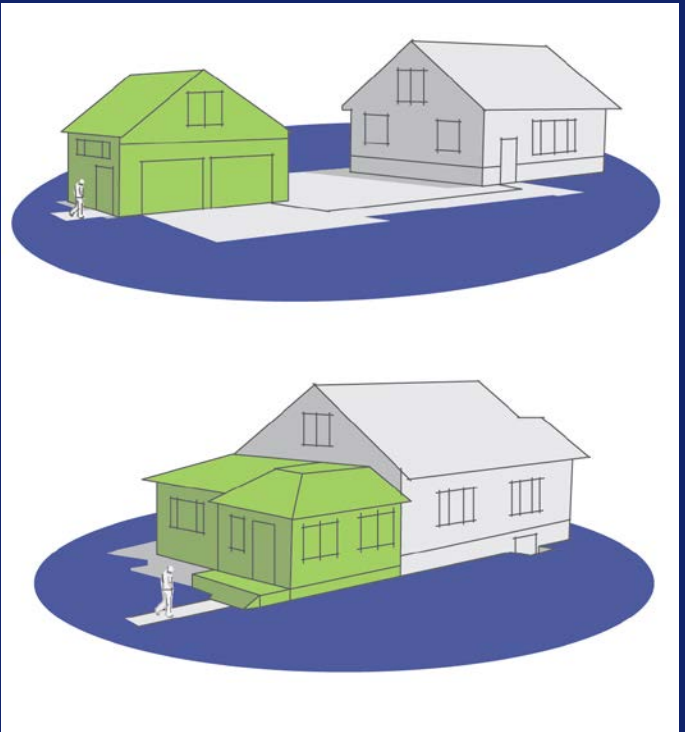


AKDU'S AND DON'TS



A Practical Approach to Bringing Additional Dwelling Units to Alaska Communities





This publication was authored by Abigail Barton, a member of the Alaska Fellows Program, and Alicia Hughes-Skandijs. It was made possible through generous support provided by the AARP Community Challenge Grant. The AARP Community Challenge Grant is part of a nationwide livable communities initiative to help communities become great places to live for residents of all ages.

1.0 Introduction

1.1 Overview of Housing Crisis in Alaska

Alaska communities face an extreme shortage of affordable, decent housing. Almost eighty thousand Alaska households are considered cost burdened, meaning that they pay more than a third of their income toward their housing costs. Of Alaska's renter population 37% are cost burdened, with 18% severely cost burdened, meaning they pay more than half of their income towards housing.

The statewide rate of overcrowding is twice the national average, with some regions experiencing rates twelve times greater. Rural communities where the population majority is Alaska Native are hit the hardest. In some areas, as many as half of all households live in homes that are too small for the number of occupants. Excessively high construction costs and limited senior housing result in households taking in family and community members who would otherwise be homeless.

In 2018, the Alaska Housing Finance Corporation estimated that new construction would have to increase 11% each year to meet projected population growth by 2025. At that time, they found that to achieve that goal, the annual construction output would have to increase ninety percent over the previous five-year average. Since that time, the number of new units built in Alaska dropped precipitously during the pandemic and has yet to return to 2019 levels.

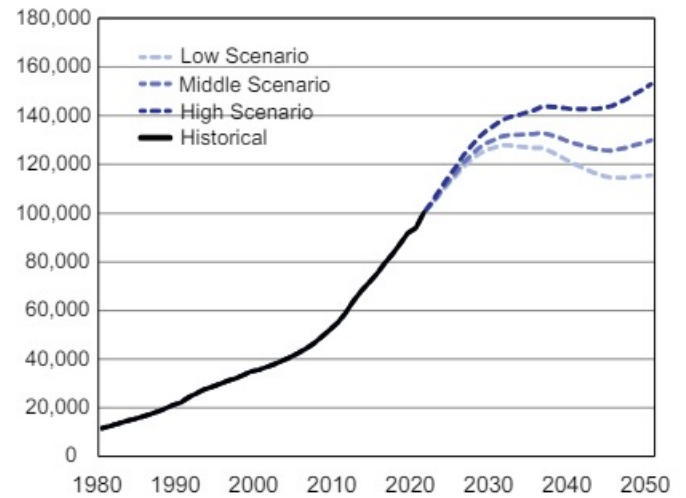


1.2 Overview of Senior Demographics in Alaska

The population of Alaska is rapidly aging. Currently, Alaskans aged 60 and older make up about one in five residents statewide. Aging individuals are most concentrated in Southeast Alaska, where the rate is one in four. The population of people 65 and older is expected to double by 2030. In the previous decade, the population of Alaskans aged 70 and older increased 97 percent.

Data collection conducted in Anchorage, Fairbanks, Juneau, Kenai Peninsula, and Copper Center through the Alaska Senior Needs Assessment found that all regions reported a shortage of affordable independent senior housing. A survey of over 2,000 senior citizens across these communities found that accessible and affordable housing was the third most pressing issue in their lives, closely behind financial security and healthcare.

Population Age 65+, Alaska, 1980 to 2050

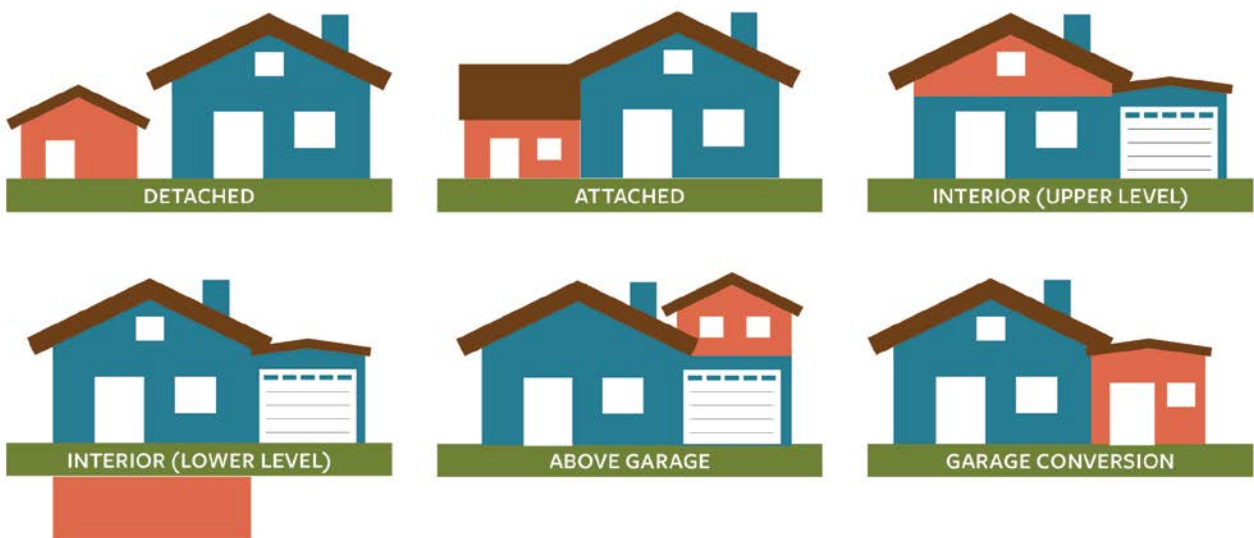


Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

1.3 Accessory Dwelling Units: A Creative Solution

The pressing issue of affordable, accessible housing in Alaska requires immediate attention. Accessory Dwelling Units, or “ADUs,” can provide a cost-effective means for quickly increasing the affordable housing stock. Also known as “granny flats,” “mother-in-law apartments,” and backyard cottages, ADUs are small residences that are attached to an existing single-family home or built as a free-standing unit on the same lot as an existing home. Though usually no larger than one or two bedrooms and typically much smaller than the primary residence, ADUs are entirely independent dwellings, equipped with their own kitchens, bathrooms, and other amenities necessary for full-time occupancy. ADUs allow communities to take advantage of existing infrastructure and add affordable homes in existing neighborhoods.

Examples of Different ADU Configurations.



Source: AARP’s “Accessory Dwelling Unit Model State Act and Local Ordinance.”

1.4 Unique Benefits

ADUs certainly do not replace the large-scale investment and development necessary to meaningfully alleviate the affordable housing crisis in Alaska, but in addition to contributing to that effort, ADUs have the ability to provide unique benefits to communities.

As Alaska's population rapidly ages, adult children of aging parents and older homeowners face limited affordable, close, and independent living options. Adding an ADU to the property of a family member or to that of an older homeowner can allow aging individuals to maintain their independence and remain within their community. An ADU can act as caregiver housing or allow an elderly person to move closer to family. For aging homeowners concerned primarily with financial security, ADUs can be used to generate income to cover property taxes and maintenance during retirement.

Though a meaningful intervention for senior Alaskans looking to avoid residential facilities, ADUs built for this reason can also go on to serve multiple purposes. ADUs built specifically for senior occupancy can be accessibly constructed to specifically meet new age-related mobility needs. While affordable housing is scarce, affordable housing that is also accessible is almost nonexistent in many communities. ADUs can make a dramatic impact on the accessibility of a region's affordable rental stock, dramatically increasing the inclusivity of a community. Additionally, an investment in an ADU for an aging relative can later be used to house young adult family members. By facilitating multi-generational living, ADUs can help keep families and communities together.

Where commercial developers may have a wide range of financial and logistical considerations when deciding whether or not to go forward with a new development, the potential gains to a private homeowner in a community may increase the likelihood of adding a new housing unit. For that reason alone it is worth considering from the municipal perspective whether this could be a tool to add to your bucket in efforts to increase housing.



Former Alaska State Representative Alyce Hanley standing before the basement apartment she added to her Home, allowing her to live with her children while retaining her own living space.

Source: KTOO – Anchorage Daily News [“Alaska cities, facing housing crunch, encourage backyard cottages and apartment additions”](#) (2018).



31-year-old Sitka resident Adrienne Wilber standing before her partially constructed ADU built on the corner of her parent's lot

Source: KCAW [“ADUs Could Make Sitka's Housing More Affordable. Advocates Want to Make them Easier to Build”](#) (2021)

2.0 Snapshot of Alaska Communities with Existing ADU Ordinances

Structure & Lot	Parking	Occupancy	Permitting Process	Aesthetics/ Design	Additional Details/ Links
City and Borough of Juneau					
<p>Structure: Lots up to 125% of the required minimum: max area 600 ft². Lots larger than 125%: can be up to 50% of the net floor area of the primary dwelling but cannot exceed 1000 ft².</p> <p>Lot: Lot must meet the minimum lot size requirement for the zoning district.</p>	+ 1 required	If the homeowner funds their ADU construction with a grant from Juneau's Accessory Dwelling Unit Grant Program, they must record a deed restriction agreeing not to use the ADU as a short-term rental for the first five years.	Applicants building on lots that exceed the minimum lot size requirements for their zoning district and are connected to city sewer services are subject to ministerial approval. Those not connected to the sewer will need to include verification from the Dept. of Environmental Conservation that their wastewater disposal system can handle the additional use from the ADU. Conditional use permits are required for all ADUs built on a sub-standard sized lot.	None.	Accessory Dwelling Unit Grant Program : Created a dedicated grant program providing up to \$13,500 for ADU construction to 16 homeowners annually.
City and Borough of Sitka					
<p>Structure: Max. 800 ft²</p> <p>Lot: Lots must be served by a publicly maintained right of way. Cannot be constructed on lots accessed through easements.</p>	Parking plan required but can rededicate existing primary dwelling unit spaces.	Long term rentals (90+ days) only.	Two zones are eligible for "by right" permitting if all regulations are met, three additional zones are automatically subjected to conditional evaluation as well as all applications that do not meet regulations. Conditional permitting process: applications must be filed at least 3 weeks in advance of the Planning Commission meeting where they are subject to a public hearing. Applicants are required to attend and answer questions. Decisions are typically made at the first meeting.	Requires that ADUs be designed so that the structure maintains "to the greatest extent possible" the appearance of a single-family property. [22.20.160 (c) (8)]	22.20.160 Accessory dwelling units (ADUs) .
Kodiak Island Borough					
<p>Structure: 575-725 ft² (dependent on zoning district)</p> <p>Lot: No lot size restrictions specified.</p>	5 for <600 ft ² ; +6 for >600 ft ²	No short-term uses such as bed and breakfasts. Owner required to occupy either ADU or principal dwelling.	Permitted use for attached ADUs in five residential districts zoned for single-family, two-family, rural, and conservation. Conditional use for detached ADUs in single-family residential districts and certain rural residential districts. Additional rural residential district requires conditional permitting for both detached and attached ADUs.	None.	17.160.070 - Accessory dwelling units .

Structure & Lot	Parking	Occupancy	Permitting Process	Aesthetics/ Design	Additional Details/ Links
Petersburg Borough					
<p>Structure: 800 ft² or 40-80% of the principal dwelling's area depending on the size of the lot. Height shall not exceed the height of the principal dwelling (no exceptions)</p> <p>Lot: Addition of ADU cannot exceed maximum lot coverage, which for most residential properties is 35%.</p>	None.	None.	Attached ADUs are permitted by right. The borough's website requests that homeowners interested in constructing a detached ADU contact the borough building official for more information. Neither the code nor the website specifies if a permit is explicitly required.	ADU must be constructed with the same/ similar materials as the principal dwelling.	Detached Accessory Dwelling Unit Standards
City of Palmer					
<p>Structure: Min 300 ft²; Max 900 ft². Can't be larger than 40% of main property and can't have more than 2 bd. Max height 25 ft.</p> <p>Lot: One ADU permitted per +10K ft² lot zoned residential or agriculture. Attached ADUs may be added to single-family dwellings if they are the sole principal dwelling on the lot. Detached ADUs only allowed on lots +20K ft² No lot size restrictions for central business district.</p>	Studio/1 bd ADU require +1 spaces; 2 bd requires +2 spaces.	Owner must occupy either the principal or accessory dwelling for at least 6 months each year.	<p>All applications are reviewed by the zoning administrator within 30 calendar days. Applications require a \$100 non-refundable fee and a notarized affidavit stating the owner will occupy either the principal or accessory dwelling and that the ADU is compliant with all requirements.</p> <p>Detached ADUs are required to be placed in the rear of the lot at least 10 feet behind the front plain of the primary dwelling, but applicants can ask the planning and zoning commission for a waiver if it negatively impacts a neighbor's view. Applicants are encouraged to gather testimony from impacted neighbors. [17.86.040]</p>	Attached ADUs must maintain style and exterior finishes consistent with the existing structure. Exterior finishes for detached ADUs must comply with local industry standards for residential exterior cladding. Exteriors must be compliant within 8 months from start of construction.	<p>The zoning administrator is required to furnish the planning and zoning commission with an annual ADU report. The commission is required to reassess their ordinance if records indicate that 20% of single-family structures within the city have ADUs. [17.86.110]</p> <p>Chapter 17.86 ACCESSORY DWELLING UNITS</p>
City of Soldotna					
<p>Structure: Max. 750 ft² (total lot coverage cannot exceed limit for single structure)</p> <p>Lot: Must meet minimum lot size requirements for the zoning district</p>	+1 required.	Short term rentals allowed if principal residence is owner-occupied	<p>All interested applicants must submit a site plan and obtain a zoning permit and a building permit.</p> <p>ADUs are permitted within the Single-Family, Single-Family/ Two-Family, Rural Residential, and Multi-Family residential zoning districts.</p>	None.	17.10.390 - Accessory dwelling units.

Structure & Lot	Parking	Occupancy	Permitting Process	Aesthetics/ Design	Additional Details/ Links
Municipality of Anchorage					
<p>Structure: Max. size is the larger of either 900 ft² or 40% of the primary dwelling up to 1200 ft². Max. height of a detached ADU is 25 ft. If ADU is built over a garage, height max. extended to 30 ft. No limit on the number of bedrooms.</p> <p>Lot: ADUs allowed in all residential and commercial zones whether there is another dwelling. Also allowed on all kinds of housing, including large, multi-family buildings. Setbacks restrictions are the same as those imposed on the principal structure with exceptions for ADUs taller than 15 ft. ADU doors may face the street.</p>	None.	Owner occupancy is not required.	Accessory dwelling units are a permitted use in all zoning districts. Applicants must obtain a building or land use permit from the Development Services Department and submit all required documents to the Building Safety Department at 4700 Elmore Road. Applicable permit fees vary. For projects under \$40k, the permitting fee is \$175 per inspection used. Additional fees for residential plan review, building safety review, and land use plan review add an additional \$75+ each.	Formerly required a purpose statement on appearance and character, but it was removed in a massive overhaul of the ADU code in 2023.	The Anchorage Assembly recently passed massive reforms to their ADU ordinance to eliminate barriers and encourage development. Removing owner occupancy requirements (previously homeowners had to live on the property at least 6 months out of the year) opened an additional 10,500 single family rental homes to ADU development. By allowing ADUs on multifamily homes, an estimated 8,000 properties became newly eligible for a bonus dwelling. You can find more information about these changes at the Municipality of Anchorage's "Accessory Dwelling Unit (ADU) Project Page."

Residential zoning regulations in both the City of Homer and the Matanuska-Susitna Borough specify that accessory dwelling units are “by-right” permitted uses in most single-family and some commercial districts.

The Matanuska-Susitna Borough allows two attached or detached accessory dwelling units not exceeding 50% of the total floor area of the primary residence in single-family residential districts, but they can only be used for “guests, family members, or persons providing domestic or health services to the residents of the principal structure.” (Listed under Matanuska-Susitna Borough Code in section [17.75.060\(B\)\(5\)](#)).

In 2011, Homer’s city council passed an ordinance making accessory dwelling units a permitted accessory building to a single-family dwelling in two Residential Districts and the Central Business District. The ordinance stated that the change to municipal code was intended to “increase the supply and diversity of

housing, protect community character, and encourage infill.” The ordinance provided no specific regulations regarding parking, design, or lot size, stating only that one ADU was allowed per single-family dwelling and that the ADU must be “smaller than the primary dwelling.” ([Ordinance 11-44\(S\)](#)).

Simply altering existing zoning regulations to allow ADUs without providing specific regulations and guidance may not be enough to meaningfully encourage development. Though experts consider designated construction of an accessory dwelling unit as a permitted use for all single-family residences as the gold standard for encouraging ADU development, doing this alone can leave interested homeowners feeling confused or uncertain. Additionally, such opaque regulations can allow development that those who are resistant to increased density find upsetting or inflammatory, prompting pushback and calls for increased restrictions. ADU-specific regulations can avert such backlash.

This publication is not a comprehensive list of all ADU ordinances in Alaska. To check if your community has an ADU specific ordinance, you can look up your municipal code at library.municode.com, your local government's website, or contact your city clerk. If you are confused about what codes apply to you, consult the brief overview below on how planning powers are divided in Alaska.

2.1 Overview of Powers and Duties of Boroughs & Cities in Relation to Planning, Platting & Land Use Regulation

Borough Governing Structures	Planning, Platting & Land Use Regulation Powers
Unified Municipality & Home Rule Borough	The borough or unified municipality must exercise the powers areawide, but not necessarily in accordance with AS 29.40
First Class Borough	The borough must exercise the powers areawide; in accordance with AS 29.40; the borough may allow cities to assume such powers within their boundaries
Second Class Borough	Same as for a first class borough
City Governing Structure	Planning, Platting & Land Use Regulation Powers
Home Rule City	Cities in unorganized boroughs must exercise the powers; if in an organized borough, it may be permitted by borough to exercise the powers
First Class City	Same as for a Home Rule City, except exercised in accordance with AS 29.40 (governance by assembly)
Second Class City	The City is not required to exercise powers, but may be permitted in the manner described for First Class Boroughs

References: AS 29.35.260(c) AS 29.35.260(c)



3.0 Best Practices to Encourage ADU Development

In recent years, communities across the United States have turned to ADUs to address the affordable housing crisis. Experts in planning, policy, design, and aging have dedicated considerable time and energy to studying these communities to understand what works and what does not. A recommended first step for communities interested in increasing ADU development is the creation of a dedicated ADU ordinance. This clarifies the ADU development process for applicants and municipal officials and removes barriers that may have been hindering development under existing general zoning regulations.

Section 3.1 provides a brief overview of the “Dos” and “Don’ts” of creating ADU-friendly zoning ordinances. Section 3.2 goes in depth into these recommendations, providing questions and considerations for communities seeking to improve their existing ADU regulations as well as additional guidance for those who are considering creating an ADU-specific ordinance for the first time.

Creating an ADU-specific ordinance and/or focusing on reducing regulatory barriers is not the most effective approach for encouraging ADU development in communities that have no zoning regulations. If you have no existing zoning regulations your largest barriers are likely construction costs due to a lack of contractors or shipping expenses. The most relevant advice for these communities is in section 5 dedicated to financing recommendations.

3.1 Creating ADU-Friendly Regulations

Dos

- ✓ Blanket use permissions for ADUs in all areas zoned for single-family housing.
- ✓ Allowing ADU development “By-right”/ministerial approval rather than through a discretionary approval process.
- ✓ Clear, objective standards intended to mitigate environmental hazards and impact on city resources
- ✓ Regulations should reflect community values without hindering development.
- ✓ Set a realistic timeline for producing decisions.
- ✓ No additional off-street parking requirements.
- ✓ Reasonable size/height/setback requirements that ensure resulting unit can meet the needs of long-term rentals and aging individuals.

Don'ts

- ✗ Excessive Size/Height/Setback Restrictions
 - Inhibit development in dense areas with smaller lots where demand for rentals is likely higher.
 - Lead to “micro” units that can make it difficult to ensure bathrooms and living spaces are of adequate size to accommodate accessibility devices such as wheelchairs or allow caregiver support.
- ✗ Discretionary Permitting Processes
 - Creates uncertainty and slows development timelines.
- ✗ Off-Street Parking Regulations
 - Stifles development on smaller lots.
- ✗ Owner-Occupancy Requirements
 - Can impact appraised home values and complicate rental configurations, suppressing available units.
- ✗ Aesthetic Design Standards
 - Makes construction more costly and technically complex.
 - Vague rules add subjectivity to conditional permitting processes.

3.2 Approaching ADU Policies in Your Community

The immense diversity in zoning practices, environments, and needs across Alaska communities means that there is no one-size-fits-all approach to increasing development of accessory dwelling units. The considerations included below are split into two buckets, those for communities that have an existing ADU-specific ordinance and those that do not have a specific ordinance but maintain robust zoning and permitting regulations, but the recommendations are relevant to local officials in either position.

IF YOU **ALREADY** HAVE AN ADU-SPECIFIC ORDINANCE IN PLACE: THE PERMITTING PROCESS

Does your ordinance allow ADUs “by right” or subject to discretionary approval / a conditional permitting process?

“BY RIGHT”: Allowing ADUs by right means that anyone who complies with the existing regulations may build an ADU. An application may still be involved, but it is subject to purely ministerial approval (AARP – Expanding ADU Development, 42). Research on ADUs across the U.S. shows that by right approvals encourage ADU development because they remove uncertainty and are usually much quicker than discretionary processes.

DISCRETIONARY/CONDITIONAL APPROVAL: There are many valid reasons for local officials and planners to favor a discretionary approval process for ADUs, especially if there is community resistance ADU development. However, subjecting all ADU development to a conditional permitting process has been shown to greatly discourage development. Discretionary approval processes are often opaque and subjective, which can be intimidating and burdensome for applicants.

SPLIT PROCESSES: It is common to allow by right approval for ADUs if they fit all the required regulations and require applicants who do not meet the requirements apply for exceptions through a conditional permitting process. This can be helpful for some communities, especially if within zoning districts lot sizes are nonuniform and access to city sewage/water/electricity varies. However, if you are currently operating this way, it is important to examine how ADU applications have split between the two processes. If you find that so far, most applicants have had to go through a conditional permitting process, you should reconsider if your baseline standards are too strict.

- **Consider:** Are there clear standards that applicants have a difficult time meeting, such as size limits, parking requirements, or design regulations?

How long does your permitting process take?

Lengthy and undefined permitting processes create uncertainty and stall development. Experts recommend that at minimum, local officials publish a realistic timeline for their review processes and stick to a set timeframe for producing decisions. Ideally, that timeframe is as quick as possible.



SPOTLIGHT

The City of Palmer specifies that permits for ADUs will be reviewed within 30 days.

IF YOU **ALREADY** HAVE AN ADU-SPECIFIC ORDINANCE IN PLACE:
OFF-STREET PARKING

Does your ordinance require additional off-street parking spaces? If you require additional off-street parking spaces, is the requirement equal to or greater than that for a single-family home?

Requiring any additional off-street parking spaces for ADUs can stifle development, especially for those hoping to build on smaller lots. Experts recommend no additional off-street parking requirements for ADUs. Usually, single-family zoning regulations already require several off-street parking spots for the principal dwelling, which can often meet the needs of accessory dwelling, especially if it is constructed for an existing member of a household.

Community concerns about public street parking can be mitigated by restricting off-street parking requirements to certain zoning districts of concern, such as commercial business districts and the residential areas that border them. But even in these cases, mandating more than one additional off-street parking space is unreasonable considering that ADUs rarely accommodate more than 2 people.



SPOTLIGHT

The Petersburg Borough has no off-street parking requirements for ADUs. In the City and Borough of Sitka, applicants are required to submit a parking plan delineating dedicated spaces for the ADU and primary dwelling unit. Utilizing on-street parking for ADUs is prohibited, but applicants do not need to build new parking spots as long as they can show how existing spots will be rededicated to the ADU without undermining parking for the primary dwelling.

IF YOU **ALREADY** HAVE AN ADU-SPECIFIC ORDINANCE IN PLACE:
SIZE/HEIGHT/SETBACK REQUIREMENTS

Certain zoning restrictions can inadvertently hamper construction based on universal design standards. Square footage restrictions can make it difficult to ensure bathrooms and living spaces are of adequate size to accommodate accessibility devices such as wheelchairs or caregiver support. Restrictions regarding the ADUs proximity to the primary dwelling and/or to the edge of the lot can make it difficult to construct an entrance that is both covered and allows a car to deliver a person right to the door.

Communicating accessibility needs to your builder can be intimidating and difficult. Universal design principles offer helpful guidance about how to construct ADUs to meet the mobility needs of aging individuals. Universal Design is defined as “an approach to design that recognizes and accommodates the ordinary changes people experience over their lives due

to aging and life circumstances. As such, universal design benefits people through all life stages, including children and adults” (Recommendations for Essential and Advanced Universal Design Features and Product Characteristics in New Single-Family Housing, 2009). Additional information about accessible design and universal design principles can be found at the end of this publication.

Does your ordinance have a size limit for ADUs? If yes, are the square footage requirements based on a ratio relative to the primary residence?

Size regulations tying the size of the ADU to a percent of the primary dwelling make adding an ADU to a larger home easy but make adding an ADUs prohibitive for smaller homes.

Excessive size limits can hinder the development of accessible living spaces. If your community is interested in encouraging ADUs to facilitate aging in place, excessive size restrictions can make the resulting accessory dwelling unit inaccessible to seniors and all populations with mobility needs.

Highly restrictive square footage restrictions can make it difficult to ensure bathrooms and living spaces are of adequate size to accommodate accessibility devices such as wheelchairs or allow caregiver support.

Does your ordinance have setback requirements?

Municipalities should avoid imposing setback requirements that would result in excessively small developable areas because this can lead to “micro” units that fail to meet the needs of long-term renters and aging individuals. Restrictions regarding the ADUs proximity to the primary dwelling and/or to the edge of the lot can make it difficult to construct an entrance that is both covered and allows a car to deliver a person right to the door.

Excessive setback requirements can also inhibit ADU development in smaller and moderately size lots.

Does your ordinance have height requirements?

Excessive height requirements (such as 10 or 12 ft) inhibit two story ADUs, which can incorporate design elements, such as a mezzanine floor, that make the best use of the small space.

Does your ordinance impose minimum lot size requirements?

Minimum lot size requirements inhibit development in more dense single-family districts with smaller lots where demand for rentals is likely higher.



SPOTLIGHT

In the Municipality of Anchorage, height requirements allow for two story ADUs and offer extensions based on common design choices. Maximum height requirements in the Anchorage Bowl are 25 feet but can be extended to 30 feet if the ADU is over a garage. In Girdwood, the maximum height for ADUs is 35 feet and cannot be greater than twice the height of the primary dwelling unit.



An ADU Built Above a Garage in Anchorage.

Source: [Sightline Institute](#). "Anchorage Needs More Moderately Priced Homes: Let's Start with ADUs" (2021).

IF YOU **ALREADY** HAVE AN ADU-SPECIFIC ORDINANCE IN PLACE:
OCCUPANCY RESTRICTIONS

Does your ordinance have occupancy requirements?

Putting restrictions about how ADUs can be used by homeowners can be important to ensuring that ADU development meaningfully expands the community's affordable housing stock. Areas highly dependent on tourism may choose to prohibit ADUs from being used for short-term rentals to ensure that they will be accessible to full time residents.

However, prohibiting homeowners from using ADUs as rentals to nonfamily members dramatically inhibits development. In addition to being self-defeating for municipalities hoping to increase their affordable housing stock, homeowners often rely on future rental income to finance ADU development, subsidize increased property taxes, and generate income during retirement.

Even if rentals are allowed, owner-occupancy requirements are generally discouraged by housing experts. Mandating that homeowners must live in the primary residence to rent the ADU creates a myriad of legal burdens. This requirement means that if they choose to move, they cannot legally rent out both units. If they want to allow another family member to live in the primary residence, they must add them to the deed to continue renting the ADU. If a person inherits a single-family home with an ADU, they are unable to rent out both residences unless they move into the primary residence. Homeowners also are prevented from living in the ADU and renting out the primary dwelling. These complications can impact appraised home values and further restrict available rental properties.

- **Caveat:** Municipalities interested in encouraging tourism but concerned about mitigating its impacts in residential areas may prefer to impose owner-occupancy requirements only for ADUs used for short-term rentals.



SPOTLIGHT

In the City of Soldotna, ADUs can be used as short-term rentals if the principal dwelling is owner-occupied.



SPOTLIGHT

In the City and Borough of Sitka, ADUs can only be used as long-term rentals (90+ days).

IF YOU **ALREADY** HAVE AN ADU-SPECIFIC ORDINANCE IN PLACE:
AESTHETIC STANDARDS

Does your ordinance impose discretionary design standards related to neighborhood character and aesthetic compatibility?

Community concerns about how ADUs will influence neighborhood character and aesthetics are common. Regulations imposing discretionary design standards may have been important to garnering the political support necessary to pass an ADU ordinance. Yet, it is important to evaluate if the goals of these requirements are worth the increased burden to applicants. Aesthetic design standards increase costs and add technical complexity to the ADU construction and permitting processes.

Requiring ADUs to match the appearance of the principal dwelling or to be constructed to maintain the appearance of a single-family structure can hinder accessible design, delay construction, and intimidate otherwise interested homeowners. When these provisions are vague, they create uncertainty for applicants and introduce considerable subjectivity and bias to the permitting process.

IF YOU **DO NOT** HAVE AN ADU-SPECIFIC ORDINANCE, BUT THERE ARE EXISTING REGULATIONS REGARDING PERMITTING AND CONDITIONAL USE

Do you have existing ADUs in your community? If yes, what processes have homeowners gone through to build them?

In communities where ADUs can already be created by right, creating an ADU-specific ordinance may not be necessary. Rather, an informational campaign or a dedicated grant program may be more effective.

Do you have existing restrictions concerning structural changes in single-family residential districts?

Adding an accessory dwelling unit to a single-family home may already be a permitted use in your code.

Alternatively, your existing code could consider the addition of an accessory dwelling as a violation of single and multi-family housing zoning regulations, deeply complicating the ADU development process.

What is your conditional permitting process like?

It is important to realistically evaluate the time, effort, and objectivity of your existing process, as it can greatly impact the development of ADUs if you choose to create an ADU ordinance that relies partly or entirely on your existing conditional permitting process.

- Do applicants often have to apply several times before getting approval?
- Are there municipal staff members dedicated to supporting applicants through the process?
- How frequently does your planning commission review applications?
- Do planning commission meetings regularly fail to cover all the necessary topics/applications because there is too much on the schedule?

Does your community have concerns about infill and/or increased density? Is political and community sentiment particularly favorable or hostile toward ADUs?

It may be difficult to judge public sentiment about ADUs specifically, but prior hostility to multi-family housing developments in areas with majority single-family homes can indicate there may be pushbacks to encouraging ADU development.

When drafting an ADU ordinance, it is important to identify and address community concerns. ADU ordinances can be curated to the specific needs of your community while still following the recommendations of experts.

Certain approaches may include:

- Instituting by right permitting processes for ADUs in some zoning districts and requiring a discretionary use permit in others
- Crafting different regulations for internal, attached, and detached ADUs.
- Restricting use of ADUs as short-term rentals.



4.0 Financing ADUs in Your Community

While ADUs are cheaper than constructing an entirely new single-family home, they can still be cost-prohibitive for many homeowners. In a 2022 survey of Anchorage homeowners with ADUs, over fifty percent of respondents reported that they earned over \$150,000 annually ([ADU ANC Survey](#)). The Sightline Institute, a thinktank dedicated to promoting sustainable communities across the Pacific Northwest, estimates that attached ADUs created by modifying an existing structure cost about \$32,000 on average in Anchorage. Detached ADUs requiring a newly built structure are estimated to cost about \$79,000. For much of the rest of the state, especially the most rural regions, costs are likely much higher. In the North Slope Borough, construction costs per square foot can range from \$448 (in Nuiqsut) to \$660 (in Point Lay) and more. Depending on the village, a 1,500 square foot home—only slightly larger than the average ADU—can cost between \$672,000 to \$990,000 ([NSB Comprehensive Plan 2019](#)).

Municipal officials can reduce financial barriers in a variety of ways:

Designated Municipal Funding Scheme

Grant-Based Subsidies

Municipalities across the country have established grant programs to subsidize the cost of ADUs. Providing cash subsidies to incentive ADU development allows communities to leverage the financial capacity of local homeowners and produce more affordable rent units at a fraction of the cost of a typical publicly funded affordable housing development.

In 2018, the City and Borough of Juneau appropriated \$480,000 for an incentive grant program providing up to \$6,000 to homeowners interested in constructing and ADU. In August of 2023, the Assembly voted to expand this effort, creating the Accessory Dwelling Unit Grant program (ADUG). ADUG provides grants up to \$13,5000 to 16 homeowners annually, allocated on a first come, first served basis. In addition to meeting all ADU regulations and passing a final inspection within two years of being issued a building permit, recipients must record a deed restriction agreeing not to use the ADU as a short-term rental (fewer than 30 consecutive days) for the first five years. More information can be found online and on the [website for the City and Borough of Juneau](#).

For municipalities that do not have the funds or political will to establish such a program, local officials can also look to establish partnership with local foundations to either fund a grant program or provide seed funding to local non-profit design, construction, and development organizations.

Loans

Local jurisdictions can also provide subsidies through low-interest loans, loan forgiveness, and by establishing local loan pools. Low interest loans and loan forgiveness can be a more financially and politically viable option for some municipalities. Like the City and Borough of Juneau's ADUG program, eligibility for low interest loans and loan forgiveness can be restricted to homeowners who agree to use their ADU as a long term, affordable rental or for facilitating aging at home. Local loan pools leverage private loan funds generated from partnership with local banks and philanthropic organizations to provide below-market loans to income-eligible homeowners for ADU construction.



Attached ADU Added to the Basement of a Juneau Home Through the ADUG Program

Source: KTOO – Anchorage Daily News “[Alaska cities, facing housing crunch, encourage backyard cottages and apartment additions](#)” (2018).

Property Tax Abatement

The increased property tax burden resulting from the value added by an ADU can intimidate interested homeowners. Reducing or postponing that burden through property tax abatement can be a powerful incentive.

In 2022, Anchorage Mayor Dave Bronson's administration proposed postponing property tax increases tied to the creation of an ADU for ten years. Assembly member Meg Zalatel proposed applying this abatement only to ADUs offered as long-term housing. Though this proposal was not adopted by the Assembly, a major overhaul of ADU regulations was passed in 2023.

Whether, how, and to what end your local government is able to offer property tax exemptions varies by governing structure. Interested officials should consult Title § 29.45.050 of the Alaska state statutes, which identifies an extensive list of optional exemptions a municipality may enact.

Design Incentives

Design and development costs can force interested homeowners to pay thousands before they even break ground on a new ADU, especially if project plans must be revised multiple times during the permitting process. Municipalities can offset these costs by providing free design and project support to applicants. Additionally, planning officials can save homeowners thousands of dollars by offering applicants the option to use pre-approved, permit-ready plans for ADUs of a range of sizes. Providing model plans can also reduce administrative burdens for municipalities by simplifying the permitting process and promote aesthetic standards favored by the planning commission without burdening applicants with additional regulations. (AARP ADU Design & Development)

Construction & Permitting Incentives

Permit and development fees can be a significant deterrent. Many municipalities have chosen to reduce permit fees, offer fee waivers, or completely remove fees for ADU permit applications. Doing this in conjunction with removing other fees, such as infrastructure

impact charges, can make a significant impact on the total cost. Additionally, any measures you can take to facilitate a faster permit review process, such as hiring or training staff dedicated to ADU permit review, can meaningfully reduce costs.

(AARP ADU Design & Development)

Facilitating Economies of Scale

Communities that struggle with exorbitant construction costs often also have high rates of overcrowding and limited or no senior living facilities. Local officials can help reduce construction costs in rural regions by encouraging interested homeowners to work together to create economies of scale.

Though it applies to new single-family homes, not ADUs, RurAL CAP's Mutual Self-Help Housing Program provides an excellent model of how economies of scale and "sweat equity" can operate in Alaska. Facilitated in partnership with USDA Rural Development and Alaska Housing Finance Corporation, the Mutual Self-Help Housing Program provides first-time home buyers with the opportunity to buy a home without a down payment. Groups of six to twelve participants work together to build one another's homes under the guidance of a RurAL CAP construction supervisor, providing at least 65% of the labor and working a minimum of 35 hours per week. All homebuyers contribute to the construction of all the homes, and no one moves in until every house is complete. The "sweat equity" created by the participant's labor eliminates the down payment and reduces their resulting mortgage, which are originated by RurAL CAP and can have interest rates as low as 1%.

For aging communities or those who cannot invest "sweat equity" for other reasons, prefabricated units are an excellent option to speed up the process and simplify logistics. Interested homeowners can possibly reduce design and transportation costs by approaching a prefabrication contractor as a group.

Additional information about prefabrication options can be found at the end of this publication.

Additional Resources

Accessible Design

- **Northwest Universal Design Council (NWUDC):** <https://www.environmentsforall.org/>
 - The Council acts as an expert resource on universal design in the Pacific Northwest. Their website provides a simplified overview of the [principles and guidelines of universal design](#), a detailed [home checklist](#) which provides essential guidelines for each room and element of a house as well as additional considerations, and a [library of resources and research](#) from organizations and universities across the country.
- **“Aging in Place Alaska” (University of Alaska Fairbanks Cooperative Extension Service):** <https://homemods.org/materials/aging-in-place-in-alaska/>
 - This 20-minute video, narrated by Art Nash, Energy Specialist at the University of Alaska Fairbanks Cooperative Extension Service, examines universal design principles as they related to Alaskan homes.
- **Alaska Independent Living Centers**
 - These are individual organizations which act as an access point for disability-related services for individuals across Alaska.
 - [Southeast Alaska Independent Living \(SAIL\)](#) operates the Home Modifications for Aging in Place (HomeMAPTM) Program, which provides expert evaluations of mobility and construction needs. A SAIL team conducts a home survey and produces a written report that lays out the homeowner’s individualized needs. This report can then be used to guide construction and communicate design needs to contractors.
 - > <https://www.sailinc.org/home-modifications-for-aging-in-place/>
 - For those residing outside the southeast, Access Alaska and Arctic Access – Nome can provide information regarding programs and services that may be helpful during the design process.
 - > Access Alaska: <https://www.accessalaska.org/>
 - > Arctic Access – Nome: <https://www.facebook.com/people/Arctic-Access-Inc/100068189572892/>
 - * Email: arcticaccessnome@gci.net
- **Alaska Organizations that are affiliated with or employ a National Association of Home Builders Certified Aging-In-Place Specialist. Those with this certification can provide expert advice regarding accessible design.**
 - Alaska Housing Finance Corporation: <https://www.ahfc.us/senior-support>
 - Alaska Community Development Corporation: <http://www.alaskacdc.org/>
 - Cold Climate Housing Research Center: <https://cchrc.org/>

Prefabricated Units

- **FabCab:** <https://fabcab.com/about/our-story-and-bios/>
 - A company based in Pacific Northwest specializing in incorporating universal design principles into prefabricated homes. Their founder is a member of the Northwest Universal Design Council.
- **Skyline Homes & Champion Homes:**
 - National companies that supply manufactured homes through a nationwide network of independent dealers. These companies have manufacturers in Oregon and British Columbia and have shipped homes to Alaska. They also have model ADUs. Both companies have a search function to find retailers near where you live, but it is best to contact them directly for more detailed information about Canadian suppliers.
 - Skyline: <https://www.skylinehomes.com/>
 - Champion: <https://www.championhomes.com/>

ADU Finance, Policy, & Development

- **“Accessory Dwelling Units: A Step by Step Guide to Design and Development” (AARP):** <https://www.aarp.org/pri/topics/livable-communities/housing/accessory-dwelling-units-guide-design-development/>
- **“Expanding ADU Development and Occupancy: Solutions for Removing Local Barriers to ADU Construction” (AARP and the American Planning Association):** <https://www.aarp.org/pri/topics/livable-communities/housing/expanding-adu-development-solutions-local-barriers.html>
- **“Overcoming Barriers to Bringing ADU Development to Scale” (Enterprise Community Partners):** <https://www.enterprisecommunity.org/resources/overcoming-barriers-bringing-adu-development-scale-11049>
- **The ABCs of ADUs: A guide to Accessory Dwelling Units and how they expand housing options for people of all ages (AARP):** <https://www.aarp.org/livable-communities/housing/info-2019/accessory-dwelling-units-guide-download.html>

Powers and Duties of Boroughs & Cities in Relation to Planning, Platting & Land Use Regulation

- **Alaska Planning Commission Handbook (Department of Commerce, Community, and Economic Development; Division of Community and Regional Affairs):** <https://www.commerce.alaska.gov/web/Portals/4/pub/Planning%20Commission%20Handbook%20Jan%202012.pdf>
- **Planning Powers for Alaska Communities (Alaska Dept. Of Transportation and Public Facilities):** [https://dot.alaska.gov/creg/planning/assets/Planning Power for Alaskan Communities.pdf](https://dot.alaska.gov/creg/planning/assets/Planning_Power_for_Alaskan_Communities.pdf)
- **Alaska’s Local Government: State Commitments, Local Roles and Responsibilities (Alaska Municipal League):** <https://www.akml.org/wp-content/uploads/2023/02/AML-Govt-Primer-2023-revise-web.pdf>



AKDU'S AND DON'TS

