POSITION PAPER | LEGISLATIVE AFFAIRS COMMITTEE

AO 2026-85: Missing Middle Housing Opportunity Overlay

Amendments to Anchorage Municipal Code Title 21 (Planning and Zoning Commission Case No. 2025-0030)

Ordinance	AO 2026-85, amending AMC Title 21 to create a Missing Middle Housing Opportunity (MMHOP) Overlay
Sponsors	Assembly Members Erin Baldwin Day and George Martinez; prepared by Assembly Legal Services
Public hearing	Opens Tuesday, September 15, 2026; the sponsors intend to continue the hearing to October 6, 2026
Text reviewed	AO 2026-85 as introduced June 9, 2026, with AM No. 369-2026, the TSDO Policy Crosswalk, and Exhibits A through D; Sightline Institute fact sheet
LAC priority tier	Tier 3: real estate development and zoning (tracking only)
Recommended position	No position on the land-use policy. Technical comments for the record on financing the housing the overlay would allow.
Status	Draft for Board approval. Not an adopted AMBA position until approved by the Board and signed by the President.

1. Recommended Position

The Alaska Mortgage Bankers Association takes no position on the land-use policy in AO 2026-85. It asks that the record answer four questions that will determine whether homes built under the overlay can be appraised, sold, and financed.

Whether Anchorage should allow more duplexes, triplexes, fourplexes, townhomes, and cottage courts along its transit corridors is a planning question on which AMBA's members hold a range of views. Whether those homes can carry a mortgage once built is a lending question, and it is the one AMBA is equipped to answer.

The four questions concern rebuild rights if the overlay is later changed, the ownership form that lets several homes on one lot be sold separately, the financing status of relocatable dwelling units, and the comparable-sales data appraisers will need.

2. What the Ordinance Does

AO 2026-85 creates an overlay district, mapped to the multifamily tax incentive area adopted in AO 2025-35, that property owners in residential and commercial districts may use in place of their base-zone standards where the overlay is more flexible. Parks and the downtown Central Business

District are excluded.[1] The Assembly's housing page describes the overlay as opt-in and states that it does not change standards for other properties in the base zone.[2]

Standard	MMHOP Overlay as introduced
Permitted housing types	Two-family, multifamily, townhouse, single-family attached and detached, mixed-use dwellings, and relocatable dwelling units, among others (Exhibit B)
Maximum height	40 feet, or 30 feet where the underlying zone is R-1, unless the underlying zone allows more (Exhibit C)
Maximum lot coverage	70 percent
Lot size and width	As required by the subdivision standards of AMC 21.08.030K
Setbacks	Front: none. Side: 5 feet, or none on a common lot line. Rear: 10 feet, or none on a common lot line or alley.
Structures per lot	Multiple primary uses and multiple principal structures allowed (§21.04.070D.3.d)
Other	Exempt from private open space and neighborhood height-transition standards; residential driveways limited to 20 feet; non-residential uses removed from the overlay

The Planning and Zoning Commission held public hearings on the predecessor Transit-Supportive Development Overlay on July 14, September 8, and October 6, 2025, and voted to recommend approval.[3] The sponsors' policy crosswalk shows the proposal narrowing over successive versions: maximum height from 75 feet to 40 feet (30 feet in R-1), lot coverage from 100 percent to 70 percent, and minimum lot size from 1,400 square feet to the subdivision standard.[4]

3. Background and Context

The sponsors present the overlay as implementation of the Anchorage 2020 Comprehensive Plan and the Anchorage 2040 Land Use Plan, whose transit-supportive corridors they describe as having remained largely conceptual since adoption.[5] The ordinance recites that rents rose 50 percent and home prices 81 percent over the last fifteen years, against a 33 percent increase in area median income.[6] Reporting in June described the current proposal as the seventh version of the policy.[7]

[1] Municipality of Anchorage, AO No. 2026-85 (for reading June 9, 2026), with AM No. 369-2026, TSDO Policy Crosswalk, and Exhibits A through D (Planning and Zoning Commission Case No. 2025-0030), https://www.muni.org/Departments/Assembly/Documents/AO%202026-85.pdf.

[2] Anchorage Assembly, "Focus on Housing Action," https://www.muni.org/Departments/Assembly/Pages/FOCUS-Housing.aspx (accessed September 11, 2026).

[3] AO 2026-85, AM 369-2026, and exhibits, supra note 1.

[4] *Id.*

[5] *Id.*

[6] *Id.*

[7] "Anchorage Assembly members say proposed housing zoning policy is an old concept facing new resistance," Anchorage Daily News, June 24, 2026, https://www.adn.com/alaska-news/anchorage/2026/06/24/anchorage-assembly-members-say-proposed-housing-zoning-policy-is-an-old-concept-facing-new-resistance/.

The overlay has generated organized support and opposition. Supporters, including the Sightline Institute, argue that it would remove barriers to townhomes, condominiums, and small apartment buildings along corridors already served by roads, utilities, and transit.[8]

Opponents argue that residents of the affected neighborhoods have had only limited opportunity to comment on successive versions and have asked the Assembly to postpone the ordinance until the public has a greater role.[9] AMBA takes no position on the process question or the policy.

4. Technical Comments

T1. Rebuild rights if the overlay is later narrowed or repealed

Every appraisal delivered to Fannie Mae must report whether the property is a legal conforming use, a legal nonconforming (grandfathered) use, an illegal use, or in an area with no zoning. Fannie Mae purchases loans on legal nonconforming properties only if the appraisal reflects any adverse effect of the nonconformity on value and marketability, and it will not purchase loans on properties subject to land-use rules that prevent reconstruction if the improvements are damaged or destroyed.[10]

A triplex built with 5-foot side setbacks and 70 percent lot coverage under the overlay conforms only because the overlay exists. If a later Assembly narrows or repeals the overlay, those buildings become nonconforming, and the Title 21 nonconformity rules then determine whether they may be rebuilt after a fire. Because the overlay is mapped along major corridors across the Anchorage Bowl,[11] the question could affect a substantial number of properties. Other investors and insurers apply their own standards, but Fannie Mae's rule illustrates what lenders will ask.

Even with that protection, someone must later be able to establish which overlay standards applied when a structure was permitted. Appraisers must identify the legal attributes of a property relevant to the assignment,[12] and the overlay has already moved through several versions, with height, coverage, and lot-size standards changing between them.[13] An appraiser working on a refinance in 2034 will need the standards in force on the permit date, not the standards in force that day. The Municipality's enterprise GIS already publishes parcel-level property information and historic imagery back to 1939,[14] so preserving overlay boundaries and standards by effective date extends an existing capability rather than building a new system.

Request. Add express language providing that a structure lawfully built under the overlay standards may be reconstructed to those standards after a casualty, regardless of later amendment or repeal of the overlay. Direct the Municipality to maintain a parcel-level GIS record showing, for each parcel,

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[8] Sightline Institute, "Anchorage's Missing Middle Housing Opportunity" (two-page fact sheet, 2026; copy reviewed by AMBA September 11, 2026). Figures are Sightline's and are reported here with attribution; AMBA has not independently verified them.

[9] Opinion, "Anchorage needs more housing, but residents deserve a real say in how we get there," Anchorage Daily News, September 10, 2026, https://www.adn.com/opinions/2026/09/10/opinion-anchorage-needs-more-housing-but-residents-deserve-a-real-say-in-how-we-get-there/.

[10] Fannie Mae Single-Family Selling Guide B4-1.3-04, Site Section of the Appraisal Report (06/04/2025), "Subject Property Zoning," https://selling-guide.fanniemae.com/sel/b4-1.3-04/site-section-appraisal-report.

[11] AO 2026-85, AM 369-2026, and exhibits, supra note 1.

[12] Appraisal Standards Board, Uniform Standards of Professional Appraisal Practice, Standards Rule 1-2(e) (identification of the characteristics of the property relevant to the assignment, including its legal attributes).

[13] AO 2026-85, AM 369-2026, and exhibits, supra note 1.

[14] Municipality of Anchorage, Geographic Data and Information Center, MOA Maps and Apps and Open Data Portal, https://www.muni.org/Departments/OCPD/GIS2/Pages/default.aspx and https://moa-muniorg.hub.arcgis.com/ (municipal enterprise GIS, including property information and historic imagery applications and downloadable appraisal data).

whether it was within the overlay and which version of the overlay standards was in effect on any given date, retained for the life of the buildings.

T2. Ownership form for several homes on one lot

The overlay allows multiple principal structures on one lot and zero setbacks on shared lot lines.[15] It does not address how those homes are conveyed. Homes on a single lot can be owned together and rented, or sold separately as condominium units under the Common Interest Ownership Act, AS 34.08. Townhomes sold in fee simple require a plat. The ownership form determines which mortgages are available. Condominium units are generally subject to project review,[16] although Fannie Mae waives project review for detached condominium units, units in two- to four-unit projects, and certain five- to ten-unit projects that are not part of a larger development.[17] For cottage courts, that waiver can make the condominium path considerably simpler.

The ownership form also determines whether a buyer can use the companion first-time buyer exemption. AO 2026-89(S) exempts a residential unit purchased by a first-time buyer.[18] If individual homes in a cottage court are to be sold separately while remaining on a single lot, a condominium structure would generally be necessary; alternatively, the site could be platted into separate lots where the subdivision standards permit.

Request. Direct the Planning Department to publish a short guide to ownership structures for overlay projects, covering fee-simple platting, condominium declaration, and small-project considerations, so builders choose a structure before they design.

T3. Relocatable dwelling units

Relocatable dwelling units, the term adopted in AO 2025-112 for what code previously called manufactured and mobile homes,[19] are a permitted use in the overlay.[20] Whether one can carry a conventional, FHA, VA, or AHFC mortgage generally depends on how it is installed and whether it is titled as real property. Fannie Mae, for example, applies separate eligibility rules to manufactured housing.[21]

Request. Include a plain-language note in the overlay FAQ that financing for relocatable dwelling units depends on foundation and titling, and direct buyers to confirm financing before purchase.

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[15] AO 2026-85, AM 369-2026, and exhibits, supra note 1.

[16] Fannie Mae Single-Family Selling Guide B4-2.1-03, Ineligible Projects (08/05/2026), https://selling-guide.fanniemae.com/sel/b4-2.1-03/ineligible-projects.

[17] Fannie Mae Single-Family Selling Guide B4-2.1-01, General Information on Project Standards (08/05/2026), and B4-2.1-02, Waiver of Project Review (08/05/2026), https://selling-guide.fanniemae.com/sel/b4-2.1-01/general-information-project-standards.

[18] Municipality of Anchorage, AO No. 2026-89(S), “An Ordinance of the Anchorage Assembly Enacting Anchorage Municipal Code Chapter 12.110, Tax Incentives for First Time Home Buyers” (substitute draft; reading date blank; copy reviewed by AMBA September 11, 2026). Section references are to proposed AMC 12.110.

[19] Assembly, Focus on Housing Action, supra note 2.

[20] AO 2026-85, AM 369-2026, and exhibits, supra note 1.

[21] Fannie Mae Single-Family Selling Guide Chapter B5-2, Manufactured Housing (including B5-2-02, Manufactured Housing Loan Eligibility), https://selling-guide.fanniemae.com/sel/b5-2/manufactured-housing.

T4. Appraisal comparables for housing types new to a neighborhood

Appraisers support value primarily through comparable sales.[22] The first townhomes or cottage-court units in a neighborhood made up of detached houses will have few direct comparables, and early transactions may see appraisal gaps that fall on buyers.

Request. Direct the Planning Department to publish, at least annually, the location, housing type, and unit count of permits issued and projects completed under the overlay, so appraisers and lenders can identify comparable projects. Publishing it as a layer or dataset through the Municipality's existing GIS and open data platforms,[23] rather than as a static report, would let an appraiser working a specific neighborhood find overlay projects directly.

5. Requested Clarifications

	Subject	Request	Directed to
T1	Rebuild rights	Express reconstruction protection for structures lawfully built under the overlay, notwithstanding later amendment or repeal; parcel-level GIS record of overlay boundaries and standards by effective date	Ordinance text; GIS
T2	Ownership form	Published guide to fee-simple platting, condominium declaration, and small-project options for overlay projects	Planning Department
T3	Relocatable units	FAQ note on foundation and titling as conditions of mortgage financing	Planning Department
T4	Comparables	Annual data on overlay permits and completed projects by location, type, and unit count, published through the municipal GIS and open data platforms	Planning Department

6. Relationship to AO 2026-89(S) and AO 2026-93

The overlay applies along mapped corridors. The two tax ordinances apply anywhere in the Municipality. The housing types the overlay enables are those most likely to be priced within the AO 2026-89(S) cap of 120 percent of the average assessed single-family value, or $596,095 at the 2026 average.[24,25] A townhome built under the overlay and sold to a first-time buyer could use both. That combination works only if the home sits on its own platted lot or is a condominium unit (T2), and only if the amendments AMBA recommends to AO 2026-89(S) allow the buyer's lender to count the exemption at closing.

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[22] Fannie Mae Single-Family Selling Guide B4-1.3-08, Comparable Sales, https://selling-guide.fanniemae.com/sel/b4-1.3-08/comparable-sales.

[23] MOA GIS (GDIC), supra note 14.

[24] AO 2026-89(S), supra note 18.

[25] Municipality of Anchorage, AO No. 2026-89 (for reading June 23, 2026), with AM No. 402-2026 and Summary of Economic Effects, https://www.muni.org/Departments/Assembly/SiteAssets/Pages/Meetings-Worksessions/AO%202026-89.pdf.

Appendix A. Statement for the Record

To: Anchorage Assembly, assembly@anchorageak.gov

Re: AO 2026-85, Missing Middle Housing Opportunity Overlay

Date: [September 15 or October 6], 2026

Chair Brawley and members of the Assembly:

The Alaska Mortgage Bankers Association takes no position on the land-use policy in AO 2026-85. Our members will be asked to finance whatever housing the Assembly allows, and we ask that the record answer four financing questions before the ordinance is adopted.

1. **Rebuild rights.** Appraisers must report whether a home is a legal conforming or nonconforming use, and a home that cannot be rebuilt after a casualty can face serious conventional financing eligibility and marketability problems, including under Fannie Mae's rules. Homes built under the overlay conform only because the overlay exists. We ask for express language that they may be rebuilt to the same standards if the overlay is later narrowed or repealed, and for a parcel-level GIS record of overlay boundaries and standards by effective date, so an appraiser years from now can establish which standards applied when a home was permitted.
2. **Ownership form.** The overlay allows several homes on one lot but does not address how they can be sold separately. Separate sale generally requires a plat or a condominium declaration, and each carries different financing rules. A short Planning guide would help builders choose before they design.
3. **Relocatable dwelling units.** Financing for these homes generally depends on foundation and titling as real property. Buyers should be told before they purchase.
4. **Appraisal data.** Early sales of housing types new to a neighborhood will have few comparables. Publishing overlay permits and completed projects through the Municipality's existing GIS and open data platforms would help appraisers support value.

AMBA's Legislative Affairs Committee is available to the sponsors, the Planning Department, and Assembly counsel on any of these points.

Benjamin Reynolds, President, Alaska Mortgage Bankers Association