot that was unable to convert the garage into an ADU without triggering triplex regulations because there is no definition of a "detached two-family" in Title 21. Shown with permission of the property owner.

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**3. The 900 square foot/40% rule creates a notable situation for multiple units on a lot:**

AO 2022-107 (AA) allowed an ADU to be up to 900 square feet, or 40% of the principal structure (up to a maximum of 1,200 square feet), whichever is larger. Building on the item mentioned above, this creates a notable situation where two separate 900 square foot structures on one lot could be considered a primary residence with an ADU, but two 901 square foot structures on a lot would be prohibited since 901 square feet exceeds the size limit for an ADU and the structures would thus be a detached two-family dwelling. However, this housing type is not explicitly defined, nor permitted.

Amending this section might require a policy decision about how units are counted towards density or changes to housing type definitions.

**4. ADU size as a proportion of the primary unit versus primary structure:**

Code section 21.05.070D.1.b.iii.(4) states: *"The gross floor area of the ADU, not including any related garage, shall be up to 900 square feet or 40 percent of the total gross floor area of the principal dwelling unit (excluding the ADU and garages), whichever is greater, and an ADU shall not exceed 1200 SF."* This section has produced some confusion in cases where property owners seek to add an ADU to a property that has another building with multiple dwelling units, none of which is the principal dwelling unit.

This section could be clarified to say "...shall be up to 900 square feet or 40 percent of the total gross floor area of the principal dwelling unit or **principal structure**..." in order to establish that the ADU size is intended to be in proportion to the principal structure.

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**5. Construction costs and interest rates in 2023 remained high for all types of development.**

As the Department of Labor and Workforce Development reported in their May 2023 issue of Alaska Trends: *“The rapid and dramatic rise in rates made housing far less affordable than in 2020 and 2021. At the same time, home prices remained high, driven in part by elevated but unmet demand for new construction...While supply chain problems have partially resolved, the lack of available workers will hamper new construction even if demand remains high.”*<sup>2</sup>

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<sup>2</sup> <https://live.laborstats.alaska.gov/trends-magazine/2023/May/home-market-shifts-with-rising-rates>