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Anchorage



Anchorage homeowners see jump in property values in 2022 assessments

By Emily Goodykoontz

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Sunlight illuminates homes on the Anchorage Hillside nestled below the Chugach Mountains on Monday, Jan. 24, 2022. (Bill Roth / ADN)

Residential property values for single-family homes in Anchorage went up by 8.6% on average in the city's 2022 property assessments, driven by a high demand for

homes, low supply and rising building costs over the last year.

It's not yet clear how that will affect individual property tax bills, city officials say.

Some Anchorage neighborhoods saw bigger average increases than others: In Midtown, single family home values jumped 10% on average, while Eagle River saw the smallest increase at 7.5%, according to data from the city assessor's office.

 Single-family homes in East Anchorage increased 9.8% on average, and the average increase was 9% in West Anchorage, 7.9% downtown and 7.6% in South Anchorage.



Property values for duplexes and triplexes went up by 7.9%, on average.

The overall taxable property in Anchorage saw a marked increase in value this year compared to the last few years, which saw small increases or remained relatively flat, former municipal assessor Jack Gadamus told the Assembly during a work session last month.

That increase is due to the rising value of residential properties, he said. On average, commercial property values such as for retail, office and hotel buildings largely decreased, though four-plexes and apartments slightly increased in value.

"We've been a little bit flat, and then we had this big jump this year in 2022. That big jump is residential," Gadamus said.

Gadamus left his position as municipal assessor earlier this month. The mayor's office did not respond to questions about his departure or replacement, though the city assessor's office said they hope to find a new municipal assessor soon.

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A low supply of homes for sale coupled with a high demand for homes and a spike in material and building costs is driving up residential values, according to the assessor's office — prices for lumber and other building materials surged last year.



The fact that there are fewer places to build in Anchorage is adding to the issue, the assessor's office said, in addition to the limited number of new homes being constructed.

Also, in 2021, only about 175 new houses were built, the assessor's office said.

Interest rates — essentially the cost to borrow money — were also historically low.

Lower interest rates give buyers additional purchasing power, and that creates more "artificial demand," according to the assessor's office.

With so many buyers in the market, so few new houses being built and limited homes for sale, sale prices have increased, with some houses selling for far more than the asking price, the assessor's office said.

The assessor's office uses data it collects on property sale prices to assess the value of the roughly 90,000 residential properties in Anchorage, it said.

Unlike some other states, Alaska does not require the reporting of sale data, but the assessor's office requests that information from both buyers and sellers of properties in the city. Generally, it receives about 25% to 30% of the residential sales information each year. The assessor's office also uses real estate listing prices as a frame of reference.

Most neighborhoods saw an increase in home values in the 8% to 10% range. An increase above 20% or 25% is the most extreme jump that an area or group of homes should have seen, the assessor's office said.

"As we saw (with) anyone trying to buy a house last year, it was really hard and prices are going up — and super high," Assembly member John Weddleton said. "What they're seeing is the reflection of the market in the last year and a half, two years."



While homeowners may be concerned that they will see a similar percentage jump in property taxes, that's not necessarily the case, he said.

"Assessments are not taxes," Weddleton said.

The city has a cap on how much it can collect in property taxes, he said. This year, it's about \$318 million — a little under 60% of the city's total budget.

Each property's taxes goes toward hitting the tax cap, so each individual property's taxes is affected by increases and decreases in how all the other properties are taxed based on the changing values.


Until the Anchorage Assembly sets the property tax rate in April and finishes adjustments to the year's city budget, no one will know exactly what their individual property tax bill will look like. The tax rate changes yearly, depending on property values in Anchorage and the size of the city's budget.


Depending on a property's value, some owners could see their bills go up, down, or stay about the same as last year, Weddleton said.

If the city budget stays relatively flat and property values increase, it's possible the tax rate would go down.

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 Home prices and property values have long been trending upward in Anchorage,

 Gadamus said.

 That's different for commercial property, which has seen decreasing values this year, especially for brick-and-mortar retail spaces, which have been on the decline for years, according to the assessor's office.

The current supply of commercial office space also far exceeds the market demand, driving those values downward, the assessor's office said.

The pandemic has compounded those issues by causing people to spend more time at home, to work from home, and to buy more and more retail products online rather than in local stores, as well as to travel less, according to the assessor's office.

That has accelerated some of the changes in retail, restaurant and hotel sectors, the assessor's office said.

Correction: An earlier version of this story incorrectly said the city's tax cap is \$380 million. It is \$318 million.

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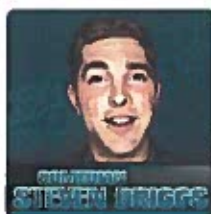
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