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Alaska REAL ESTATE BY DAVE WINDSOR

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RE/MAX Dynamic Properties • 907.727.3300 • windsor@alaska.net • www.davewindsor.com

Almost Under The Radar but certainly under this Assembly's Watch

Late on Tuesday night 25th June 2024 the Anchorage Assembly passed the controversial re-write of zoning regulations by a 7 to 5 vote. A0-2023-87 (S) received little publicity.

The effect of this ordinance is to enable denser housing in Anchorage. Although the presenters of the new regulations called it a move to encourage "gentle density" in existing neighborhoods, it won't be gentle but certainly create more density of population, traffic and other associated challenges.

Previous zonings R1, R2A and R2D now fall into one STFR (Single and Two Family Residential) District.

Then there are 10 other zonings (CMR, R3A, R4A, LLR AND R6 thru R10) that are also combined into one District - LLR (Large Lot Residential) The effect is to provide opportunities for homeowners and developers to

add more housing units than zoning previously allowed.

Basically, your average R1 lot can now be used for a Duplex. Homeowners have been allowed ADU's (Accessory Dwelling Units) since March of 2023 but not many people took advantage of this. The new ordinance is a lot broader in scope for builders, developers and existing homeowners.

The bottom line is that more people per square foot will be occupying Anchorage. The reason given is that we are short of housing.

Ultimately, in the next 5 to 10 years, the privacy of your single family home will be downgraded and property values affected accordingly.

The ordinance does provide for Subdivision Covenants and Homeowners Associations to retain their power to restrict new construction according to existing Declarations, Rules or Covenants

but those living in neighborhoods without an HOA or Covenants will be looking at more faces and more vehicles out the front of their home.

Even if you have Covenants (as I do at home) or a Homeowners Association, people seeking to add housing will not find an objection at the Muni when seeking a permit and the local homeowners will probably need legal assistance to enforce their local building restrictions per Covenants or HOA Regulations.

Some private groups are trying to legally reverse the Ordinance next year but, for all intents and purposes, this is now the law.

The details are quite complex and, for further information, call the Municipality 'Planning Department' (907-343-7931).

A Perennial Question - How Is The Market?

At our home we have started a new gardening approach. To avoid the work of planting and nurturing “annuals” each year, we have developed an increasing population of “perennials”.

“How is the Market?” is a perennial question. People are always asking that of me when we meet - so let’s tell you now before you ask.

The last 2 years have heavily favored sellers. More buyers were shopping than houses for sale. The result was multiple offer competition driving up prices 10% per year, even with high interest rates.

As we approach the end of 2024 the situation is easing. Interest rates are coming down and the ratio of buyers to sellers is also moderating.

This is good news for homebuyers. However, do not expect home values to retreat from current levels. Just as inflation has nationally increased the cost of living, especially groceries, easing inflation means the expenses of living are going up more slowly, not going down. The FED is looking for a 2% core annual inflation rate and the economy is now showing 2.6% in price increases year over year (PCE Core).

The same may be said about

Anchorage real estate. Home values will continue to escalate but more slowly (less than 5% in 2025).

Homebuyers may be encouraged that the 30 year fixed rate mortgage (6.625% today as we write) will moderate down to 6% or even lower next year (It did, in fact, go down to 6.0% a few weeks ago). A year ago, rates were at 8%. In addition, you can look forward to less of a frenzy when you are shopping.

More than half of would-be-home buyers—56%—say they’re waiting for mortgage rates to fall to a range between 5.5% and 5.75% before making a home purchase, according to HomeLight’s [2024 Lender Insights Report](#). The national average for the 30-year fixed-rate was 6.54% this week, Freddie Mac reports.

What’s more, mortgage financing giant Fannie Mae and the Mortgage Bankers Association predicted this week that the 30-year fixed mortgage rate likely will average about 6.2% by the end of 2024. So, some prospective home buyers may have to wait for next year to get their wish.

Homesellers may remain confident that they can obtain a price for their home in line with the value that has been added over the last 2 years, and there will be a buyer for your home.

All this has one caveat - The unexpected events on the Planet, or in the U.S., that create a drama changing the Alaska economy. For my part, I see little downside to owning real estate in Anchorage compared to other U.S. regions being impacted by climate change and social unrest.

They say we might be shoveling quite a lot of snow again this year but, heck, it is great exercise and a small price to pay for living in this wonderful, clean location with individual freedoms that major urban centers elsewhere cannot enjoy.

Dave
Wilson

