



**HOUSING**  
Area of Focus

# **5 Infrastructure Recommendations**

**from the  
AEDC Live.Work.Play.  
Housing Area of Focus  
Infrastructure Subcommittee**





## HOUSING Area of Focus

Dear Decision Maker

In 2011, the AEDC Board of Directors unanimously passed the aspirational narrative and metrics for the Live. Work. Play. initiative that states by 2025, Anchorage will be the #1 city in America to live, work and play. Live. Work. Play. (LWP) is a grassroots effort focused on community improvement and engagement for the people who live here. More than 33 metrics in seven areas of focus provide a pathway for our work and allow us to measure our progress. We've developed community collaborations and workgroups around each of the seven focus areas of: education, housing, workplace well-being, community safety, trails, creative placemaking, and one Anchorage, one economy.

The Live.Work.Play Housing workgroup has been particularly robust and engaged, meeting monthly for several years. Its members are leaders in housing development and range from Cook Inlet Housing Authority to Weidner Properties to the Mabel T. Caverly Senior Center to representatives from the MOA Planning department and private development groups. The workgroup is chaired by Carol Gore of CIHA and Tim Potter, of DOWL. This work group seeks to address all issues affecting cost and accessibility of housing needs in Anchorage. Because, the metrics are clear – Anchorage needs housing, affordable and market rate. Anchorage's cost of living index ranks our cost of housing as the 16<sup>th</sup> highest in the nation. The relative cost of housing in Anchorage has risen every year since 2009<sup>1</sup>. And our housing development is not keeping pace with what's needed in order to provide residents with modern, appropriately priced, homes. As the key finding of the 2012 Anchorage Housing Market Analysis states:

***“...there is not enough buildable land to accommodate future housing demand under historical development patterns, current land-use policies and development options...without changes in the existing construction environment, Anchorage will not be able to accommodate the forecast for population growth, which could have adverse effects on the area's growth and economic health. The mismatch between future housing demand and land supply is serious and needs attention.”***<sup>2</sup>

In Alaska's current economic shift, the 2012 market analysis continues to apply, and affordable housing is an even bigger need at all levels. To address this problem, the LWP housing workgroup sought to look at some of the root issues for why housing development is not occurring at the pace needed and optimal density. A significant barrier the LWP housing workgroup selected to tackle is Anchorage's aging, inconsistent, and underdeveloped infrastructure. Infrastructure such as water lines, sewer lines, storm drainage, alleyways are necessary to support housing development. The current manner in which infrastructure is maintained and expanded is a barrier to development and redevelopment.

<sup>1</sup> <http://aedcweb.com/wp-content/uploads/2016/01/2015-COLI-Data-Report-FINAL.pdf>

<sup>2</sup> 2012, Anchorage Housing Market Analysis, prepared for the MOA by McDowell Group and ECONorthwest.





## HOUSING Area of Focus

LWP Housing convened an infrastructure subgroup to develop specific recommendations the Municipality of Anchorage and community partners could implement, so infrastructure is not a barrier to housing development but works to encourage good, balanced development instead. This subcommittee produced five white papers that provide a clear description of some potential solutions.

The AEDC Board endorses the exceptional work of these devoted and knowledgeable Anchorage residents and leaders. We urge action as recommended in the LWP Housing infrastructure subcommittee white papers. The white papers are attached. We recognize the issues are multidimensional and the solutions will require the work and input of multiple MOA staff and departments, administration approval, Assembly approval, and in some cases the Regulatory Commission of Alaska. The white papers address the following five subjects:

- **Stormwater Utility:** this paper outlines current stormwater issues in Anchorage, why these issues are important to resolve, and presents a possible phased approach for creating a storm water utility, over the next several years.
- **Water Transmission Improvement District and Infrastructure Coordination Agreements:** this suggests a new way for developers and AWWU to work together in public/private partnership to facilitate construction of large, water transmission infrastructure and what steps should be taken to address the administrative, technical and financial elements of such partnerships.
- **Developer Reimbursements and the 3-year rule:** this white paper has also been described as “treat developers as you treat yourself” in the way that costs are recovered for putting in water and sewer main extensions. Currently developers can only recoup the cost of their infrastructure investments extended beyond their own property limits for a 3 year window after installation, while AWWU has no window of time for which the utility can recoup costs.
- **The Alley white paper** proposes recommendations for how a developer and community along an alleyway can more equitably share the costs of alley improvements.
- **The Land Use Plan Map white paper** calls for an infrastructure analysis to help prioritize areas for redevelopment to support new housing. Resources and effort to be invested now will support a realistic plan where infrastructure needs are known and can be built to support community goals.

Please, take the time to read and consider these white papers. Professional, highly skilled Anchorage residents who are technical experts in the field of housing, planning, and infrastructure volunteered extensive time to help define the issues and come up with solutions. Our LWP Housing Workgroup and the infrastructure subcommittee in particular are eager to work in partnership with the Municipality of Anchorage and the community to see that barriers to housing development are eradicated.

Thank you for your time and consideration.





## HOUSING Area of Focus

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# MOA Stormwater Utility, Is It Time?

## Preamble:

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Anchorage does not have a comprehensive stormwater plan. In fact, Anchorage has two distinct and separate stormwater systems, one for the MOA and a second for AK DOT. The MOA has 27 watersheds where the planning, management, construction programs, and maintenance are all at different levels of service.

One example, recent planning studies of the MOA (Hillside District Plan) reported “the majority of Hillside roads and associated drainage ditches are located in and maintained by a patchwork of Limited Road Service Areas (LRSA), Homeowners Associations, or informal neighborhood maintenance groups, who generally do not have the authority or resources to solve drainage issues. No single entity is responsible for managing drainage throughout each watershed from top to bottom. Each of these entities such as subdivisions, homeowners, and service area managers independently attempt to convey runoff through or around their properties. This has resulted in disjointed and/or inadequate drainage systems, the inefficient use of funds being spent on repeat maintenance efforts, and overall higher maintenance costs. In addition, adjacent LRSA’s may not agree on how to manage drainage, which leads to an impasse on a resolution of problems or a situation where one entity works at cross-purpose to another. The current uncoordinated approach offers no practical means to solve persistent problems caused by existing poorly designed or inadequate drainage facilities, nor does it plan for or construct new or upgraded systems to control increased runoff from upstream development.”

There is also a different vision and scope between the MOA and AK DOT with respect to the stormwater systems they operate. Over the past 30 years, SU’s have grown to be a common occurrence throughout the United States with approximately 1800 in place. These utilities have been formed to plan and provide direction to government entities. As urbanization pressures increase and downstream property owners are negatively affected, the environmental degradation of watersheds is increased, which is all the more reason an SU is needed.

## What is an SU?

An SU is a legal entity which can provide stormwater management activities including:

- Administrative functions;
- Planning;
- Engineering;
- Regulations;
- Permitting; and
- Maintenance, operations, and capital improvement

There are multiple considerations involved when looking into the feasibility of creating a SU in the MOA. The initial consideration should be why form an SU?

## Why form an SU?

- Provide a stable, dedicated and adequate funding source for stormwater programs. These tend to get underfunded with low prioritization under the General Fund allocation process;
- With a reliable and sufficient funding source in place, stormwater managers can systematically address needs, instead of deferring them;
- Offers a more equitable system for raising revenues for stormwater management. Fees could be based on actual runoff impact rather than property value; matching the philosophy of the cost causer is the cost payer;
- Provide a mechanism to comply with regulatory and permit requirements of state and federal agencies; and
- Have a potential to positively affect behaviors, especially when fees are based on impervious surfaces. At the minimum, it will raise awareness about the connection between human development activities and polluted runoff which matches the goals of Live.Work.Play.

## **An Approach:**

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A phased analysis is recommended. The primary drivers need to be identified as do the areas to be served such as: Anchorage Bowl, Eagle River, Girdwood and outlying areas; and the relationship between the MOA, existing LRSA's and the AK DOT. A focused comparison of: reasonable alternatives permit requirements, environmental considerations, user community input, and economic factors needs to be considered

Going straight to a detailed analysis, without identifying the primary drivers and narrowing the focus through a pre-feasibility analysis, could lead to going down "rabbit holes" and in long run costing time and dollars.

Because each community is different, the analysis must fit the community needs and goals.

Phasing allows for re-scoping the drivers for an SU, such as:

- Provides a forum for discussion based on previous work, politics, funding, availability, and
- Provides for off ramps as decisions move forward.

We are recommending a three-phased approach that builds on previous work to:

- Provide upfront concept refinement;
- Define implementation steps;
- Educate the community, drainage management entities, users groups, and policy makers; and
- Identify potential for AK DOT participation.

The three phases we are suggesting are:

- Phase I - Pre-Feasibility Analysis
- Phase II - Organizational Framework
- Phase III - SU Startup

## **Expected outcomes from Phase I:**

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Phase I is designed to make a go or no go decision. The goal is to complete a “pre-feasibility” analysis where the project drivers are defined, and the focus and economics of the feasibility study are narrowed to a select few alternatives, prior to moving forward to Phase II.

- It will be the first of several phases of study, analysis and implementation;
- It is a concept level assessment that will provide background information for alternative approaches related to successful SU’s, and stormwater management approaches throughout the US;
- It will provide an overview of current water quality and stormwater management issues in each subarea of Anchorage, such as:
  - Current storm water system(s);
  - National Pollutant Discharge Elimination System permit requirements;
  - Primary pollutants;
  - Existing cost structure; and
  - Summary of areas that the MOA is working on or is required to improve.
- It will provide an initial characterization of stormwater issues, costs and drivers in each subarea of Anchorage, such as:
  - Regulatory (Federal, State and Local);
  - Environmental;
  - LWP and Political considerations;
  - Costs: existing management, capital, operations and maintenance, and unfunded existing and proposed Capital Improvement Plan projects; and
  - Identify stakeholders, stakeholder benefits, impacts (e.g., developers, environmental groups, and political stakeholders).

- It will explore administrative governance framework(s) from a totally regional approach, to a “do nothing” framework and provide for conceptual alternatives such as:
  - Organizational structure;
  - Alternative specific considerations;
  - High level cost estimate or at least comparison between alternatives on a relative scale; and
  - Other important aspects of each alternative
- It will provide a legal framework analysis
- It will provide an alternative comparison matrix to be used as a sorting/decision making tool with respect to making a decision to proceed to Phase II
- It will provide a “roadmap” to lay out the next steps for in-depth planning to support potential implementation of a MOA SU;
- The outcome is a “go” or “no-go” decision on continuing the path of in-depth planning for stormwater management in Phase II;
  - Go/no go (?);
  - Selected subset of alternatives that could move to feasibility phase; and
  - Suggested areas of focus/considerations to be addressed in feasibility phase
  - It will provide a recommendation for a funding approach and a Scope of Work for Phase II.

## **Keys to a successful Phase I:**

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For Phase I to be successful, it must be a community focused approach with the flexibility to alter direction as information comes. With a steering team type approach we will use a collaborative methodology, or something similar, for decision making. Specifically:

- Careful upfront planning as to goals of the utility and the steps needed for implementation;
- A well-conceived and implemented public outreach campaign that involves both education and participation;
- Education of and involvement by all users, groups, and key public officials with positive political backing;
- Identification of primary drivers to create a SU;
- Understanding the realistic costs of a SU;
- Presence of a staff “champion” – a person involved in all aspects of work and became focal point and major cheerleader for utility;
- Involvement of existing stormwater management and maintenance groups (MOA Stormwater Division and AK DOT); and
- Adequately funding of feasibility analysis.

## **Recommendation:**

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It is recommended that the MOA prepare a Request for Proposal for a pre-feasibility analysis regarding the formation of an SU within the MOA. It is anticipated that this pre-feasibility analysis would cost approximately \$250,000.00.



# **Water Transmission Improvement District and Infrastructure Coordination Agreement**

**Program Improvements to Facilitate  
Community Growth**

**Preamble:**

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Good housing is the foundation on which Anchorage can build a stronger economic future. Lack of affordable, available and livable housing has been cited by many local businesses as a challenge to attracting and retaining employees in Anchorage. Building permit data indicates current housing starts and expected increases in housing units will not meet projected 2030 demands.

In addition, a significant amount of the developable land in the Municipality lacks the availability of Water Transmission Mains and Sanitary Sewer Trunk infrastructure. Challenges associated with large diameter infrastructure include significant investment, in the tens of millions of dollars, for infrastructure supporting regional development, and, public and private sector gaps in planning and design efforts.

Further, availability of water and sanitary sewer infrastructure is critical to develop land accommodating higher densities; the Municipality of Anchorage 2012 Housing Market Analysis recommended policies to facilitate increased growth, including recommendations for Anchorage Water and Wastewater Utility (AWWU) infrastructure to streamline development processes and create practices to promote development and infill.

Against this backdrop, AWWU endeavors to adhere to the principle that utility development and operational costs should be borne by the entity that is the source of such costs – the cost-causer/cost-payer principle - in the resolution of all challenges associated with the extension of sanitary sewer trunk and water transmission infrastructure.

## **An approach:**

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AWWU staff is developing a Water Transmission Main Improvement District (WTID) process and a joint infrastructure coordination agreement that will facilitate construction of Water Transmission infrastructure through the even distribution of costs amongst benefiting properties.

This process is different than existing programs of transmission main extensions. Today's processes typically places a burden upon developers of shouldering initial investment without Municipal resources. With current processes, developers then must seek recovery of initial investments over a rapid time frame and without full build-out of areas benefiting from initial construction. This method of allocation of risk and costs can depress development opportunities. Also, without the dedication of resources to properly plan, design and implement improvements which have a broader impact than to a single developer's interests, less-than-optimal infrastructure decision-making can occur.

The infrastructure coordination agreement enables the Utility and Owner of a parcel or third party to coordinate the study, design or construction of water infrastructure in accordance through a water infrastructure coordination agreement administered by the Utility. The water infrastructure improvement, which is the subject of the agreement, must provide a benefit to the existing water distribution system and/or AWWU customers as well as the private property under development. The intent of the coordination agreement is to leverage cost saving opportunities through collaborating on joint projects that address both public and private party needs.

These new programs offer:

- Municipal upfront financing of extension projects;
- A private/public joint project agreement concept that formally combines resources for the planning, design and implementation of a project benefitting existing AWWU infrastructure while facilitating efforts to address the long-term housing need; and
- A structured process involving Assembly district creation, AWWU administration of design/construction phases, and formal levy action of project costs upon completion to benefited property.

## **Benefits of such an approach:**

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The benefits of these programs approach include:

### **WTID---**

- Options in financing of improvements:
  - Financing is offered through the MOA/AWWU;
  - Upfront investment is borne by the Municipality, recovered through assessments levied on properties;
  - Payment of assessments will be by property owners at the time service is used (when property owners connect to service); and
  - Costs are spread equitably amongst benefited area served by infrastructure through application of a uniform trunk rate. Large tracts (greater than 4 acres) within the served area receive assessments calculated by deducting a portion (25% of the tract's area) as an allowance for rights-of-way/common use.
- Infrastructure can be constructed ahead of development
  - Transmission infrastructure is in place to accommodate development when it is needed.

### **Infrastructure coordination agreement---**

- Improves collaboration and leverages cost saving opportunities to optimize investment
  - Dedicates resources for planning, design and construction amongst public and private sector;
  - Creates a development team whose purpose is to undertake orderly system extension;
  - Developers may assume responsibility for design/construction management; and
- Opportunities exist to undertake concurrent utilities construction to take advantages of economies of scale.
- Ability to extend the program to sanitary sewer trunk design and construction.

### **Other considerations---**

With any new program, there are competing considerations. For the utility to implement this type of program, they include:

- Operating as an regulated utility, how does the utility determine which projects get funded, and what developments it will (or won't) enter into agreements to finance/construct;
- What terms the utility will require in order to assure timely cost recovery of municipal resources;
- Once constructed, responsibility for ownership and maintenance during a performance guarantee period; and
- Whether extensions of such infrastructure will create assessments on individual properties that are not on public services, have no desire for public service, yet could be compelled to connect by lending institutions who desire to eliminate pending assessments.

### **Recommendation:**

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It is recommended that the MOA and Municipal Assembly support the creation of a WTID and Infrastructure coordination agreement mechanisms. Further, AWWU should consider competing considerations identified in this paper, and undertake the steps necessary to address such issues while incorporating such programs into utility tariff, utility policy documents, or any applicable MOA code revisions. In addition, AWWU should extend the Infrastructure coordination agreement approach to creation of sewer infrastructure. AWWU labor and financial resources that are necessary to enact these elements into utility operations should be budgeted and appropriated. Finally, the MOA should evaluate if similar approaches can be utilized to create public-private partnerships to enact other types of public infrastructure through policy or code revisions.

# **Is There an Alternative to Current Practice?**

## **A Retrospective of “3 Year Rule” Regarding Developer Reimbursements for Water Main Extensions by Private Development**

### **Preamble:**

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Construction and operation of public water/sewer infrastructure is vital to the growth and continued public health of a community. A philosophy exists that the people receiving public service must pay for the benefits that service provides. This philosophy is present within Federal, State and Local regulation, as well as utility policy and procedures. Specifically associated with the expansion of Anchorage Waste Water Utility (AWWU) infrastructure, today property owners pay a share of the cost of construction through one of the methodologies found within Rule 8 of the Water and Sewer Tariffs of AWWU, as explained below.

To instigate growth and development within the Anchorage Bowl, Northern Communities and Girdwood the Greater Anchorage Area Borough (GAAB), the City of Anchorage and then the Borough and City's successor, the MOA, recognized the need to construct infrastructure.

Due to the magnitude of the necessary investment, construction was funded in different ways. In many cases funding came from a combination of Federal/State contributions and payment from people utilizing the service. It also came from the extension of mains by developers. To approve and levy project costs to benefiting property owners methodologies were established, which were described in utility tariff.

In the 1980's, a dispute (Docket U-86-80) was brought before the Alaska Public Utilities Commission (APUC), predecessor to the Regulatory Commission of Alaska. The appellants took exception to the then-method of cost recovery from benefited properties for two methods of main extensions: developer (a.k.a. 'pioneer') financed and utility-financed extensions.

A series of rulings resulted in different treatment of the two types of extension. This paper discusses the developer-financed main extensions outlined in Rule 8 and asks if there are options to current practice.

## **The issue:**

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Developers sometimes extended public mains from a distant point to a tract under development, fronting other non-developer owned parcels without service along the way. Methods had been devised to allow developer cost recovery from such benefited properties of a share of the main extension(s). At issue before the APUC was whether and how long a developer should be entitled to some cost recovery from such parcels. Rule 8 of the Water and Sewer tariff contains methods which the APUC ordered put in place that addresses the issue. The outcome created what is now commonly referred to as the "3 yr. rule" on reimbursements to developers.

## **The resolution:**

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The APUC deliberated over issues of equity and 'balance' for the method of cost recovery from benefited property. Through a series of orders, the Commission explained:

- Their concern was to ensure a degree of equity exists between initial and subsequent users of a utility facility.

Two key points were raised, discussed, and decided upon:

- The utility is functionally indifferent to the presence or absence of reimbursement to the developer. However, they ruled an argument could be made that the necessity of clerical and managerial oversight, in developing and implementing any developer reimbursement program, is an uncompensated diversion of utility resources at the expense of the system for the benefit of the developer. Further, that elimination of any developer reimbursement should accelerate addition of new customers and increase customer base to defray "the common burden."
- If at any time the interest of "fair play" to the developer is outweighed by the interests of the utility, then the developer interest must yield.

The commission opined: “the magnitude, duration, and condition of a pioneer...charge should reflect at all times a balance of competing equities, with the reimbursement obligation never to be imposed beyond the justification for its existence.” The commission further ruled: “burdening without limitation other utility customers with both administrative costs and disincentive to increased system density in the interest of ‘fair play’ to the developer, therefore, appears premised on weak economic or public interest theories.”

However, the commission did recognize the potential for developers to be unduly burdened and concluded that an acceptable “fair play” justification for a developer reimbursement program is persuasive when refined to insure the developer as an individual or group of individuals was not “victimized” by neighboring properties.

A primary concern of the commission was:

- “Concern on the behalf of the pioneer also coincides with concern against fostering these situations, which are almost certain to unnecessarily delay the expansion of utility service to the detriment of the properties desiring service and the balance of the system.”

In striking an appropriate balance the commission concluded:

- “The interest of avoiding such victimization diminishes rapidly and substantially with the passage of time.”
- “Recognition of initial pioneer value received from the extension, the system-wide benefits to be derived from early and burdenless connections, and the limited nature of the concern of avoiding unfair advantage being taken of the pioneer, all support the necessity for any reimbursement obligation to be limited to some period of time following initial installation of the extension and for a period of time to be relatively short.”

As to what constitutes an appropriate period, the APUC ruled:

- “The concern of avoiding ‘victimization’ of the pioneer could be deemed substantially accommodated as early as one full year after completion of pioneer construction.”
- “The passage of yet another two years would seem to provide a fairly complete measure of deterrence (or punishment) and, thereby, protection against situations in which the pioneer might have been taken advantage of by neighboring property owners”.

As a result, the APUC was of the opinion that the outside period in which a developer reimbursement obligation can be allowed to stand is 3 years from the initial construction. After that, any reimbursement obligation is terminated; and any passed properties may hook up without paying. The commission ordered AWWU to alter its tariff to reflect assessment charges against a property connecting to such main extension to comply.

The practical effect of the 3-year rule has been that developers who desire to construct main extensions enter into agreements with AWWU. Most agreements entered into with the utility are done so where time is of the essence. Because reimbursements from properties outside of the developer’s own interest require public notice to affected properties and a lengthy public process involving Assembly oversight, developers frequently waive their rights to recovery in order to avoid delays. Properties fronting the main extended by the developer then have the option to quickly connect. Or, if a developer has retained its right to recovery for 3 years following construction, properties fronting the main will choose to connect as soon as the 3 year period has elapsed.

## **Recommendation:**

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It is recommended that the AWWU provide a summary of efforts made to evaluate potential options to the APUC Order establishing a 3 year limit on developer reimbursements, including time frame and estimated cost of approaching RCA on a rule change. Further, that AWWU identify existing issues, if any, associated with reimbursements to developers that would have bearing on an alternative period for reimbursement. Case studies should be used to explore how current practice works, and be contrasted to how a program using alternative periods for reimbursement would work.

Considerations should include:

- The Utility's own period to recover costs from a publicly-financed main extension (currently unlimited period for cost recovery);
- Current land use and vacant land availability for housing within the Municipality;
- The extent of potential developer extensions that may arise in the future given current land use and existing AWWU infrastructure; and
- The Utility's ability to affect change in the amount of resources it can devote to administration of a program with different terms for reimbursement, as well as mechanisms to track and associate program administrative costs to developers. These changes could allow the Utility to effectively associate program administrative burden to specific developments as a means to be reimbursed under the cost causer-cost payer principle.



# Alley Improvement Requirements as Disincentive to Development

## Preamble:

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Anchorage has 530 alleys totaling 42 miles. Many of Anchorage's older neighborhoods were laid out in a grid pattern and included alleyways. The alleys serve as primary access for parking, garages, and trash collection. Furthermore, alleyways allow for front yards to be just that, yards. In older parts of Anchorage, front yards provide for landscaping, and entrances are connected to the city sidewalk by a walkway. Without driveways on the fronts of lots, streets can accommodate spillover and guest parking while not disrupting the sidewalks, thus accommodating greater density with less impact.

Over the years many alleyways have fallen into disrepair. To begin with, only 148 of the 530 alleys, or 28%, are paved or chip sealed. But in addition to a lack of pavement, other problems exist including right-of-way issues, encroachments, subsurface issues, utility conflicts, drainage issues, and poor soils. Most alleys are surface drained, and in the words of the head of MOA Street Maintenance, it would "cost a fortune" to add storm drainage piping to all alleyways. Much to the dismay of property owners, trash haulers, including the city owned Solid Waste Services, have proactively switched from alley pick-up to street pickup due to the condition of some alleys. Several community councils, including Mountain View, Fairview, and South Addition, have identified the need for alley repair as significant neighborhood concerns.

There are two primary ways that the city's alleys are improved. The first is that the MOA repairs this city owned asset itself. The process involves the identification, by Street Maintenance, of those alleys in greatest need, in an effort to reduce long-term maintenance costs. The limited number of annual alley improvements (less than 5) has been enhanced by state capital funding, and efforts have been made by Street Maintenance to spread alley improvements around all districts. This approach, at times, creates complaints by neighbors who wonder why "their" alleys are not improved at the same time, or that alleys are not systematically improved neighborhood by neighborhood.

In 2014 the state made a grant of \$275K to the MOA to pave alleys in Mountain View. Last year, 7 were completed and 3 additional are prepped and ready to pave in 2016. Another state grant is being used and is dedicated to paving in North East Anchorage (7 to 10 alleys). Additionally, individual alleys in Rodgers Park, Spenard, and Klatt are planned for paving in 2016.

The second method of alley repair involves private developers repairing alleys during development. The MOA has the ability to require public improvements when the impact of development has a rational nexus to the improvement that is being required. This can result in a requirement to pave all or a portion of a specific alley.

For example, if a triplex is proposed to be developed, the city may require the alley to be improved (paved) along the proposed lot to the nearest or most logical access point. The MOA has required alley improvements on some developments when the projects don't even take access from the alley.

Recent cost estimates for an alley upgrade, which assumes a section consisting of 20" of Type II/IIA, 2" of leveling course, and 2" of asphalt pavement, 20' wide, without a contingency at \$170/lineal foot. A typical Fairview and downtown alley is 300 feet while a Mountain View alley is 600 feet (6 vs. 12 lots per side). At times, because of on-site drainage requirements, the MOA may at the same time require the triplex to connect to a storm water system; this may mean running a storm water pipe along the length of the alley and repaving when completed. It should be noted that this storm water pipe will not likely serve the alley itself.

In short, it is quite possible that a developer of an infill lot, already carrying high cost of land acquisition, in some cases demolition, and improved water line, also is required to improve the alley. While the water line improvement only benefits the new development, an alley improvement benefits all property owners using an alley. When one considers the challenge of new housing development in older neighborhoods (high construction costs, appraisals not equaling new construction costs), the alley improvement requirements are a disincentive to new housing development. Additionally, if only a portion of an alley is paved, the transition edge to gravel is exposed to increased runoff erosion, water saturation and drainage from snow clearing operations, as the plow blade hooks the end of the pavement.

## **The issue:**

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Only a small number of alleys are paved or strip sealed; most have significant potholes, subsurface and drainage issues, and thus difficulty accommodating existing development, trash collection, and snow removal, let alone accommodating new development. The reality is that all alleys are minimally maintained. Because of both zoning and MOA comprehensive planning policies, many of the areas identified for higher density and infill development are in neighborhoods with alleys and existing multi-family developments.

Current MOA policy can require new developers to make improvements to alleys at the time of development, even if this new development is a triplex, or at lesser density than existing properties. While the basic issue is a need for alley improvements, it is not fair for a new triplex to repair a significant portion of an alley while other property owners (at times much larger multi-family units) pay nothing. All property owners pay their taxes as part of the Anchorage Roads and Drainage Service Area for improvements to the road system, including new developments. There is a strong public perception that if Street Maintenance were to improve alleys to coincide with development, the MOA would be subsidizing developers at the expense of long-term residents. However, the reverse is actually the case: requiring new development to carry a disproportionate amount of the costs of alley improvement is a disincentive to investment for housing in the areas we have actually designated as appropriate for new housing redevelopment.

## Recommendation:

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The current policy of requiring new multi-family development to improve alleys neither significantly adds to the improved alley stock nor improves the feasibility of housing development. Live.Work.Play Housing has several recommendations:

1. Create a publicly shared schedule of alley improvements, with an effort to improve the alley assets over a 20-year time frame. This would require the improvement of 20 alleys per year. Split improvement plan into existing alleys and alleys supportive of new development. It is clear that by incentivizing new development, the MOA is increasing its overall tax base and resources for all Municipal services.
2. Create a fee in lieu option for new development proportionate to their impact. If the lot is one of 24 on the alley, or one of 12, the cost should be 4% or 8% of an agreed upon cost. Allow Street Maintenance to program alley improvements to the greatest need or greatest redevelopment potential areas, with feedback from neighborhoods.
3. If a large-scale development is proposed of significant impact (more than 50% of block), then full alley improvements can be required.
4. Require continued trash hauling on alleys for those neighborhoods designated as “alley neighborhoods.” It should be noted that neighborhoods with alleys can support higher density development and more appealing urban designs.

# **The Land Use Plan Map: Call for Review of Infrastructure Analysis and Prioritization Areas to Support New Housing**

## **Preamble:**

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When the Anchorage Bowl Comprehensive Plan was adopted in 1999 (Anchorage 2020), the plan set the stage for the next 20 years of land use and development policy. And while the plan contained a very generalized “policy map” indicating approximate areas for town centers, transit corridors, and redevelopment areas, it did not contain a land use plan map detailing the specifics of where those areas ought to be, and furthermore, how to align specific municipal investments to help implement the plan vision. As such, developers, planners, and policymakers have lacked an essential tool to guide redevelopment in Anchorage.

At the end of February of 2016, the MOA released the Land Use Plan Map (LUPM) Public Review Draft. The map provides the analysis for growth and change across all land use classifications. From a residential use standpoint, the plan proposes where our community should be developed or redeveloped with higher urban densities, medium densities, and lower density patterns. In many cases the plan carries forward simply the existing patterns of development, but in some cases the plan advocates changes where Anchorage should redevelop at higher intensities.

Higher density housing offers a type of housing that is desired by a growing number of baby boomers and millennials, provides an alternative to lower density single family homes, can support transit and walkable neighborhoods, and provides a higher per square foot tax base. But higher density housing is challenging to make feasible in our high cost area, is often opposed by neighbors and community groups regardless of quality, and when done poorly can negatively impact neighborhoods long term.

The LUPM identifies those areas on a map for redevelopment, new subdivision areas, medium and high density housing, and mixed-use development. But to accommodate this type of development, the MOA must do more than simply color a space on a map. Area-wide rezonings and targeted investment in infrastructure upgrades can go a long way to support housing investment. This can be accomplished by direct city investment in its assets, aligning capital improvement programming with our adopted plans, and well tested tools like tax increment financing and tax abatement areas, financial mechanisms whereby the public sector participates in redevelopment areas by way of tax incentives.

Before the MOA identifies priority areas for housing development, it should conduct a basic infrastructure analysis to ensure its proposed areas are suitable for redevelopment, and especially redevelopment. If not suitable, the MOA should make explicit its policies: to keep the status quo, require significant upgrades by the private sector, or identify areas for shared public and private participation.

The draft LUPM acknowledges the need to perform this analysis:

*“Building on the recommendations of the 2012 Anchorage Housing Market Analysis, more compact infill development and redevelopment will require that the Municipality:*

- A. Identify the most appropriate locations for higher density and compact housing that will be the most desirable for residents;*
- B. Ensure that appropriate infrastructure serves identified sites and public amenities (parks or open spaces, transit access, etc.) are available nearby;*
- C. Support specific redevelopment projects that can catalyze nearby redevelopment and create appealing districts with a sense of place.*
- D. Identify incentives.”*

In addition:

*“Coordinated and Focused Public Reinvestment directs the Municipality of Anchorage’s limited resources to projects and areas within the community that will return the greatest benefit for the investment. The resources, projects and areas of investment will be determined by several factors; potential for public/private partnership(s), available land, available funding mechanisms, an acceptable return on investment and, the ability to direct Municipal capital improvement plan funding to the desired area or project within an acceptable timeline.”*

These policies, as currently written in the LUPM narrative, are supported by the Live.Work.Play (LWP) Housing group. But to be realized they required appropriate resources and prioritization. Simply coloring the map has proved inadequate since adoption of Anchorage 2020.

## The issue:

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There are two approaches to aligning the plan map with actual implementation. First, the MOA can, after release of the public review draft, but prior to plan adoption, request utilities and street maintenance/traffic conduct a thorough evaluation of existing utility system. Alternatively, the analysis can come following plan adoption, but prior to the alignment of significant Capital Improvement Program (CIP) investment. The reality is, resources are limited, and areas will have to be aligned and prioritized to ensure housing development can occur.

Most utilities are in a good position to provide this level of analysis; they have a good handle on the condition of their current assets and have been planning for system improvements. However, requirements for road, alley, sidewalk, and storm water system improvements are often unknown costs to developers, major risk factors, and can ultimately lead to a housing project not moving forward.

Storm water utility recommendations are presented by LWP in a different white paper. This paper points to the need not only for prioritization and infrastructure upgrades, but to view road and alley assets as an essential component of the MOA's ability to grow. In short, the MOA should clarify its policies for road and infrastructure improvements, identify areas that are ready for redevelopment, and look for ways to proactively invest in those areas that are identified (and likely already accommodate) medium and high density development.

## Resolution:

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We concur that the MOA should identify areas for high density development. Furthermore, we agree that it is essential that the MOA conduct an analysis of infrastructure to support those recommended areas. That level of analysis should be conducted by enterprise utilities, but also by MOA Traffic/Street Maintenance for adequacy of roads, alleys, sidewalks, and storm water systems.

It is typical for traffic analysis to be done on a full systems basis (overall long range transportation planning) or on a project specific basis (traffic impact analysis). However, we believe that within a redevelopment priority area an analysis can be useful that looks at the following: 1) existing Right of Way (ROW) on collector and local streets; 2) condition of streets

– strip paved, curb gutter, paving condition; and 3) availability of pedestrian sidewalks. Such an analysis could deem some areas more prime for development than others, and in particular show whether areas identified for high density housing in the LUPM will require significant public investment in infrastructure and roads.

It is quite likely that after the above analysis is done, there may be significant ROW and deteriorated conditions in certain areas. Thus, it is not likely that most small to medium scale residential development can support full upgrades (or area lacking ROW cannot acquire ROW through eminent domain). The MOA should then make clear its requirements of new development in those areas; this will serve to either support new development, or limit development unless a significant large developer can amass enough land to redevelop the area. The classification could also spur the city's development authority to intervene for longer range development opportunities.

Such an analysis will also tell it like it is. Lots that are poorly served will be indicated as such and will be priced appropriately. Currently, due to land shortages, a vacant lot can hold a high value. But if the improvements necessary to develop a lot are significant, market reality checks can drive prices to appropriate levels.

In addition to the above analysis, we also recommend that the MOA pursue alternative acceptable road sections to accommodate a wider range of ROW widths, circumstances (variety of traffic volumes), and ultimately compromises to ensure development moves forward (a sidewalk on one side is better than a sidewalk on neither and continued deterioration).

## **Recommendations:**

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1. Recommend priority housing areas.
2. Conduct infrastructure analysis of priority areas. Include road, alley, and storm water analysis.
3. Re-prioritize based on outcome of infrastructure analysis.
4. Investigate new acceptable road, sidewalk, and drainage solutions for hard to serve areas. This could include sections based on actual ROW, compromises based on actual volumes or feasibility, and on-site infiltration.
5. Align CIP to support priority areas.
6. Create incentives that align with conditions and priorities, and clarify expectations on builders and developers.



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