



MAY 2026

# Anchorage Housing Development Strategic Report



# OFFICE OF THE EXECUTIVE DIRECTOR

DATE: MAY 14, 2026

To our valued stakeholders and the Anchorage community;

I am pleased to share this housing development strategic report, which examines the challenges limiting housing production in Anchorage and identifies strategies to help address our community's growing housing needs.

Anchorage is experiencing a significant shortage of attainable and workforce housing. Rising development costs, supply chain challenges, and aging infrastructure have made it increasingly difficult to build new housing at the pace our community needs. This shortage is impacting residents, employers, and the long-term economic health of Anchorage.

Mayor LaFrance's "**10,000 Homes Initiative**" recognizes the urgency of increasing housing supply and creating more attainable housing opportunities across our community. This report supports that effort by outlining practical tools and policy strategies that can help reduce barriers to development and encourage new housing investment.

The report identifies both immediate actions and longer-term opportunities, including streamlining development processes, leveraging public-private partnerships, expanding financing tools, and advancing policy solutions that improve project feasibility.

ACDA is uniquely positioned to help advance these efforts by bringing together public, private, and community partners to support responsible development and redevelopment throughout Anchorage.

Addressing Anchorage's housing challenge will require sustained collaboration and focused action, but the opportunities outlined in this report provide a strong foundation for progress. By working together, we can help create more housing opportunities and support a stronger future for our community.

Thank you for your continued partnership and commitment to Anchorage.

Sincerely,



Mike Robbins

**Executive Director**

Anchorage Community Development Authority

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# EXECUTIVE SUMMARY

This report evaluates Anchorage’s housing market conditions and presents a strategic framework for the Anchorage Community Development Authority (ACDA) to accelerate the development of attainable and workforce housing.

Anchorage is facing a significant and worsening housing shortage. The Municipality is projected to be short approximately 21,000 housing units by 2040, while current construction levels meet only about one-third of annual demand. As a result, housing prices have increased, affordability has declined, and middle-income households are increasingly unable to access the housing market. More than 30% of residents are now cost-burdened.

Development is constrained by two primary barriers:

- High costs, particularly infrastructure expenses and Alaska-specific construction challenges
- Coordinating among multiple stakeholders creates complexity, takes time, and adds uncertainty to attainable housing development operating with narrow financial margins.

These factors make many workforce housing projects financially infeasible without public-sector support.

The report finds that successful housing production requires both financial tools and strong public-sector leadership. Peer communities demonstrate that development increases when governments actively reduce risk, coordinate resources, and improve project feasibility. ACDA is uniquely positioned to serve as this “housing champion” for Anchorage. To address these challenges, the report outlines 11 strategies in two categories:

## **Immediate Actions (Within Existing Authority)**

- Establish a housing liaison to streamline permitting and coordination
- Utilize public land through ground leases to lower project costs
- Implement fee waivers and reductions for workforce housing
- Expand public-private partnerships and bond financing tools
- Leverage project-based vouchers to strengthen project financing

## **Long-Term Actions (Legislative Action Required)**

- Enable TIF-like financing mechanisms for infrastructure
- Adopt property tax exemptions for workforce housing
- Expand AIDEA and AHFC financing authority
- Create corporate tax incentives to attract private investment

## **Conclusion**

Anchorage’s housing shortage is a critical constraint on economic growth and workforce stability. The private market alone cannot resolve this gap under current conditions. However, proven tools and targeted public-sector intervention can unlock stalled development and significantly increase housing supply.

## **Next Step**

ACDA should prioritize immediate, high-impact actions while advancing a coordinated legislative strategy to enable long-term solutions and position the Authority as the central catalyst for housing development in Anchorage.

# INTRODUCTION

## A. The Market Reality: Supply vs. Demand

The Anchorage housing market is defined by a profound disconnect between supply and demand. Despite a slight population decline, housing prices have surged due to a lack of new inventory and the rapid aging of existing stock.

**Supply Collapse:** New residential construction has plummeted. In 2022, only 402 new units were built, less than half the peak volume seen in 2014.

**The “Missing Middle” Crisis:** The market has effectively stopped producing entry-level homes. In 2013, 43% of homes sold were priced under \$300,000. By 2022, that number dropped to just 17%. Conversely, homes sold over \$400,000 jumped from 31% to 53% of the market.

**Affordability Gap:** The average home sale price reached \$456,500 in 2022, a 25% increase since 2016. To afford this, a household needs an income significantly above the median. Consequently, over 30% of Anchorage households are now cost-burdened, spending more than 30% of their gross income on housing.

## B. The Cost of Inaction: Why Projects Stall

Development in Anchorage is hindered by specific “Financial Obstacles” identified by the McKinley Research Group.

**Infrastructure Burden:** The cost to install roads, water, and sewer infrastructure in Anchorage is disproportionately high, often adding \$60,000 to \$80,000 to the cost of a single unit. Because much of the Anchorage Bowl relies on aging infrastructure, infill developers often face prohibitive costs to upgrade public utilities.

**The “Remoteness Premium”:** Macroeconomic factors, including high interest rates and supply chain logistics, drive up the cost of materials. Alaska-specific challenges, such as the short construction season and freight costs, add a premium that often breaks the “pro forma” (financial model) for workforce housing.

## C. ACDA’s Strategic Role

Developers consistently cite the need for a “government champion” to help navigate these obstacles. ACDA is uniquely positioned to fill this role by leveraging its statutory powers to facilitate development, form partnerships, and deploy creative financing.

Recent successes by the Housing Alaskans Public Private Partnership (HAPPP) prove that aggregating capital and coordinating funding can break the logjam. HAPPP’s initial \$1 million investment catalyzed 145 new units across 9 communities (including Nome, Sitka, and Soldotna), proving that even modest “top-off” funding can push stalled projects across the finish line.

## PART ONE: STRATEGIES REQUIRING STATE LEGISLATIVE CHANGE

The following five options represent high-impact structural changes. While they require advocacy in Juneau, they provide the long-term financing tools necessary to solve the “infrastructure gap” and “financing gap.”

### A. Local Government Supported Financings (“TIF-Like” Structures)

#### The Concept:

Infrastructure costs are the single largest variable killing deals in Anchorage. Currently, the Alaska Constitution limits the use of traditional Tax Increment Financing (TIF). However, a viable workaround exists: “Local Government Supported Financings” utilizing Interlocal Agreements.

#### Mechanism of Action:

1. **Structure:** The Municipality of Anchorage (MOA) and ACDA enter into an interlocal agreement regarding a specific development district.
2. **Revenue Stream:** The MOA agrees to transfer a specific portion of revenue (equivalent to the “tax lift” or economic benefit generated by the new project) to ACDA.
3. **Bond Issuance:** ACDA issues revenue bonds secured by this contractually obligated revenue stream from the MOA. These bond proceeds fund the horizontal infrastructure (roads, pipes, lighting) for the project.
4. **Security:** The debt is secured solely by ACDA’s revenue (the transfer payments), not the full faith and credit of the MOA, thereby navigating constitutional limitations.

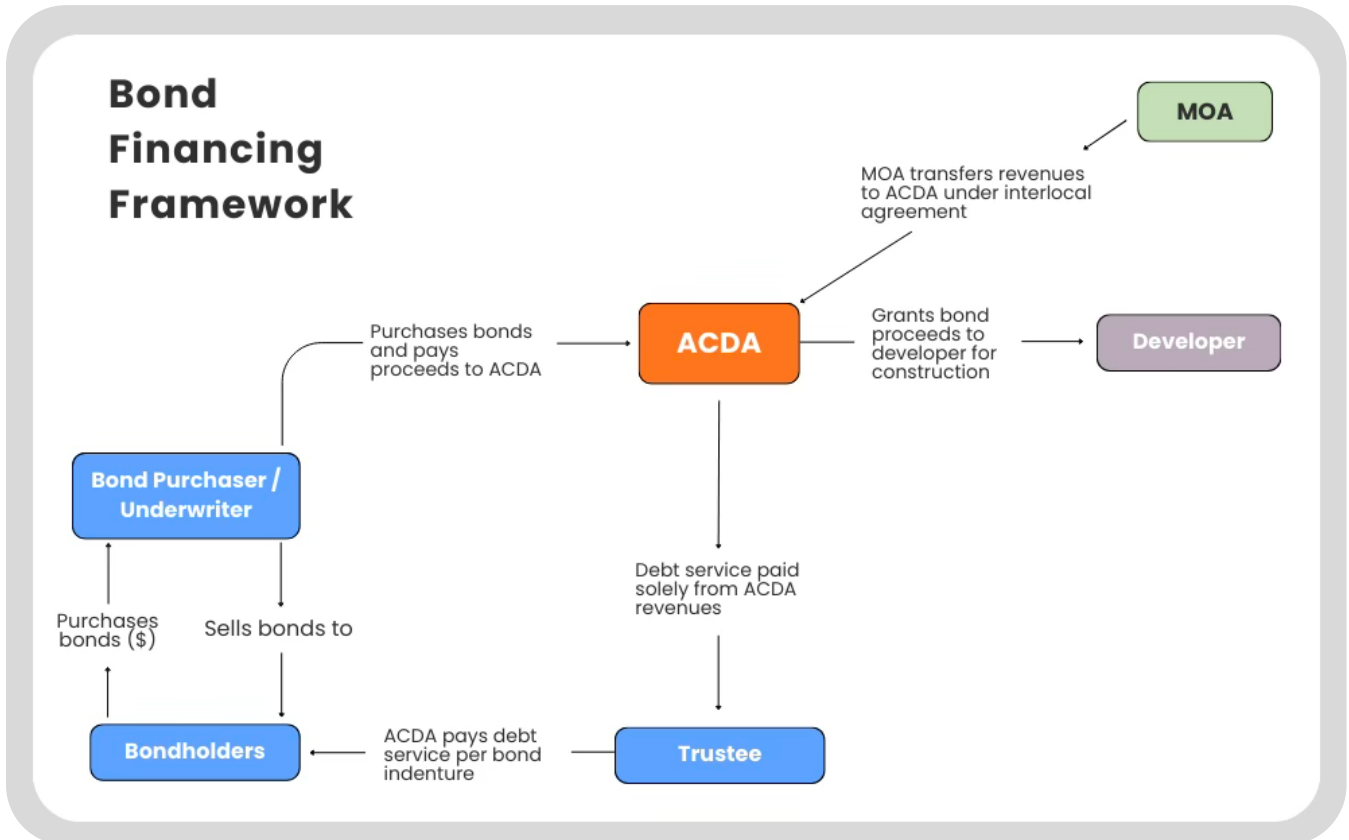


**Strategic Value:**

This mechanism allows development to “pay for itself” over time, removing the upfront infrastructure burden from the developer’s budget. It directly addresses the \$60k-\$80k per unit infrastructure cost that often renders workforce housing unbuildable.

**Recommendation:**

ACDA should work with the MOA to draft a prototype Interlocal Agreement and advocate for state statutory language that explicitly authorizes this structure for “Housing Improvement Projects” to provide a legal safe harbor for implementation.



**B. Targeted Property Tax Exemptions for Workforce Housing**

**The Concept:**

Operating costs, including property taxes, drive up rental rates. Reducing property taxes increases Net Operating Income (NOI), allowing developers to service more debt and build more units. Currently, State exemptions are limited primarily to low-income charitable housing.

### **Proposed Legislative Change:**

Advocate for an amendment to Alaska Statute § 29.45.050 to specifically allow optional municipal exemptions for “middle-income” and “workforce” housing (up to 120% AMI).

### **Case Study: Florida “Live Local Act”**

- **Mechanism:** Florida recently passed a state law granting a 75% to 100% property tax exemption for units serving households earning 80%–120% AMI.
- **Impact:** This tool immediately made “missing middle” projects financially viable without requiring upfront cash grants. It incentivizes developers to voluntarily restrict rents in exchange for substantial tax savings.

### **Case Study: Bellingham, WA “MFTE”**

- **Mechanism:** Bellingham utilizes a “Multi-Family Tax Exemption” (MFTE) that exempts the value of new housing improvements for 8-12 years in targeted urban villages.
- **Impact:** Since 2021 alone, this tool catalyzed 949 new units, demonstrating that tax abatements are a powerful lever for density in targeted zones.

### **Recommendation:**

ACDA should advocate for the addition of “Workforce Housing” as a permissible exemption category in State statute. In the interim, ACDA can utilize its status as a tax-exempt entity to own land and lease it back to projects, potentially conveying tax-exempt status to the improvements (similar to the Texas Public Facility Corporation model).

## **C. AIDEA Statutory Reform for Housing Loans**

### **The Concept:**

The Alaska Industrial Development and Export Authority (AIDEA) holds significant unobligated funds—estimated at over \$200 million—but its statutory definition of a “project” has historically focused on industrial and commercial activity rather than residential housing.

### **Proposed Legislative Change:**

Support legislation (similar to previous Senate Bill 14/House Bill 184) to amend AS § 44.88 to include “workforce housing” as an eligible project type.

### **Strategic Value:**

This would unlock AIDEA’s balance sheet to provide Low-Interest Loans (gap financing), a critical tool used by Housing Finance Agencies in other states.

- **Pre-development Loans:** To cover design, engineering, and permitting costs before bank financing is secured.

- **Construction/Permanent Loans:** Offering below-market interest rates reduces the project’s “weighted average cost of capital” (WACC), directly lowering the break-even rent required for the project.

**Case Study:** Ohio Housing Finance Agency (OHFA)

- **Mechanism:** OHFA utilizes unclaimed funds to offer “Housing Development Loans” (HDL) at 2.0% - 2.5% interest.
- **Impact:** These loans bridge the gap between bank equity and total cost, specifically targeting the “financing gap” that kills many projects.

## D. Corporate Income Tax Credits

### The Concept:

Create a mechanism for private corporations to invest in housing in exchange for State tax relief, diversifying the capital pool for housing beyond public funds.

**Case Study: Colorado “Middle Income Housing Tax Credit”**

- **Mechanism:** Colorado offers a state income tax credit to developers/investors who build units restricted to households earning 80-120% AMI.
- **Impact:** This program attracts private equity into the workforce housing sector. The credits are claimed over 5-15 years, ensuring long-term compliance with affordability restrictions.

### Recommendation:

- Propose a pilot program for an Alaska Corporate Income Tax Credit for investments in deed-restricted workforce housing.

## E. Expanded AHFC Grant Authority

### The Concept:

Currently, Alaska Housing Finance Corporation (AHFC) statutes (AS § 18.56.6509) focus grant-making primarily on “low income” housing.

### Proposed Legislative Change:

- Amend statutes to allow AHFC to grant funds for middle-income/workforce housing.

### Strategic Value:

The HAPPP report demonstrates that grants are essential for Alaska-specific challenges, such as shipping materials to remote sites or covering winter construction premiums. HAPPP used flexible “top-off” grants to close gaps for projects in Nome, Sitka, and Soldotna that were “shovel ready” but stalled due to final cost increases. Expanding AHFC’s authority would institutionalize this success, allowing for a steady stream of gap funding for workforce projects.

## PART TWO: IMMEDIATELY AVAILABLE TOOLS

The ACDA and MOA do not need to wait for the Legislature to act. The following six strategies utilize existing legal authorities and can be implemented immediately.

### A. Establish a Housing Liaison & Local Housing Finance Agency

#### The Challenge:

Housing development projects often require coordination among multiple stakeholders, agencies, utility providers, and regulatory processes. Navigating these requirements can add complexity, time, and uncertainty to project delivery, particularly for workforce housing developments that operate within narrow financial margins.

#### Solution A: The “Housing Liaison”

ACDA should formally designate a “Housing Project Manager” or Liaison to serve as the single point of contact for priority housing developments.

#### Case Study: Boise, ID:

Boise created a dedicated “Housing Project Manager” to navigate city departments for developers. This program has assisted 1,386 units (91% of all incentivized projects) since 2020. It is the most utilized incentive in their toolkit.

#### Case Study: Missoula, MT:

A Housing Policy Specialist negotiates directly with developers on complex issues like “Right-of-Way Vacations.” This negotiation unlocked a 50-unit project on a lot where zoning had previously restricted development to 25 units.

#### Solution B: Local Housing Finance Agency (HFA)

ACDA can operate as a local HFA to issue conduit revenue bonds.

- **Mechanism:** ACDA issues tax-exempt bonds on behalf of a developer. ACDA is not liable for the debt; it simply passes its tax-exempt status to the project.
- **Benefit:** ACDA earns issuance fees (creating a revenue stream for the Authority) while developers secure lower interest rates than traditional bank financing.

### B. Strategic Fee Waivers and Reductions

#### The Concept:

Waive or reduce building, permitting, and impact fees for projects that include workforce housing. High upfront fees burn cash reserves before a project generates any income.

#### Case Study: Bellingham, WA

**Action:** Bellingham reduced development fees by up to 50% for infill projects in targeted urban

villages.

**Result:** This incentive supported 310 new units at a cost to the city of only \$230,000—a highly efficient subsidy compared to direct grants.

**Recommendation:**

ACDA/MOA should implement a sliding-scale fee waiver. For example, a project guaranteeing 20% workforce units receives a 50% fee reduction; a project with 50% workforce units receives a 100% waiver.

## C. Public-Private Partnerships (P3) & Land Contributions

**The Concept:**

Leverage public assets to subsidize development. Land availability is a major constraint in the Anchorage Bowl, and acquisition costs are high.

**The “Ground Lease” Model:**

Instead of selling land, ACDA/MOA contributes land to a project via a long-term ground lease (e.g., 99 years) at a nominal rate.

**Financial Impact:** This removes the cost of land acquisition (often millions of dollars) from the developer’s budget, instantly improving the pro forma.

**Control:** The ground lease allows ACDA to enforce long-term affordability covenants (e.g., “Must remain affordable for 50 years”) that survive any sale of the building.

**Case Study:** Telluride, CO (Workforce Housing)

**Deal Structure:** The Town contributed land via ground lease. A private developer built 39 units (28 rental, 11 for-sale).

**Financing:** The project used taxable municipal bonds. The sale of the 11 market-rate townhomes generated cash to pay down the debt on the affordable rental units.

**Outcome:** A financially sustainable mixed-income community built on public land.

**Case Study:** Boise, ID (Housing Land Trust)  
**Deal Structure:** Boise’s Housing Land Trust creates housing by leasing city-owned land to developers at below-market rates.

**Outcome:** This program alone has generated 307 units since 2020.

**Financing Tool:** 501(c)(3) Bonds

ACDA can partner with a non-profit (501c3) created to “lessen the burdens of government.”

**Example:** Collins Park Artist Housing, Miami Beach. The City leased land to a non-profit. The project was financed with tax-exempt bonds. The non-profit operates the building, keeping rents attainable for local artists and teachers.

## D. Special Assessment Bonds (Service Areas)

### The Concept:

Solve the infrastructure funding trap by financing roads/pipes over 20 years instead of requiring upfront developer cash.

### Mechanism

**Service Area:** MOA establishes a “Service Area” around a new development site.

**Bonding:** MOA issues Special Assessment Bonds to pay for the roads, water, and sewer upgrades required for that specific project.

**Repayment:** The bonds are repaid via a special assessment (tax) levied only on the property owners within that new development, not the general public.

### Strategic Value:

This shifts the infrastructure cost from “Upfront Equity” (which is expensive and hard to raise) to “Long-term Debt” (which is cheaper and paid over time by future owners).

## E. Project-Based Housing Choice Vouchers

### The Concept:

Partner with AHFC to attach Housing Choice Vouchers (Section 8) to specific units in a new development, rather than to a mobile tenant.

### Strategic Value

**Bankability:** Lenders view project-based vouchers as guaranteed government revenue, allowing them to underwrite loans more aggressively.

**Mixed-Income:** This facilitates mixed-income buildings where market-rate units and voucher-supported units coexist, stabilizing the project’s overall cash flow.

**Implementation:** ACDA should coordinate a competitive selection process with AHFC to allocate project-based vouchers to new developments that meet ACDA strategic goals.

## F. Sale-Leaseback Structures

### The Concept:

A developer builds a project, sells the land/infrastructure to ACDA/MOA, and then leases it back. Benefit: This provides the developer with an immediate infusion of capital (from the sale) to pay down expensive construction loans, while allowing them to retain operational control via the lease. This tool is particularly useful for large-scale developments where land acquisition costs are a major barrier to entry.

## IMPLEMENTATION MATRIX

To move from “Report” to “Reality,” the ACDA Board should prioritize actions based on complexity and impact.

Priority	Action Item	Lead Entity	Timeline	Strategic Goal
IMMEDIATE	Establish Housing Liaison & Authority	ACDA/MOA	Q3 2026	Reduce permitting time; replicate Boise/Missoula success.
IMMEDIATE	P3 & Long-term land leases	ACDA / MOA	Q3 2026	Identify 2-3 parcels for P3 pilot using Ground Lease model.
IMMEDIATE	Project-Based Housing Vouchers	ACDA / AHFC	Q1 2027	Establish MOU with AHFC to allocate vouchers to new P3 projects.
IMMEDIATE	Establish Service Area	MOA	2027	Identify a pilot project to test Service Area Bond financing.
IMMEDIATE	Strategic Fee Waivers & Reductions	MOA	2026-2027	Increase workforce housing by reducing and/or eliminating upfront fees.
IMMEDIATE	Sale-Leaseback Structures	ACDA/MOA	2026-2027	Developed land/infrastructure is leased back to pay down construction loans
LONG	AIDEA Statutory Reform	ACDA	2027 Session	Support AIEDA statutory reform to include workforce housing as an eligible project
LONG	Property Tax Exemption for Workforce Housing	ACDA	2027 Session	“Missing middle” projects become financially viable.
LONG	Expanded AHFC Authority	ACDA	2027 Session	Support AHFC statutory reform to grant funds for middle-income / workforce housing.
LONG	Local Government Supported Financing	ACDA/MOA	2026-2027	Enter interlocal agreement for government supported financing infrastructure costs for workforce housing
LONG	Corporate Income Tax Credit	ACDA	2026-2027	Propose pilot program for income tax credit for deed-restricted workforce housing

## CONCLUSION

The data is clear: Anchorage cannot solve its housing crisis with the current toolkit. The 4% population decline has not alleviated the housing crunch; rather, the aging stock and lack of new builds have exacerbated affordability issues. The market is failing to produce workforce housing because the financial equation does not work—costs are too high, and infrastructure burdens are too heavy.

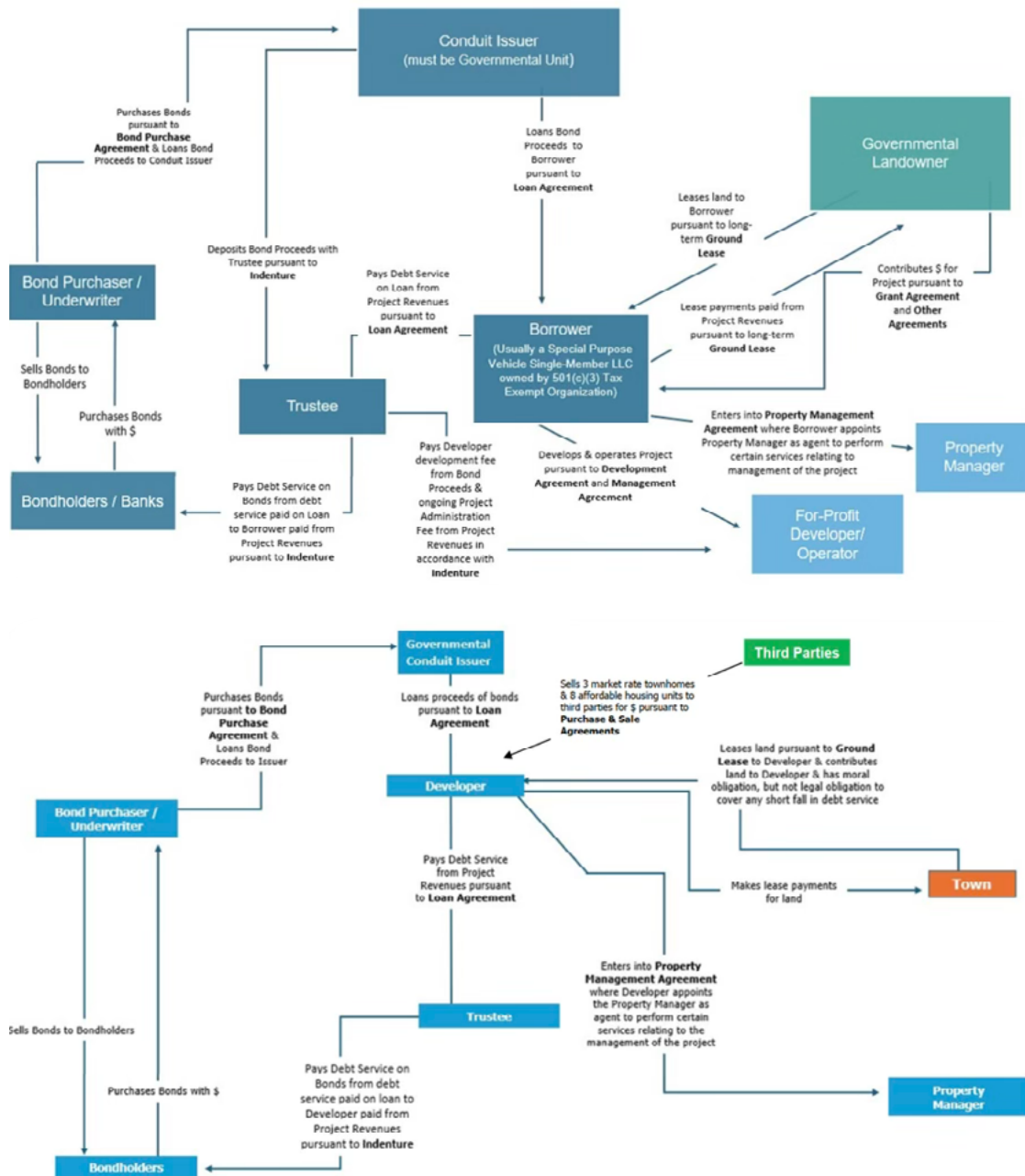
However, the path forward is also clear. By adopting the “Government Champion” role, ACDA can deploy the tools successfully used in Boise, Bellingham, and Florida.

- We can solve the land cost through ground leases.
- We can solve the infrastructure cost through Special Assessment Bonds and TIF-like structures.
- We can solve the financing gap through tax abatements and conduit bonding.

The HAPPP pilot proved that action generates results. It is time to scale that success. This report provides the legal and operational blueprint for ACDA to lead that charge.

## ANNEX: Financing Structures

Below is an illustration of the structure for the Collins Park Artist & Workforce Housing Project, which could be similarly utilized in Alaska.



## ABOUT THE CONTRIBUTING ORGANIZATIONS



**Squire Patton Boggs** is a full-service global law firm providing insight at the point where law, business, and government meet. Operating at the intersection of business, government, and public policy, the firm is unrivaled in its combined expertise in public finance, public-private infrastructure procurement, finance and development, and public policy. With a focus on specific industries, their project development and financing capabilities are enhanced by a comprehensive suite of seamlessly integrated practice specialties, allowing them to leverage relevant expertise, knowledge, and skills from any location to benefit their clients.

**Report: Housing Alaskans Public Private Partnership, (2025).** [Housing Alaskans Report 2023-2025](#)



**McKinley Research Group** McKinley Research Group, LLC is a team of respected professionals with 50 years of experience providing research, consulting, and advisory services to clients seeking answers to questions and solutions to organizational complexities. Rooted in Alaska and the Pacific Northwest, they are problem solvers and answer seekers who bring objective clarity to complex issues, situations, and problems, serving as a trusted source of information in an ever-changing world.

**Report: McKinley Research Group, LLC., (2023).** [INCENTIVES FOR MARKET-RATE ATTAINABLE HOUSING DEVELOPMENT](#)



**Housing Alaskans Public Private Partnership (HAPPP)** The Housing Alaskans Public Private Partnership (HAPPP) was created in 2022 as a housing trust to tackle the housing crisis through partnerships, advocacy, and creative funding solutions that accelerate development. Serving as an engine that aggregates public, private, and philanthropic funding into one flexible pot, Housing Alaskans creates a single powerful tool to finance homes that otherwise wouldn't get built. By matching, multiplying, and coordinating funds, HAPPP unlocks the capacity of every partner to help solve the housing crisis together.



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## Building Our City's Future

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