

Submitted by: Mayor LaFrance
Assembly Member Brawley
Assembly Member Martinez
Assembly Member Rivera
Prepared by: Dept. of Law
For reading: March 18, 2025

ANCHORAGE, ALASKA
AO No. 2025-35

AN ORDINANCE OF THE ANCHORAGE ASSEMBLY REPEALING AND REENACTING ANCHORAGE MUNICIPAL CODE CHAPTER 12.60, TAX INCENTIVES FOR HOUSING, AND REPEALING CHAPTER 12.70, TAX INCENTIVES FOR AFFORDABLE AND WORKFORCE HOUSING.

WHEREAS, housing is an urgent need in Anchorage, with rental vacancy rates below 5% and rents increasing by 30% since 2019; and

WHEREAS, the 2012 *Anchorage Housing Market Analysis* found multi-unit not feasible, without subsidy to make the project viable: “Building mid-rise residential and mid-rise mixed-use rental developments is not financially feasible in the current market”; and

WHEREAS, Mayor LaFrance has set a goal and strategy to build and rehabilitate 10,000 homes in Anchorage in 10 years; and

WHEREAS, the *10,000 Homes in 10 Years* plan calls for the development of incentives to “close the feasibility ‘gap’ in residential development and reuse”; and

WHEREAS, the Anchorage Assembly’s *Housing Action Plan* sets a vision for “affordable, abundant, diverse housing opportunities” and a strategy to “focus incentives and public investment to increase housing stock”; and

WHEREAS, Goal 2 of the *Anchorage 2040 Land Use Plan (2040 LUP)* calls for “Infill and redevelopment meet the housing and employment needs of residents and businesses in Anchorage”; and

WHEREAS, Goal 3 of the *2040 LUP* states that “Mixed-use, walkable commercial centers and corridors thrive within their neighborhood context, offer housing affordable to a range of incomes, and enable business growth”; and

WHEREAS, Goal 6 of the *2040 LUP* sets a standard that “Anchorage coordinates transportation and land use to provide safe, efficient, and affordable travel choices”; and

WHEREAS, on December 17, 2024, the Anchorage Assembly amended and approved AO 2024-111, which updated and designated transit-supportive corridors for the purposes of tax incentives for affordable and workforce housing; and

WHEREAS, the Municipality's Gap Funding Working Group in 2021 found that in Downtown Anchorage a typical multi-family housing unit cost more to develop than its market value, by about \$120,000, recommending a property tax abatement of 25 years to eliminate this gap; and

WHEREAS, state statute under AS 29.45.050 allows local governments to abate property taxes for the purpose of economic development, to include the Municipal and School District portions; and

WHEREAS, on March 5, 2019, the Anchorage Assembly approved AO 2019-12, As Amended, which created a property tax abatement incentive under AMC 12.60 that applied to Downtown Anchorage and expired in 2024; and

WHEREAS, AMC 12.60 was active for five years and resulted in 86 new units (final approval), despite a general slowdown of construction activity during the Pandemic and the shorter duration (12 years) of the abatement; and

WHEREAS, per AO 2020-103, AMC 12.70 established 12 years of property tax abatement for the Transit Corridor, it has only one provisional approval for 36 units; and

WHEREAS, the present AO has been crafted to take into account the best available market analysis, lessons learned from the prior 12.60 and 12.70 ordinances, and the priorities identified in *10,000 Homes in 10 Years*, the *Housing Action Plan*, and the *2040 LUP*; now, therefore,

THE ANCHORAGE ASSEMBLY ORDAINS:

Section 1. Anchorage Municipal Code 12.60 is hereby repealed in its entirety and reenacted to read as follows (in accordance with AMC 1.05.050B., the current text of the repealed chapter is attached as Exhibit A):

Chapter 12.60 *Tax Incentives for Housing*

12.60.010 Property tax incentives for housing; location.

This chapter authorizes property tax exemptions for construction of new residential units, provided a minimum of eight new residential units are constructed and the construction increases the total number of residential units on property

12.60.015 Property tax incentives for housing; exclusions.

A. The following types of properties are not eligible for this housing tax incentive:

1. *Deteriorated property; economic-development property.*
Deteriorated property as defined in AMC 12.35.005 and economic development property for which an application has been filed and is under review, or has been granted pursuant

to AMC 12.35.040 are not eligible for this housing tax incentive. Submission of an application for exemption pursuant to this chapter shall automatically terminate any existing deteriorated property or economic development property application or designation for the subject property.

2. *Short-term rental property.* Properties with an initial rental term for a period of less than 30 days. Any portion of a property for which the initial rental term is less than 30 days is not eligible for this housing tax incentive. Rental of a portion of a property for an initial term of less than 30 days shall automatically terminate an application for or previously granted exemption under this chapter.

3. *Owner-occupied residential property.*

12.60.020 Applications for property tax exemptions.

- A. *Submission.* An application for an exemption under this chapter shall be made in writing to the municipal assessor, prior to construction of new residential units (applications made after construction on the residential units begins shall be rejected).
- B. *Timeline for submission.* Applications must be submitted prior to issuance of the Certificate of Occupancy or beneficial occupancy of the new residential units occurs. Applications made after issuance of the Certificate of Occupancy or beneficial occupancy of the new residential units, whichever occurs first, shall be rejected.
- C. *Contents.* The application shall, at a minimum, contain:
 1. *Name.* The name of the applicant;
 2. *Address.* The legal description and street address of the property for which the application is made;
 3. *New residential units.* Drawings of the residential units that the applicant will construct, including a floor plan that includes approximate square footages;
 4. *Existing structures.* Drawings showing the square footage of all existing structures and structures to be constructed on the property;
 5. *Increase in residential units.* Plans showing the project will increase the total number of residential units on the property;
 6. *Acknowledgement of liability.* Applicant acknowledges that the residential units will be taxable if and when the residential units are no longer eligible for tax exemption under this

chapter;

7. If the applicant is seeking additional duration under AMC 12.60.045B., the application shall include:

- a. A detailed description of how the property qualifies for the additional duration(s) including sufficient information to support such qualification; and
- b. An acknowledgment that the additional duration may not be approved or may be subsequently removed if certain criteria are not met during the base 15 years or during the additional duration; and

8. *Other information.* Other information as may be required by the assessor.

D. *Deadline for applications.* Applications for an exemption under this chapter shall only be accepted before 5:00 p.m. February 28, 2050.

12.60.030 Provisional approval.

A. The municipal assessor shall provisionally approve an application for tax exemption if:

1. *Complete application.* The applicant submitted a complete application; and
2. *Eight or more additional units.* The applicant acknowledges it must (a) construct not less than eight new residential units in accordance with the plans and drawings submitted with its application, and (b) increase the total number of residential units on the property in order to receive final approval under AMC 12.60.040.

12.60.040 Final approval upon completion of construction of new housing; magnitude.

A. *Final approval of exemption.* The municipal assessor shall finally approve an application for tax exemption if:

1. The applicant has completed construction of residential units in accordance with the plans and drawings submitted with its application and a Certificate of Occupancy has been issued pursuant to AMC 23.10.107.4 for each structure that contains a residential unit described in the application, and
2. The total number of residential units on the property has increased.

B. *Magnitude of exemption.* The taxes eligible for exemption under this

AMC 12.60 are those attributable only to the newly constructed residential units, exclusive of previously existing or non-eligible residential units (whether or not remodeled) determined on a spatial basis as follows: The square footage of the newly constructed, eligible residential units shall be divided by the square footage of all structures on the property, then multiplied by the assessed value of all improvements on the property and by the mill rate applicable to the property. If an exemption is granted, it shall apply to all of the eligible property taxes attributable to newly constructed, eligible residential units.

12.60.045 Duration of Exemption

- A. *Base duration of tax exemption.* Tax exemptions approved under this section shall be for a base period of 15 consecutive years beginning on January 1 of the first full calendar year after final approval of the application.
- B. *Additional duration.* Additional consecutive years of tax exemptions may be granted to property meeting conditions defined below to the extent defined as follows:
1. *Geographic location.* Property at least partially within the following areas shall be granted an additional 5 years of exemption upon application; provided: a property may only qualify for one additional term based upon geographic location under this subsection:
 - a. Residential Housing Tax Incentive Area,
 - b. Deteriorated areas as defined in AMC 12.35.005,
 - c. Qualified Opportunity Zones designated by the Internal Revenue Service,
 2. *Mixed-use.* Property qualifying as mixed-use under Title 21 may be granted an additional 3 years of exemption upon application,
 3. *Affordable housing.* Property where at least 20% of units are offered for rent at no more than 120% of Area Median Income as such term is used in section 3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)), may be granted an additional 3 years of exemption upon application,
 4. *Apprenticeship utilization & prevailing wages.* Property constructed using Apprentice Utilization and Prevailing Wages, as defined in section 12.60.080, may be granted an additional 5 years of exemption upon application.
- C. *Maximum duration.* No property may be granted more than 25 total years of exemption under this chapter.

12.60.050 Termination of exemption; transfer of exemption.

- A. *Loss of residential units.* If previously eligible residential units on the property become ineligible, an exemption granted under this chapter shall terminate immediately as applied to the units which are no longer eligible.
- B. *Less the minimum number of residential units.* An exemption granted under this chapter shall terminate entirely immediately if and when the number of eligible residential units on the property is less than eight.
- C. *Verified unfair labor practices.* An exemption granted under this chapter shall terminate entirely immediately if and when a state or federal court or administrative agency determines, in a final unappealable decision, that violations regarding unfair wage practices or unsafe working conditions occurred during the construction of the eligible residential units.
- D. *Failure to file annual report.* An exemption granted under this chapter shall automatically terminate if the owner of the property fails to comply with the annual report for three (3) consecutive years.
- E. *Transfer on change of ownership.* An exemption may be transferred, in whole only, to another entity or owner when the change in ownership of the property occurs.

12.60.060 Appeals.

- A. *Of assessor to chief fiscal officer.* Any decision of the assessor under this chapter may be appealed to the chief fiscal officer or the chief fiscal officer's designee in writing within 30 days of the date the decision was issued. For the purposes of this chapter the date of issuance is the date upon which the decision was mailed or otherwise delivered to the parties.
- B. *Of chief fiscal officer to the office of administrative hearings.* Any decision of the chief fiscal officer or the chief fiscal officer's designee under this chapter may be appealed to an administrative hearings officer in accordance with AMC 3.60 within 30 days of the date the decision was issued. For the purposes of this chapter the date of issuance is the date upon which the decision was mailed or otherwise delivered to the parties.

12.60.070 Annual reports of owners; assembly notification.

- A. *Annual compliance and status report.* Not later than March 15 of each year, the owner of the property for which an exemption has been granted, shall file with the assessor, a report including:

1. *Occupancy.* A statement of occupancy and vacancy of the residential units for the prior 12 months;
 2. *Residential units remain as described.* A certification that the newly constructed residential units described in the application continue to exist and have not been converted to a non-residential use and continue to comply with the requirements of this chapter;
 3. *Further changes.* A description of physical changes or other improvements constructed since the last report or, on first report, since the filing of the application
 4. *Additional duration.* If applicable, documentation supporting any additional duration granted upon final approval under AMC 12.60.045B.; and
 5. *Additional information.* Any additional information requested by the assessor, chief fiscal officer, or designee.
- B. *Annual reports to the Assembly.* The assessor shall transmit annual reports to the Assembly in an Assembly Information Memorandum that contains:
1. *Annual reports of property owners.* Copies of annual compliance and status reports submitted by property owners in accordance with AMC 12.60.070A.
 2. *Annual report of exempted taxes.* A summary of the total taxes exempted for each property that has been granted a tax exemption under this chapter.
 3. *Annual report of applications and status.* A summary list of each application for an exemption under this chapter received by the assessor, the status (rejected, provisional approval, or final approval), number of units proposed, under construction and completed, and the parcel address or description of location.

12.60.080 Definitions.

In this chapter:

“Apprenticeship Utilization (AU)” means the Developer will ensure that any contractor or subcontractor who employs four or more individuals for the construction of a project shall demonstrate a verifiable commitment to collaborating with federally recognized apprenticeship programs within the area. These contractors and subcontractors are expected to maintain a ratio of three (3) journeymen to one (1) apprentice for 10% of total work

hours.

"Construction" has the same meaning set forth in AMC 21.15.040.

"Initial rental term" means the first contractual lease term entered into between landlord and tenant unique to each unit rented and each tenant.

"Prevailing Wage (PW)" means the prevailing *per diem* wage rate corresponding to a specific labor classification. This rate is to be determined by the Director of Public Works, based on the prevailing wage determinations as outlined in the *Laborers' and Mechanics' Minimum Rates of Pay*, AKA Pamphlet 600 per Alaska Administrative Code, 8 AAC 30.050 and AS 36.05.010. The Developer will bear full responsibility for ensuring the payment of the prevailing *per diem* wage rate corresponding to their labor classification.

"Qualified Opportunity Zone" means properties located within the boundaries of a population census tract that is a low-income community designated as a Qualified Opportunity Zone by the United States Internal Revenue Service under the Tax Cuts and Jobs Act of 2017 (Public Law No. 115-97). Qualified Opportunity Zones located within the Municipality of Anchorage are depicted below.

"Residential Housing Tax Incentive Area" means properties located within the boundaries of the Residential Tax Incentive Area as depicted below. This includes properties located generally within the Downtown Planning Area, the Midtown District Planning Area, and Transit-supportive development corridors.

[INSERT MAP BOOK ATTACHED AS ATTACHMENT A]

"Residential unit" means a dwelling unit as defined in AMC 21.15.040 which is either owner-occupied or only leased for periods of at least one month.

Section 2. Anchorage Municipal Code 12.70 is hereby repealed in its entirety (in accordance with AMC section 1.05.050B., the current text of the section to be repealed is attached as Exhibit A).

Section 3. Pursuant to AS 29.45.050(m), notice is hereby provided that this ordinance, if adopted, or the entirety of Chapter 12.60 may be repealed by the voters through referendum.

Section 4. This ordinance shall be effective immediately upon passage and approval by the Assembly.

PASSED AND APPROVED by the Anchorage Assembly this _____ day
of _____, 2025.

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ATTEST:

Chair of the Assembly

Municipal Clerk



MUNICIPALITY OF ANCHORAGE

Assembly Memorandum

No. AM 261-2025

Meeting Date: March 18, 2025

From: MAYOR LAFRANCE, ASSEMBLY MEMBERS BRAWLEY,
MARTINEZ, AND RIVERA

Subject: AN ORDINANCE OF THE ANCHORAGE ASSEMBLY
REPEALING AND REENACTING ANCHORAGE MUNICIPAL
CODE CHAPTER 12.60, TAX INCENTIVES FOR HOUSING, AND
REPEALING CHAPTER 12.70, TAX INCENTIVES FOR
AFFORDABLE AND WORKFORCE HOUSING.

Overview

The Municipality of Anchorage has a housing shortage. Mayor LaFrance has set a goal of 10,000 homes in 10 years to bring much-needed housing to Anchorage. The Anchorage Assembly Housing Action Plan calls for increasing housing supply, including by implementing incentive programs as well as removing red tape.

Over the past 10 years, very little multifamily housing has been built in Anchorage. The Municipality's Housing Market Analysis Summary Report (2012) documented that under market conditions at that time, multifamily (medium and large size) housing developments were not feasible to build without public subsidy; this finding continues to be true 13 years later, as construction costs and zoning regulations have increased. Local developers, housing experts, and third-party analysis point to the same problem: multifamily housing doesn't financially "pencil". The cost of construction typically exceeds the value of the finished property by as much as two-to-one. The result is that very little multifamily housing gets built.

The proposed ordinance submitted with this memorandum creates a targeted property tax incentive designed to reverse this troublesome math so housing can be built in our community.

The proposed ordinance establishes a baseline incentive of 15 years of property tax abatement for newly-constructed multifamily housing with at least eight housing units. During the abatement period, no tax will be due on the new, qualifying residential units, but the land, existing units, and commercial areas remain taxable.

The duration of abatement can be increased up to a maximum of 25 years if the development:

- Is located in one of the following areas, for five additional years of abatement:

- The Residential Housing Tax Incentive Area, which has been defined to encompass:
 - Downtown
 - Midtown
 - Transit-Supportive Development Corridors
- Deteriorated areas (defined under AMC 12.35)
- Qualified Opportunity Zones (defined in Federal statute)
- Meets affordability criteria: At least 20% of units are offered for rent that is affordable for households earning no more than 120% of Area Median Income (three additional years)
- Qualifies as “mixed use” (three additional years)
- Is constructed using labor that is documented to meet prevailing wage and apprenticeship utilization standards (five additional years)

Why this incentive is needed

In 2023, the Municipality’s [GAP Funding Working Group Report and Recommendations](#) estimated that a single multifamily housing unit in Downtown Anchorage had a project value of \$122,000, but cost about \$240,000 to construct—meaning that construction costs were approximately double the end value. This is the reason almost no multifamily housing gets built in Anchorage without some form of public support, such as federal funds for affordable housing.

Since the value of multifamily housing is closely related to the amount of income the property produces, an increase in income also increases the property value. Reducing or eliminating property taxes is a way to increase income, which in turn brings up the value, making the project more feasible. The same report cited above found that a 25-year property tax abatement could erase the entire gap.

The proposed ordinance offers a 15-year baseline incentive, with “bonuses” described above to give developments a maximum of 25 years. This approach balances flexibility and accountability. Instead of creating burdensome requirements that would reduce the impact of the incentive, the bonuses add to the incentive to more effectively promote other desired outcomes like building in the core of the Municipality (where costs are often higher), mixed use development, prevailing wages, and affordability. To be clear, the goal of this incentive is first and foremost to produce new multifamily housing.

Prior multifamily incentives

This proposed ordinance replaces the existing property tax abatements under AMC 12.60 (for Downtown) and AMC 12.70 (Transit-Supportive Development Corridors). These two incentives were enacted in 2019 and 2020 respectively, and understood to be “experimental” to an extent. Until its expiration in 2024, property tax abatements under AMC 12.60 helped produce 86 housing units in Downtown Anchorage. Only one development ever used AMC 12.70, for a total of 36 units.

AMC 12.60 can be considered a partial success, as it produced new housing despite the challenges of a Pandemic-related construction slowdown. However, its limited duration of 12 years meant it only resolved about half of the finance gap described in the *GAP Funding Working Group Report*. From discussions with

1 developers and experts, affordability requirements made AMC 12.70 difficult to
2 use, accounting for limited interest in the incentive.

3
4 The current ordinance addresses the above lessons by offering a greater length of
5 abatement to address the financing challenge, while avoiding requirements that
6 would inhibit the use of the incentive. This is an important reason for the inclusion
7 of bonuses, as opposed the kinds of requirements that made AMC 12.70 difficult
8 to use.

9 10 **Alignment with existing plans**

11 Providing “bonus” years of abatement for Downtown, Midtown, and Transit-
12 Supportive Development Corridors supports key goals expressed in the
13 *Anchorage 2040 Land Use Plan*, including:

- 14 • Goal 2, which calls for “Infill and redevelopment meet the housing and
15 employment needs of residents and businesses in Anchorage.”
- 16 • Goal 3 states that “Mixed-use, walkable commercial centers and corridors
17 thrive within their neighborhood context, offer housing affordable to a range
18 of incomes, and enable business growth”
- 19 • Goal 6 sets a standard that “Anchorage coordinates transportation and land
20 use to provide safe, efficient, and affordable travel choices”

21 By further incentivizing development in these key areas, this ordinance supports
22 residential development in areas with the greatest walkability, linkages to public
23 transportation, and that make use of existing infrastructure so Municipal services
24 are more economical to provide.

25
26 The proposed ordinance also flows from housing strategies articulated by the
27 LaFrance Administration and the Anchorage Assembly. The mayor’s *10,000*
28 *Homes in 10 Years* strategy calls for the development of incentives to “close the
29 feasibility ‘gap’ in residential development and reuse.” The Anchorage Assembly’s
30 *Housing Action Plan* sets a vision for “affordable, abundant, diverse housing
31 opportunities” and a strategy to “focus incentives and public investment to increase
32 housing stock.”

33 34 **How does this impact MOA taxpayers?**

35 The type of property tax abatement created by the ordinance does not draw on
36 any funds in the operating or capital budgets, nor reduce the amount of revenue
37 taken in by MOA. It works by not taxing newly constructed properties that qualify.
38 The land on which they are built remains taxable, and the Tax Cap calculation is
39 not reduced either. Because of this, there is no material impact expected to
40 property taxpayers in the MOA during the abatement term. When the abatement
41 expires, the qualifying properties are added to the Municipality’s tax roll, and their
42 value is factored into the Tax Cap calculation—growing the city’s tax base.

43 44 **Summary**

45 Local developers, housing experts, and third-party analyses have all reached the
46 same conclusion: Multifamily housing is not getting built in Anchorage because
47 there is a financial feasibility gap. Costs are sometimes twice as great as a project’s
48 value once built, discouraging housing development. By bringing about an
49 incentive to close this financial gap, the Municipality is taking direct action to bring

more housing to Anchorage. This ordinance represents the kind of evidence-backed, bold action needed to get to 10,000 homes in 10 years.

THE ADMINISTRATION RECOMMENDS APPROVAL.

Prepared by:	Nolan Klouda, Policy Director
Approved by:	Katie Scovic, Chief of Staff
Concur:	Ona R. Brause, Director, Office of Management and Budget
Concur:	Philippe D. Brice, CFO
Concur:	Eva Gardner, Municipal Attorney
Concur:	William D. Falsey, Chief Administrative Officer
Concur:	Rebecca A. Windt Pearson, Municipal Manager
Respectfully submitted:	Suzanne LaFrance, Mayor
	Anna Brawley, Assembly Member
	George Martinez, Assembly Member
	Felix Rivera, Assembly Member

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects -- General Government

AO Number: 2025-35

Title: **AN ORDINANCE OF THE ANCHORAGE ASSEMBLY REPEALING AND REENACTING ANCHORAGE MUNICIPAL CODE CHAPTER 12.60, TAX INCENTIVES FOR HOUSING, AND REPEALING CHAPTER 12.70, TAX INCENTIVES FOR AFFORDABLE AND WORKFORCE HOUSING.**

Sponsor: **Mayor LaFrance**
Assembly Member Brawley
Assembly Member Martinez
Assembly Member Rivera

Preparing Agency: Department of Law

Others Impacted: Department of Finance

CHANGES IN EXPENDITURES AND REVENUES:		(In Thousands of Dollars)				
	FY25	FY26	FY27	FY28	FY29	
Operating Expenditures						
1000 Personal Services						
2000 Non-Labor						
3900 Contributions						
4000 Debt Service						
TOTAL DIRECT COSTS:	\$ -	\$ -	\$ -	\$ -	\$ -	
Add: 6000 Charges from Others						
Less: 7000 Charges to Others						
FUNCTION COST:	\$ -	\$ -	\$ -	\$ -	\$ -	
REVENUES:						
CAPITAL:						
POSITIONS: FT/PT and Temp						

PUBLIC SECTOR ECONOMIC EFFECTS:

While the number of applicants for this exemption is uncertain, Property Appraisal Division is expected to manage the additional processing and annual review within existing resources.

The proposed ordinance will be revenue-neutral, as the exemption will, in most cases, apply to newly constructed improvements, which are not yet part of the existing tax base. The underlying land will remain taxable, ensuring that the current tax base is preserved. As a result, no impact on mill rates is anticipated. However, exempting new construction in its first year will delay its inclusion in the base amount used to calculate the maximum allowable tax revenue under AMC 12.25.040.

PRIVATE SECTOR ECONOMIC EFFECTS:

As mentioned above in the public sector effects, this ordinance would have a negligible effect on mill rates; hence, there should be little to no private sector negative externalities.

Prepared by: *Jack Gadamus*

Telephone: 343-6678



Municipality of Anchorage

Planning Department

Memorandum



Date: February 11, 2025
To: Nolan Klouda,
Thru: Mélisa R.K. Babb, Planning Director
From: Daniel Mckenna-Foster, Senior Planner
Subject: Tax Abatement Area Map Boundary Selections

Overview

Staff from GDIC and the Planning Departments worked together to create a draft boundary map for a new tax abatement area in the Anchorage Bowl. The initial boundary area was based on a composite of:

- Parcels touching Transit Supportive Corridor boundaries, as outlined in the online version of the 2040 Land Use Plan.
- Some areas that extend ½ mile on either side of existing People Mover routes.
- Parcels within the Our Downtown Plan Area
- Parcels within the ongoing Midtown District Plan process

After an initial meeting with the Administration, staff further refined the boundary based on the following:

Action	Reasoning
<ul style="list-style-type: none">• Removing properties that list MOA Parks & Recreation as the owner. Also removing lakes, wetlands, or rights of way.	This reduces pressure to change the designation of public parcels now in use for parks, it also removes the abatement from areas that cannot be developed.
<ul style="list-style-type: none">• Removing parcels zoned Industrial (I-1 or I-2), except for those with a 2040 Land Use Map designation that would allow rezoning to a zone that allows residential development (such as city center, town center, etc).	Residential uses are not allowed in industrial zones. However, if a parcel has a future land use designation that allows a rezoning to a non-industrial district, including the abatement in those areas might encourage a rezoning in conformity with the plan.
<ul style="list-style-type: none">• Removing parcels in areas without practical access to infrastructure.	Removing the incentive in this areas encourages more development on existing infrastructure.
<ul style="list-style-type: none">• Including parcels in contiguous areas on the border if they were located at an intersection or on a corner or belonged to a higher-	These parcels seemed more likely to be able to benefit from incentives for more housing development in the future.

Action	Reasoning
density zoning district such as R-2M, R-3 or R-4.	
<ul style="list-style-type: none">• Including parcels in contiguous areas on the border if they seemed undeveloped or underdeveloped according to 2024 aerial imagery.	A tax abatement incentive could help encourage development on undeveloped parcels already served by infrastructure.
<ul style="list-style-type: none">• Adding or removing parcels that were singled out or stood out differently from neighboring properties.	These types of changes were mainly intended to reduce confusion about where boundaries might apply. For example, a single parcel on a street that <i>had</i> been included by itself might be removed, or a single parcel on a street that <i>had not</i> been included might be included in the area in order to move towards parity with neighbors.

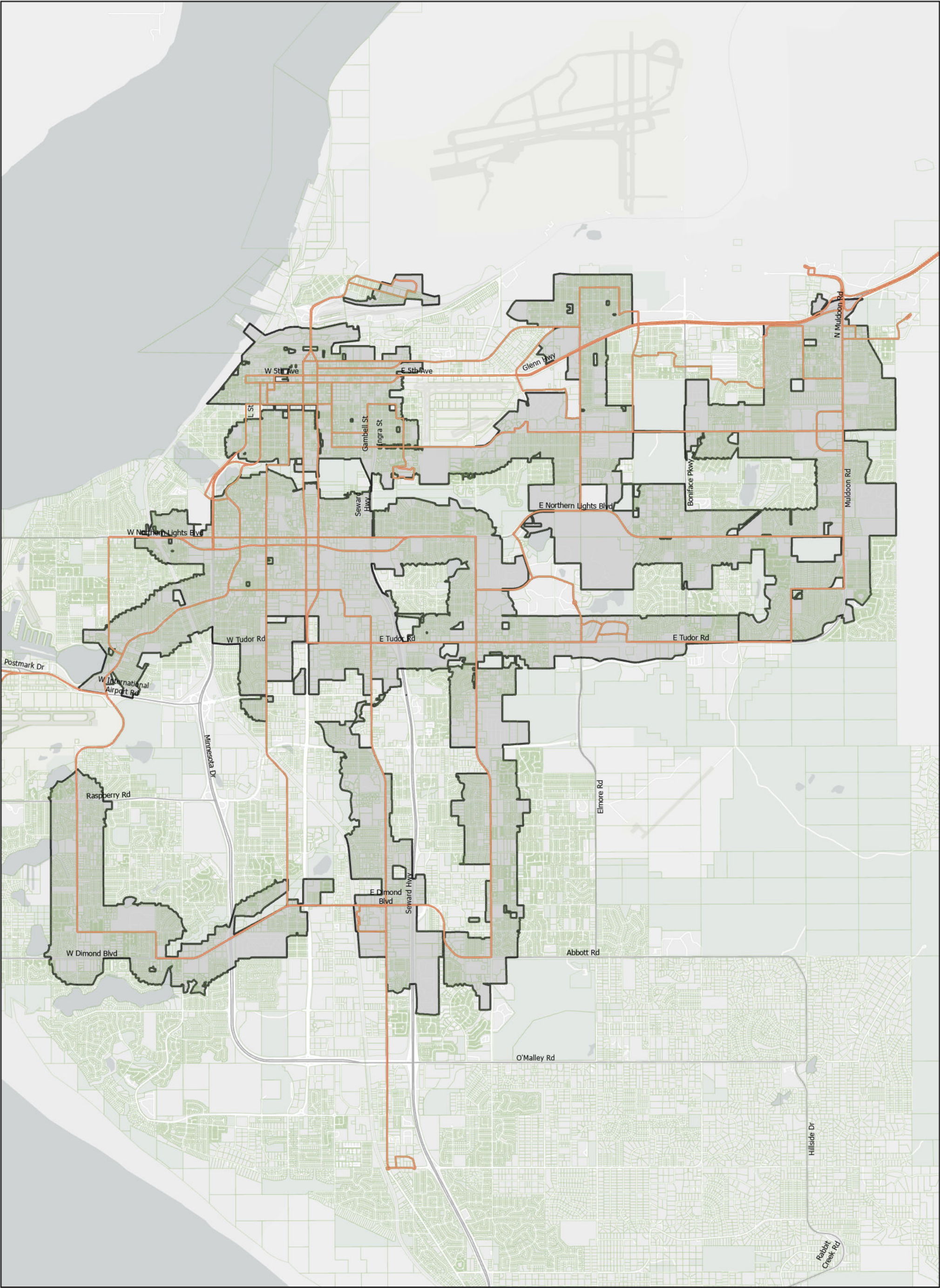
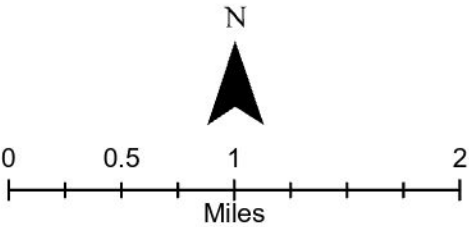


Figure x: Mapbook Overview



- PeopleMover Bus Routes (2/2025)
- Tax Incentive Area



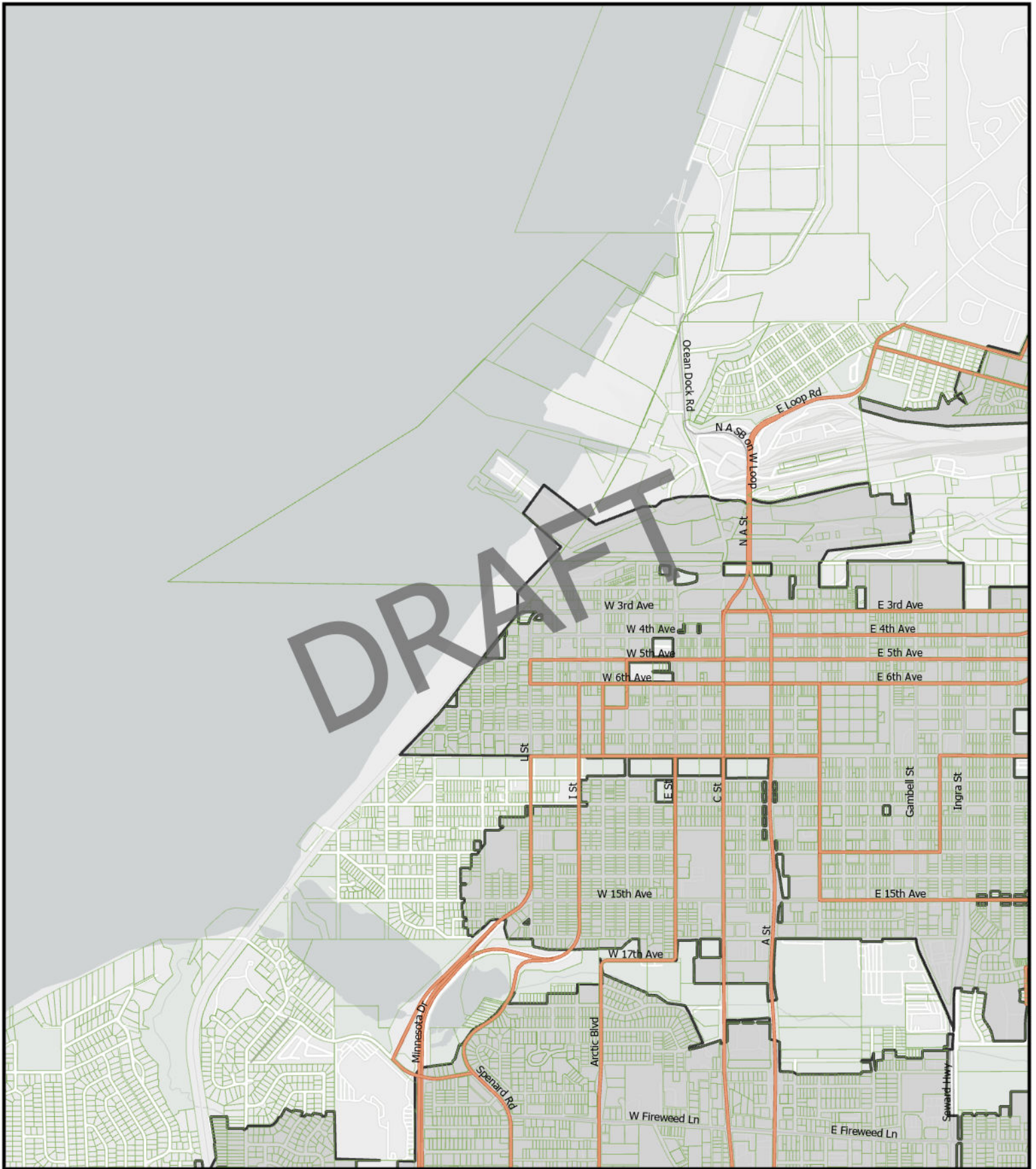
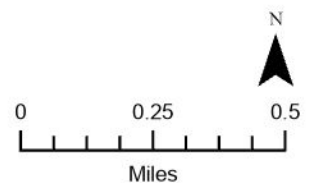
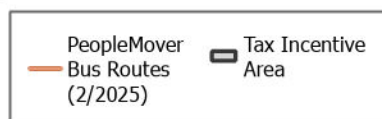


Figure X: Tax Incentive Areas - Adjusted to parcels
 (as derived from Central Business District, Midtown District Planning Area
 and Transit Supported Development Corridor boundaries)



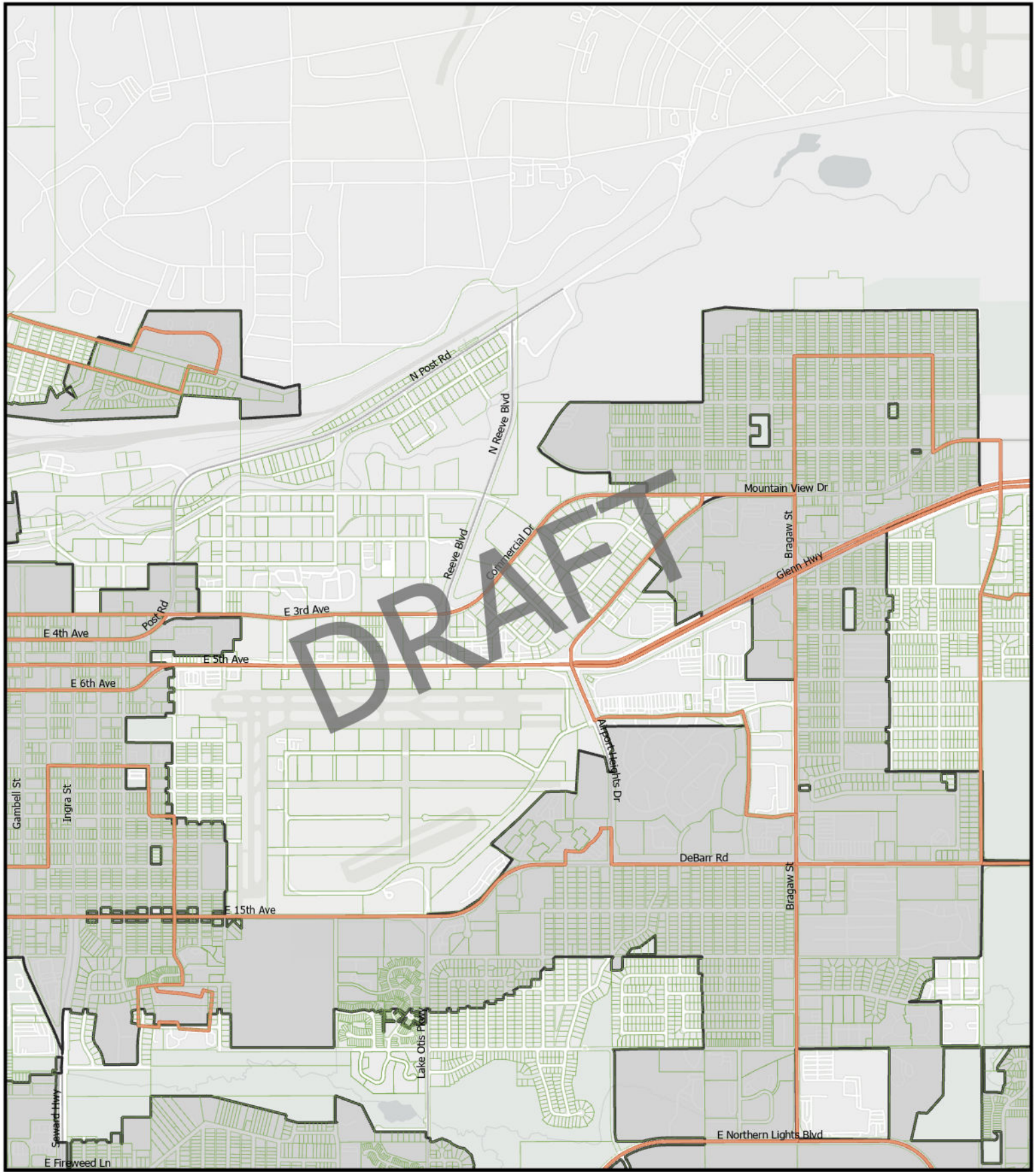
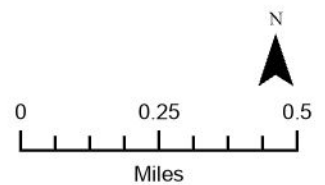
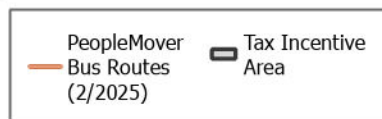


Figure X: Tax Incentive Areas - Adjusted to parcels
 (as derived from Central Business District, Midtown District Planning Area
 and Transit Supported Development Corridor boundaries)



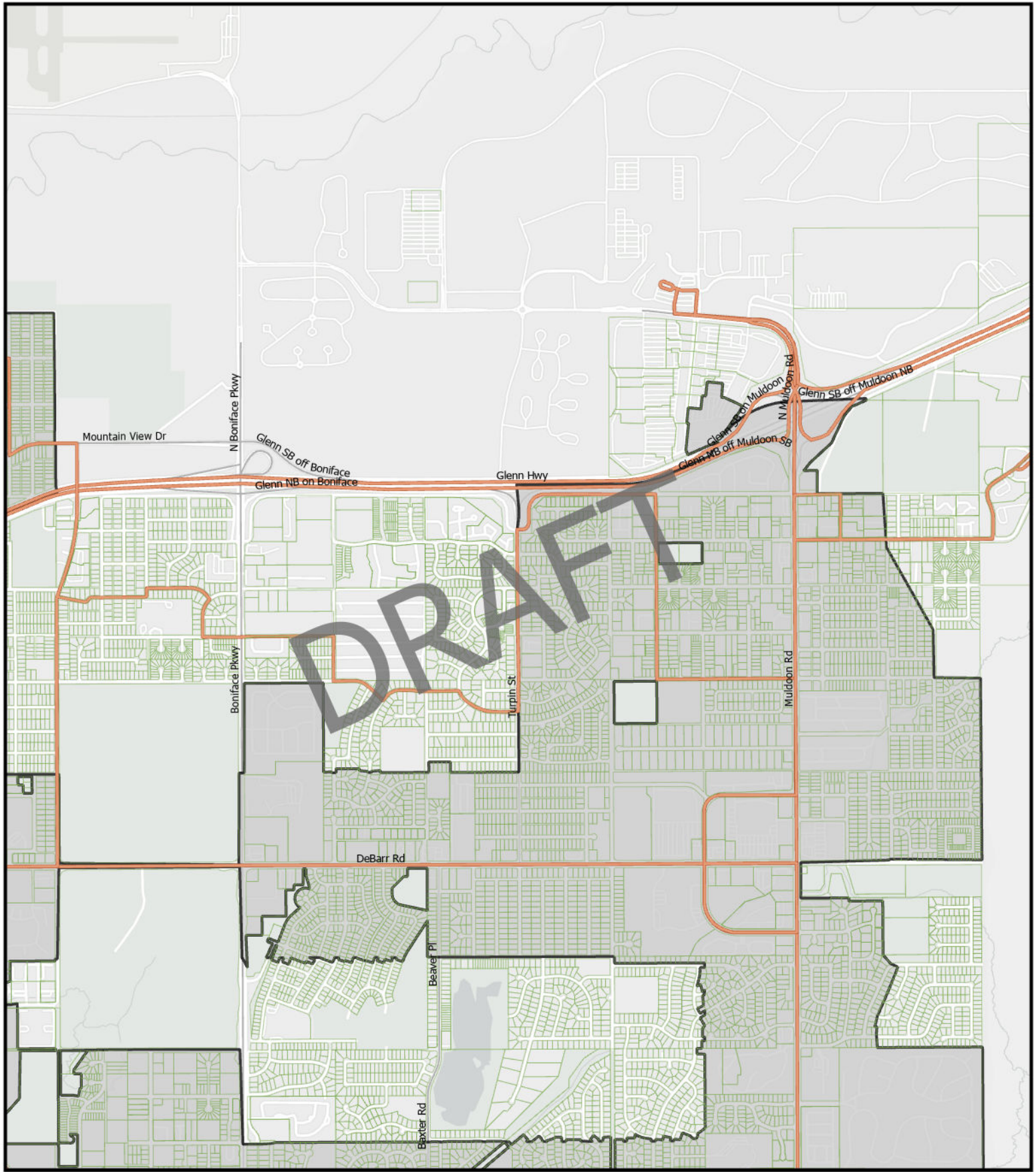
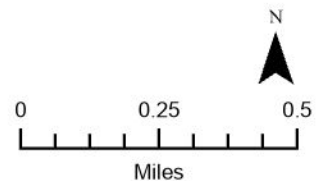
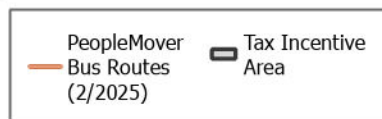


Figure X: Tax Incentive Areas - Adjusted to parcels
 (as derived from Central Business District, Midtown District Planning Area
 and Transit Supported Development Corridor boundaries)



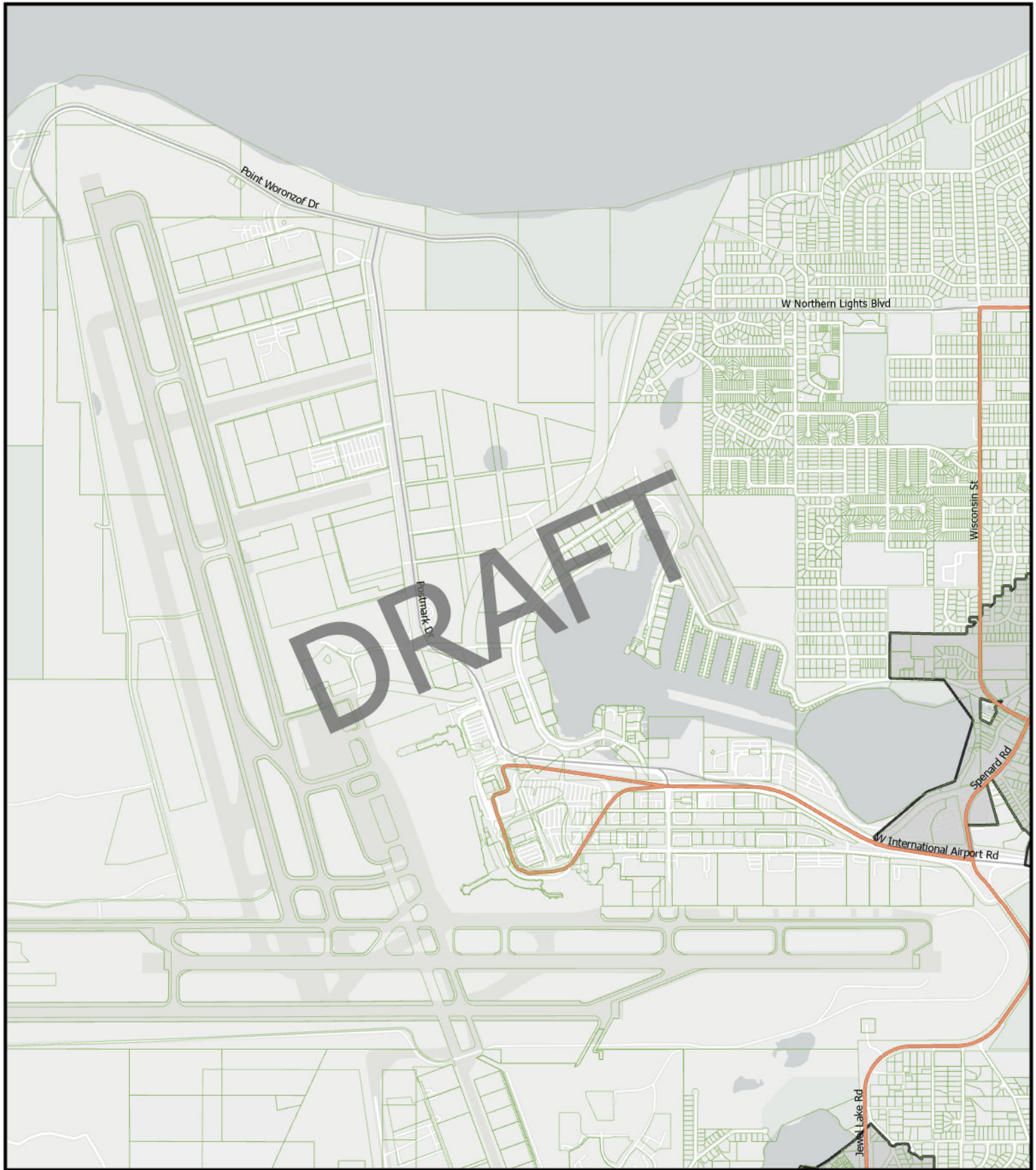
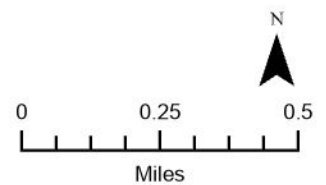
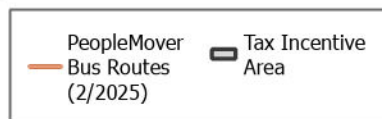


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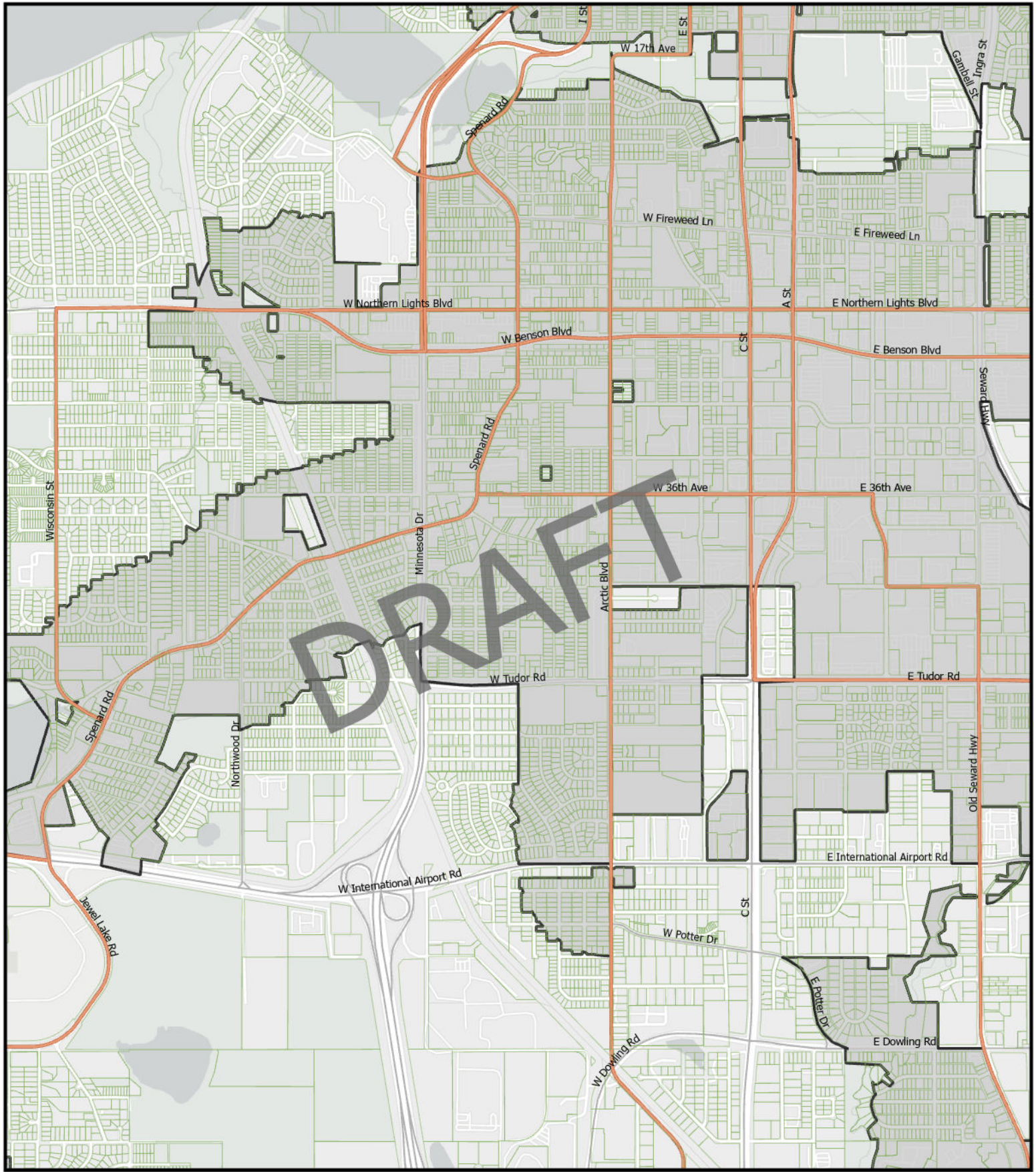


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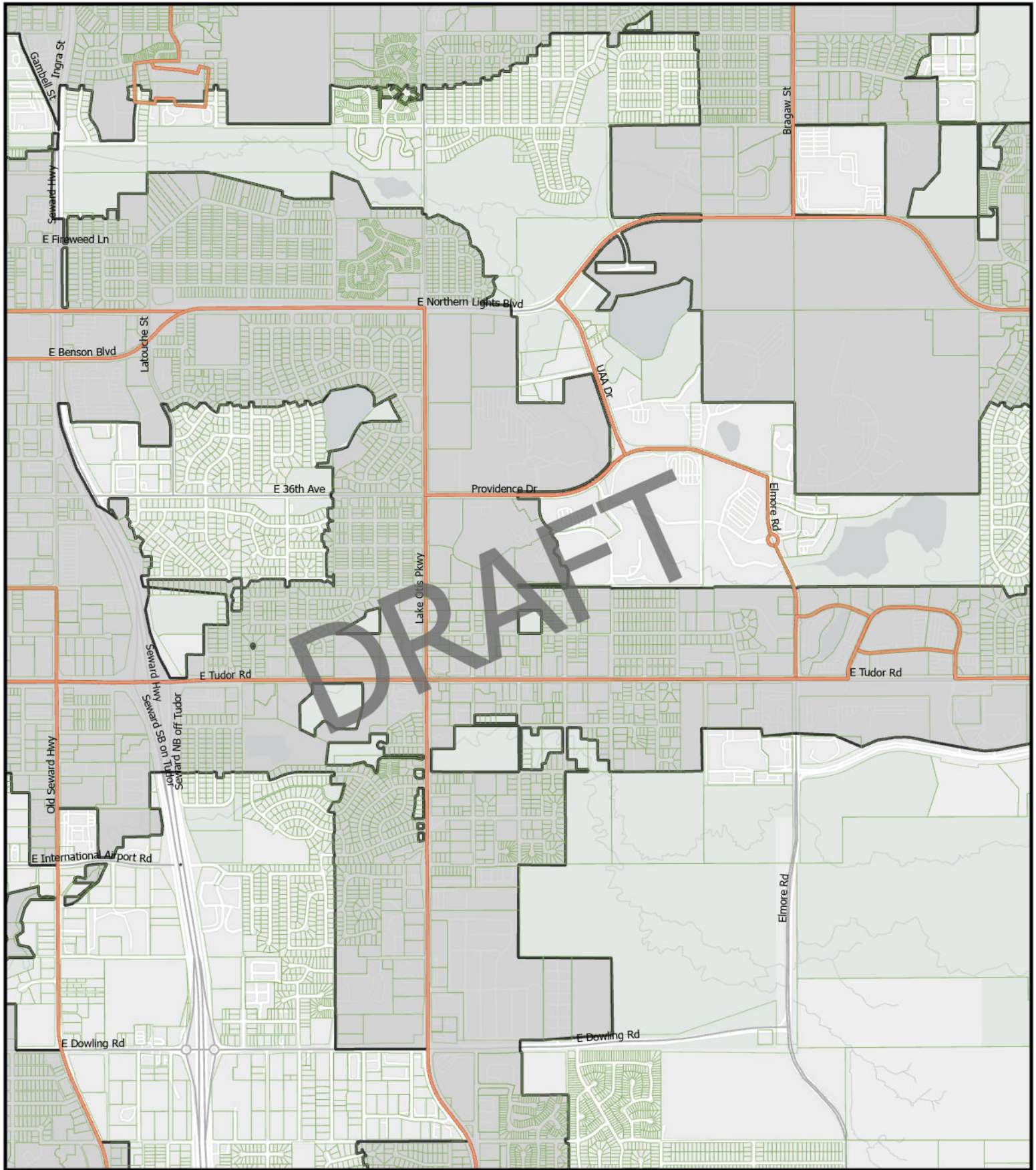
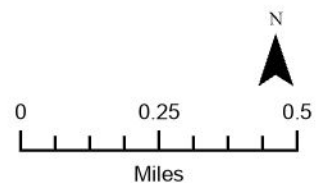
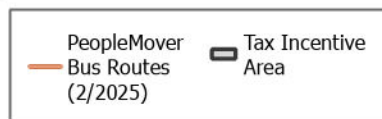


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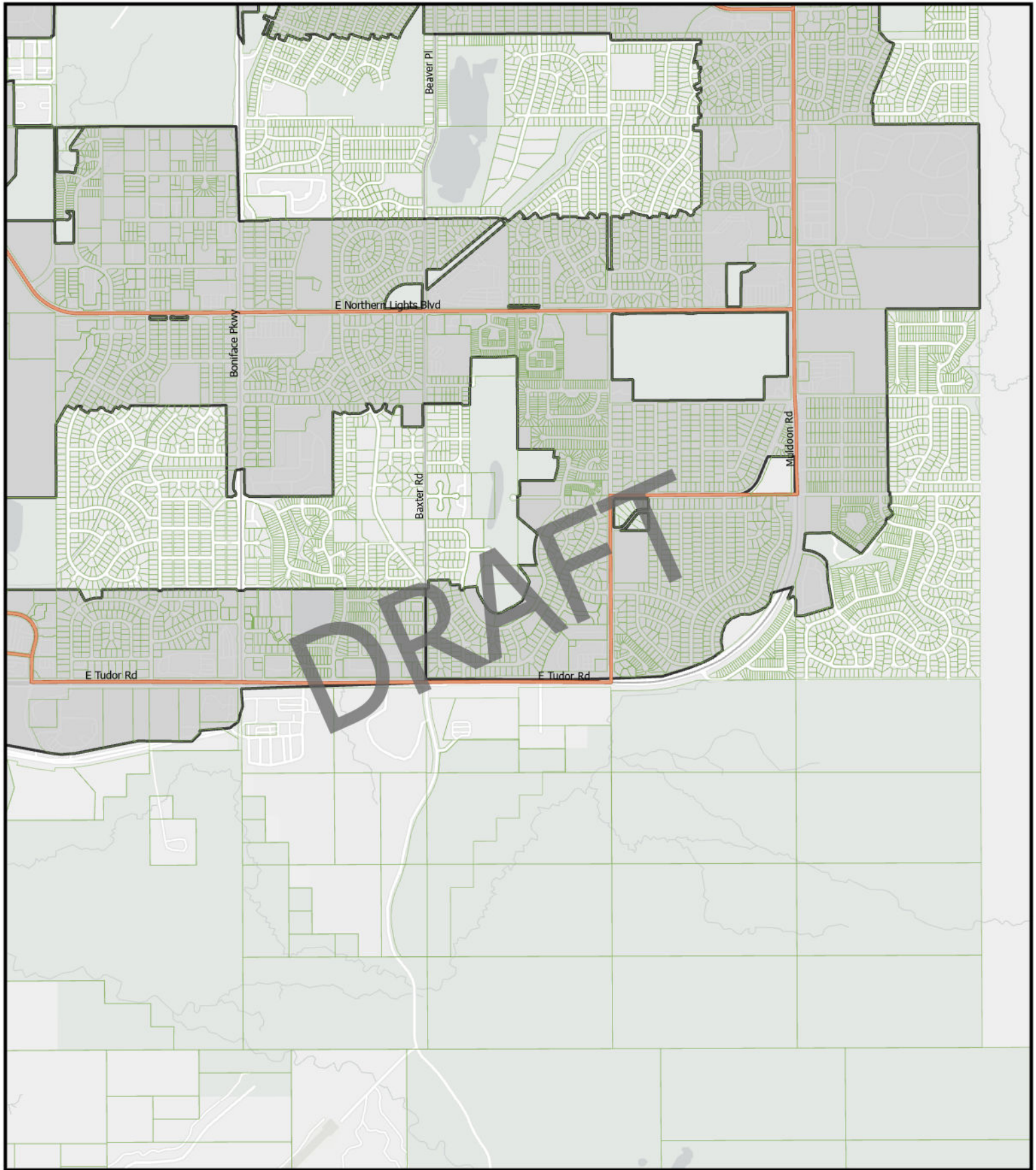
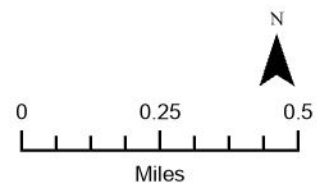
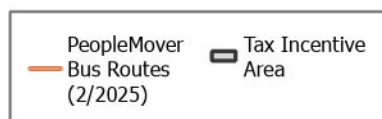


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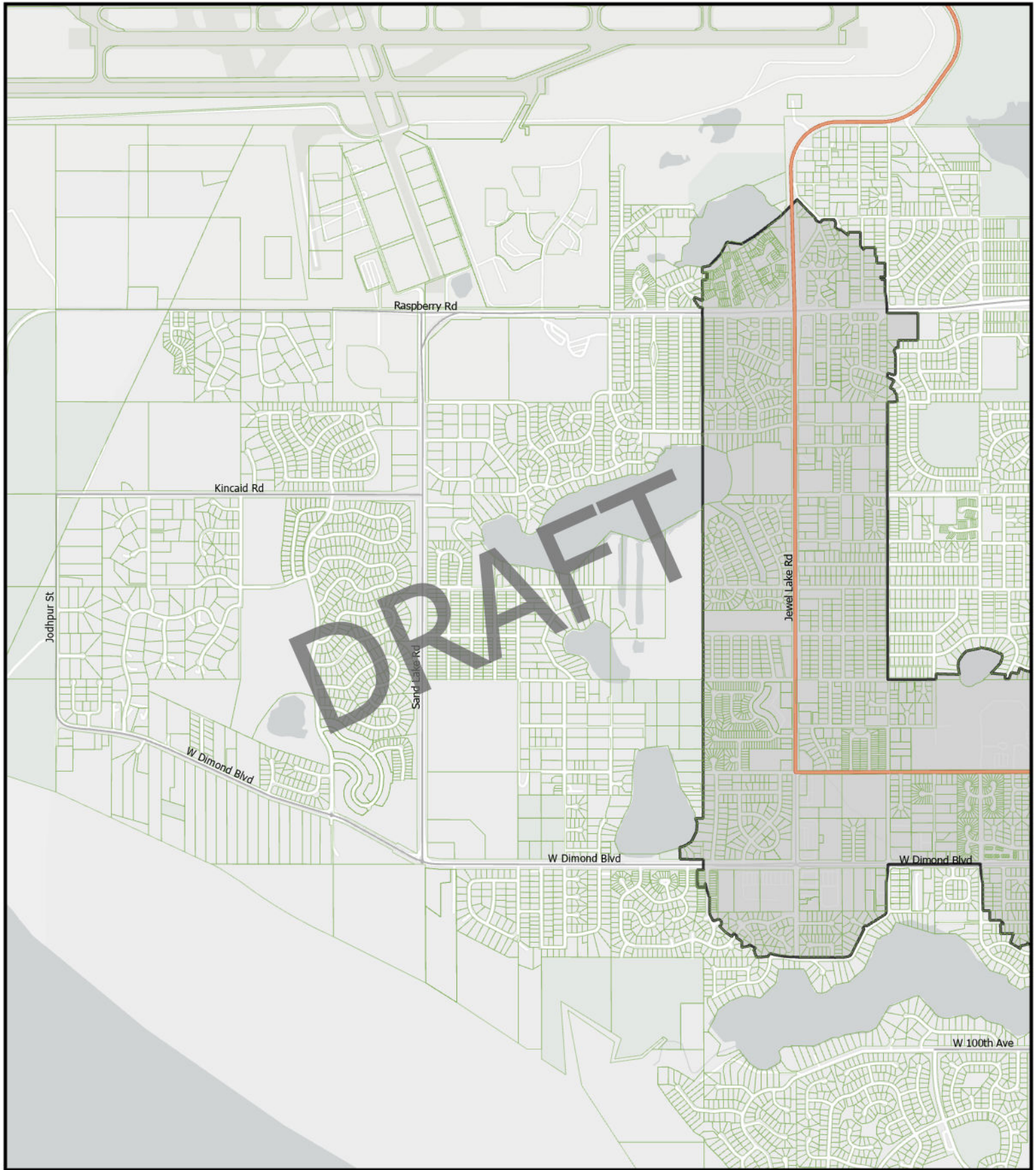
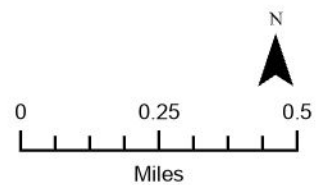
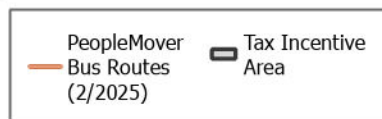


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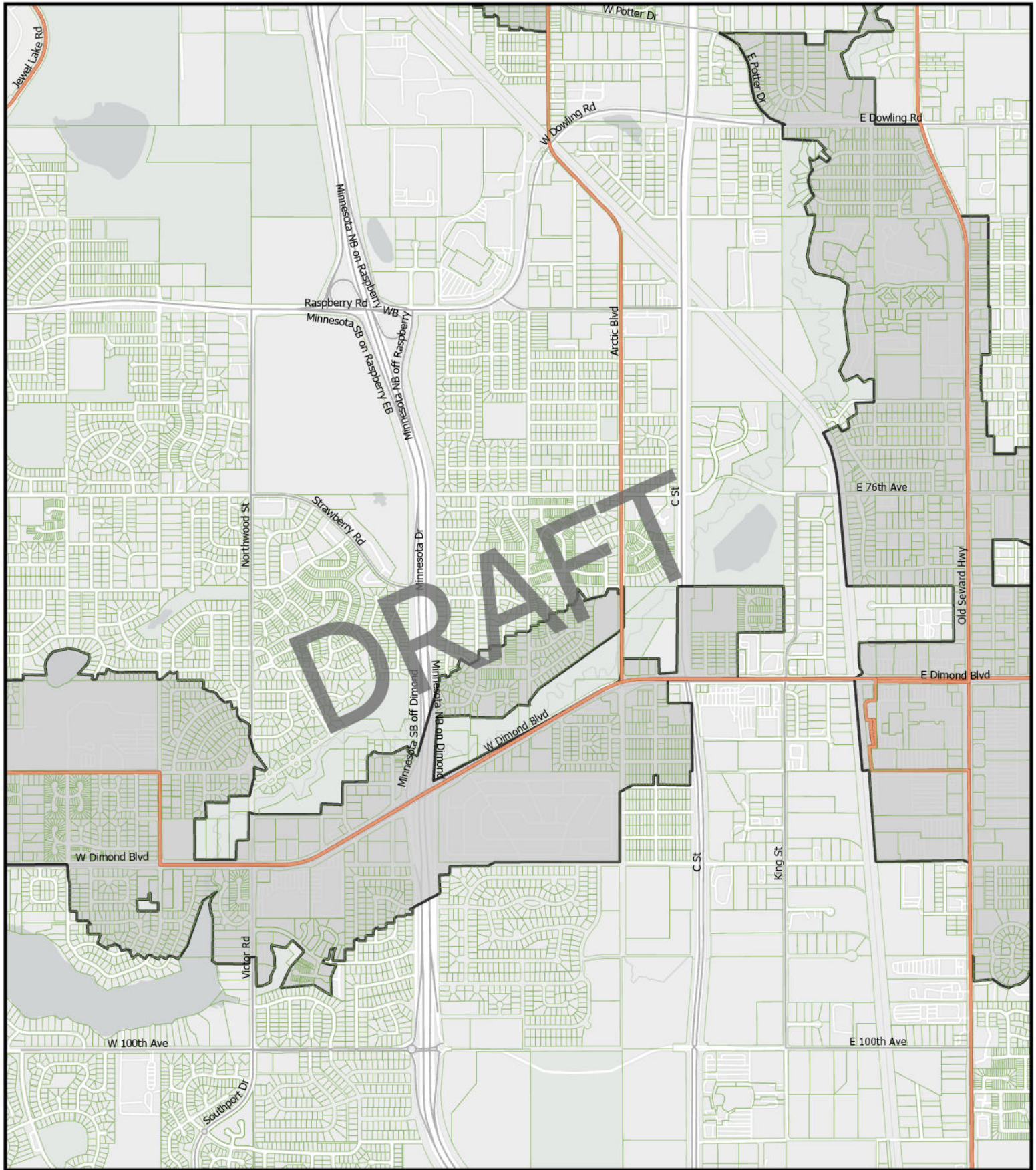
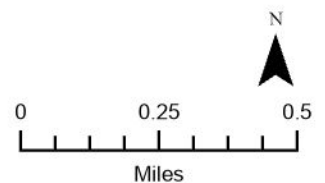
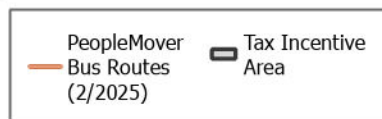


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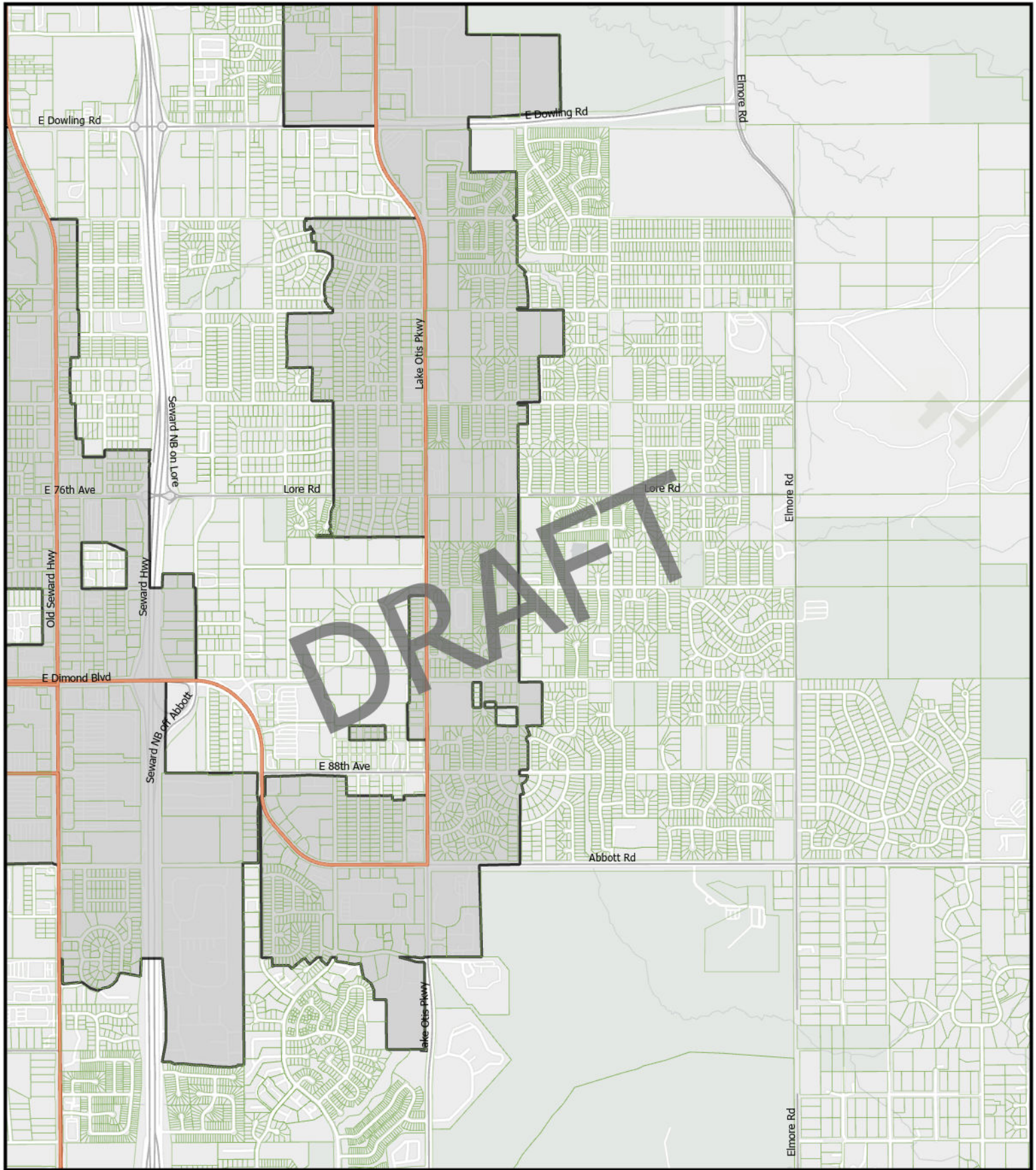
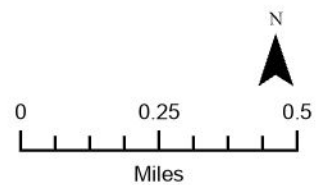
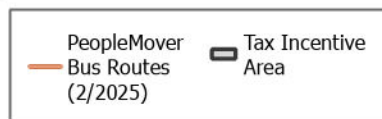


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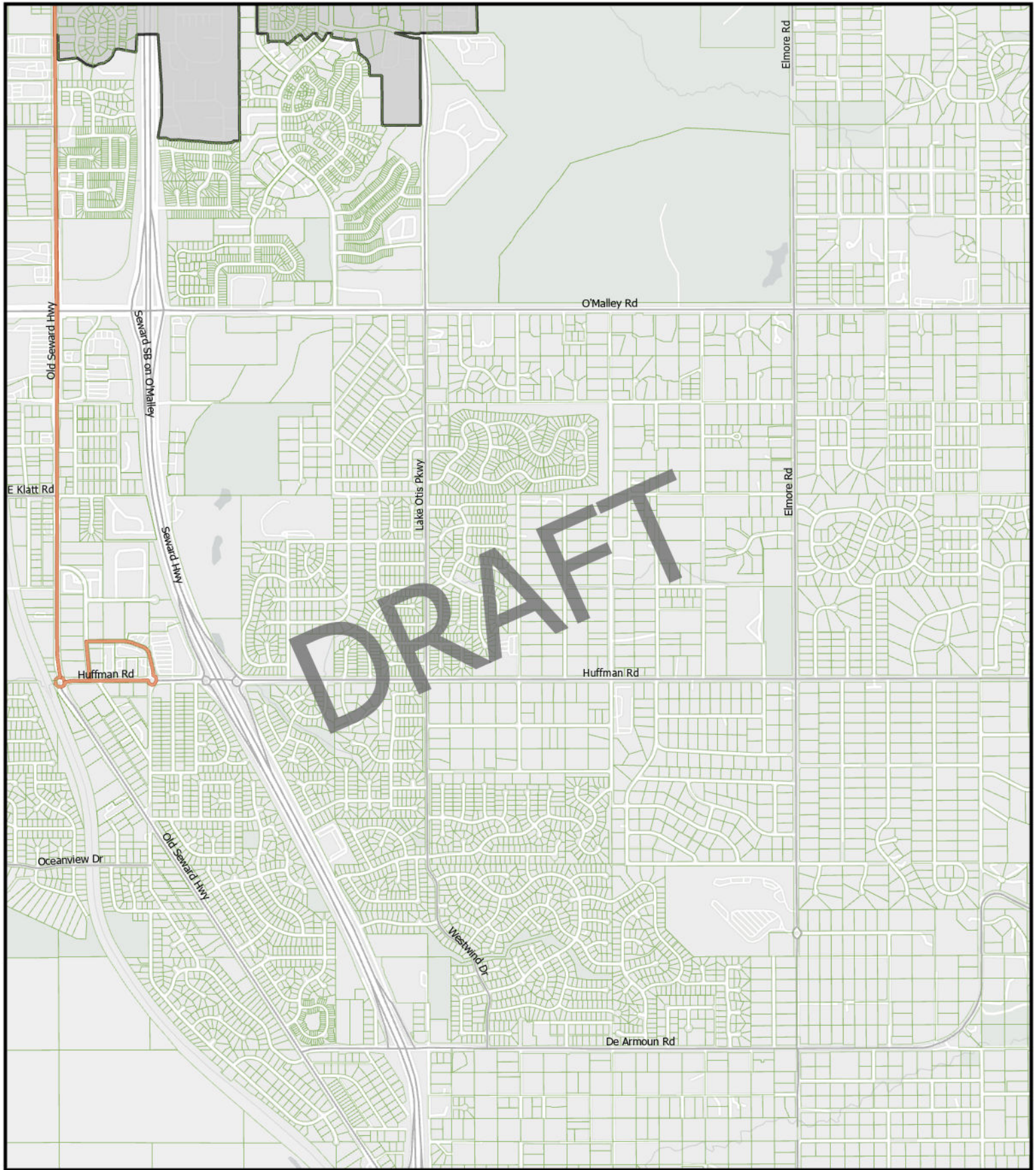
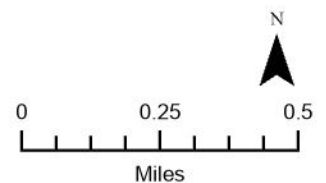
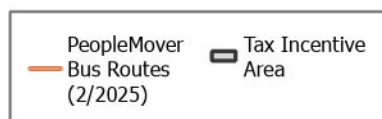


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Chapter 12.60 TAX INCENTIVES FOR HOUSING

12.60.010 Property tax incentives for housing; location.

This chapter authorizes property tax exemptions for construction of new residential units, provided a minimum of four new residential units are constructed and the construction increases the total number of residential units on property located entirely within:

1. The Central Business District.

(AO No. 2019-12, § 1, 3-5-19)

12.60.015 Property tax incentives for housing; exclusions.

Deteriorated property as defined in AMC 12.35.005 and economic development property for which an application has been filed and is under review, or has been granted pursuant to AMC 12.35.040 are not eligible for this housing tax incentive. Submission of an application for exemption pursuant to this chapter shall automatically terminate any existing deteriorated property or economic development property application or designation for the subject property.

(AO No. 2019-12, § 1, 3-5-19)

12.60.020 Applications for property tax exemptions.

- A. *Submission.* An application for an exemption under this chapter shall be made in writing to the chief fiscal officer, or the chief fiscal officer's designee, prior to construction of new residential units (applications made after construction on the residential units begins shall be rejected).
- B. *Contents.* The application shall, at a minimum, contain:
 1. *Name.* The name of the applicant;
 2. *Address.* The legal description and street address of the property for which the application is made;
 3. *New residential units.* Drawings of the residential units that the applicant will construct, including a floor plan that includes approximate square footages;
 4. *Existing structures.* Drawings showing the square footage of all existing structures and structures to be constructed on the property;
 5. *Increase in residential units.* Plans showing the construction will increase the total number of residential units on the property;
 6. *Acknowledgement of liability.* Applicant acknowledges that the residential units will be taxable if and when the residential units are no longer eligible for tax exemption under this chapter; and
 7. *Other information.* Other information as may be required by the chief fiscal officer.
- C. *Deadline for applications.* Applications for an exemption under this chapter shall only be accepted before 5:00 p.m. February 29, 2024.

(AO No. 2019-12, § 1, 3-5-19)

12.60.030 Provisional approval.

The chief fiscal officer, or the chief fiscal officer's designee, shall provisionally approve an application for tax exemption if:

1. *Complete application.* The applicant submitted a complete application; and
2. *Four or more additional units.* The applicant acknowledges it must (a) construct not less than four new residential units in accordance with the plans and drawings submitted with its application, and (b) increase the total number of residential units on the property in order to receive final approval under AMC 12.60.040.

(AO No. 2019-12, § 1, 3-5-19)

12.60.040 Final approval upon completion of construction of new housing; magnitude; duration; recording.

- A. *Final approval of exemption.* The chief fiscal officer, or the chief fiscal officer's designee, shall finally approve an application for tax exemption if (a) the applicant has completed construction of residential units in accordance with the plans and drawings submitted with its application and a Certificate of Occupancy has been issued pursuant to AMC 23.10.107.4 for each structure that contains a residential unit described in the application, and (b) the total number of residential units on the property has increased.
- B. *Magnitude of exemption.* The taxes eligible for exemption under this AMC chapter 12.60 are those attributable only to the newly constructed residential units, exclusive of previously existing residential units (whether or not remodeled), all non-residential improvements, and land, determined on a spatial basis as follows: The square footage of the newly constructed residential units shall be divided by the square footage of all structures on the property, then multiplied by the assessed value of all improvements on the property and by the mill rate applicable to the property.
- C. *Duration of tax exemption.* Tax exemptions approved under this section shall be for a period of 12 consecutive years beginning on January 1 of the first full calendar year after final approval of the application.
- D. *Recording of exemption.* The chief fiscal officer, or the chief fiscal officer's designee, shall memorialize the terms of an exemption granted under this chapter in a memorandum recorded in the Anchorage Recording District and kept on file in the Treasury Division of the Municipal Finance Department.

(AO No. 2019-12, § 1, 3-5-19)

12.60.050 Termination of exemption upon reduction in number of residential units.

An exemption granted under this chapter shall terminate immediately if and when the number of residential units on the property is less than the number existing at the time of final approval of the application under AMC 12.60.040.

(AO No. 2019-12, § 1, 3-5-19)

12.60.060 Appeals.

Any decision of the chief fiscal officer or the chief fiscal officer's designee under this AMC Chapter 12.60 may be reviewed by the Office of Administrative Hearings in accordance with AMC Chapter 3.60.

(AO No. 2019-12, § 1, 3-5-19)

12.60.070 Annual reports of owners; assembly notification.

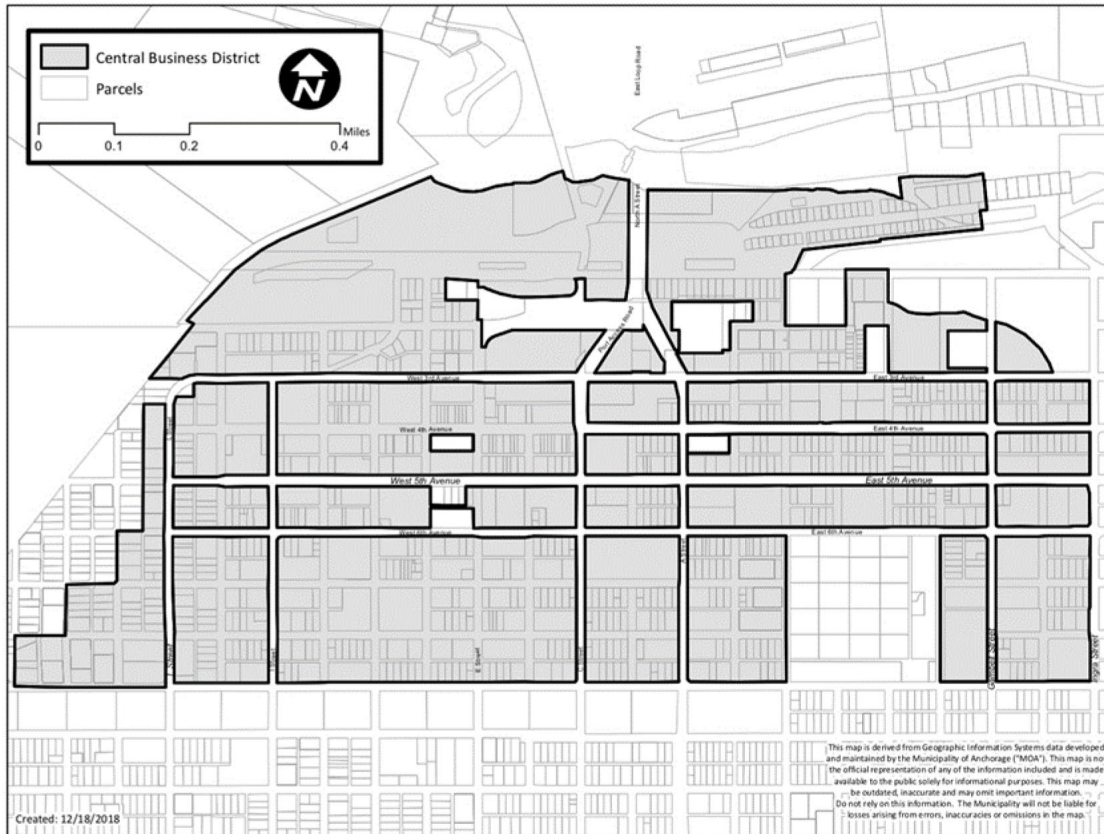
- A. *Annual compliance and status report.* Not later than March 15 of each year, the owner of the property for which an exemption has been granted, shall file with the chief fiscal officer, or the chief fiscal officer's designee, a report including:
1. *Occupancy.* A statement of occupancy and vacancy of the residential units for the prior 12 months;
 2. *Residential units remain as described.* A certification that the newly constructed residential units described in the application continue to exist and have not been converted to a non-residential use;
 3. *Further changes.* A description of physical changes or other improvements constructed since the last report or, on first report, since the filing of the application; and
 4. *Additional information.* Any additional information requested by the chief fiscal officer or designee.
- B. *Annual reports to the Assembly.* The chief fiscal officer, or the chief fiscal officer's designee, shall transmit annual reports to the Assembly in an Assembly Information Memorandum that contains:
1. *Annual reports of property owners.* Copies of annual compliance and status reports submitted by property owners in accordance with AMC 12.60.070A.
 2. *Annual report of exempted taxes.* A summary of the total taxes exempted for each property that has been granted a tax exemption under this chapter.
 3. *Annual report of applications and status.* A summary list of each complete application for an exemption under this chapter received by the chief fiscal officer or designee, the status (rejected, provisional approval, or final approval), number of units proposed, under construction and completed, and the parcel address or description of location.

(AO No. 2019-12, § 1, 3-5-19)

12.60.080 Definitions.

In this chapter:

"*Central Business District*" means properties located within the boundaries of the downtown City Center designation in the adopted Anchorage 2040 Land Use Plan substantially as depicted below. This includes properties located west of Ingra Street; north of 9th Avenue; east of the bluff generally running along Coastal Place, M Street, N Street, and O Place; and generally south of Ship Creek. Applicants should refer to the official 2040 Land Use Plan Map available online or from the municipal Planning Department:



"Construction" has the same meaning set forth in AMC 21.15.040.

"Residential unit" means a dwelling unit as defined in AMC 21.15.040 which is either owner-occupied or only leased for periods of at least one month.

(AO No. 2019-12, § 1, 3-5-19)

Chapter 12.70 TAX INCENTIVES FOR AFFORDABLE AND WORKFORCE HOUSING

12.70.010 Property tax incentives for multi-family affordable and workforce housing.

- A. This chapter authorizes tax-exemption incentives for the construction of housing-development projects that meet the following criteria:
 1. *Multi-family.* The housing-development project will result in not less than 20 residential units offered for rent;
 2. *Transit-supportive development corridor.* The housing-development project is located on a parcel that is wholly, partially, or adjacent to a parcel within a quarter mile of the centerline of a road segment defining a transit-supportive development corridor; and
 3. *Forty percent affordable or workforce units.* Forty percent of the residential units to be offered for rent in the development are, taken together:
 - a. Workforce-housing residential units, or

-
- b. Affordable-housing residential units.
 - B. For the avoidance of doubt, affordable-housing residential units are, by definition, also workforce-housing residential units, and may be categorized as workforce-housing residential units for purposes of this criterion.

(AO No. 2020-103, § 1, 11-4-20)

12.70.015 Consistency with other tax incentives; exclusions.

- A. Deteriorated property as defined in AMC 12.35.005 and economic development property for which an application has been filed and is under review, or has been granted pursuant to AMC 12.35.040 are not eligible for the tax incentive provided by this chapter. Submission of an application for exemption pursuant to this chapter shall automatically terminate any existing deteriorated property or economic development property application or designation for the subject property.
- B. A development may qualify for an exemption under this chapter, or chapter 12.60, but not both.
- C. A development may qualify for only one exemption under this chapter.

(AO No. 2020-103, § 1, 11-4-20)

12.70.020 Applications for property tax exemptions.

- A. *Submission.* An application for an exemption under this chapter shall be made in writing to the chief fiscal officer, or the chief fiscal officer's designee, prior to construction of new residential units (applications made after construction on the residential units begins shall be rejected).
- B. *Contents.* The application shall, at a minimum, contain:
 - 1. *Name.* The name of the applicant;
 - 2. *Address.* The legal description, including the parcel identification number, and street address of the property for which the application is made;
 - 3. *Residential units.* Drawings of the residential units that the applicant will construct, including a floor plan that includes approximate square footages;
 - 4. *Existing structures.* Drawings showing the square footage of all existing structures and structures to be constructed on the property;
 - 5. *Minimum residential units.* Plans showing the development, after completion of the planned construction will result in at least 20 residential units on the property;
 - 6. *Increase in assessed value.* Information supporting a conclusion that the proposed new construction will result in an increased assessed value for the property;
 - 7. *Incentive-specific information.*
 - a. *Commitment to workforce housing.* For applicants seeking a tax incentive for workforce-housing residential units located in a transit-supportive development corridor, a commitment that at least 40 percent of the residential units on the property will qualify as workforce-housing residential units for at least eight years.
 - b. *Commitment to affordability.* For applicants seeking a tax incentive for affordable-housing residential units located in a transit-supportive development corridor, a commitment that at least 40 percent of the residential units on the property will be affordable for at least 12 years.

Applicants shall indicate which definition of 'Affordable-housing residential unit' they will utilize for their project.

8. *Acknowledgement of liability.* An acknowledgement by the applicant that the residential units will be taxable if and when the residential units are no longer eligible for tax exemption under this chapter; and
 9. *Other information.* Other information as may be required by the chief fiscal officer.
- C. *Deadline for applications.* Applications for an exemption under this chapter shall only be accepted before 5:00 p.m. February 29, 2024.

(AO No. 2020-103, § 1, 11-4-20)

12.70.030 Provisional approval.

- A. The chief fiscal officer, or the chief fiscal officer's designee, shall provisionally approve an application for tax exemption if:
1. *Complete application.* The applicant submitted a complete application prescribed by the municipality; and
 2. *Minimum units; incentive-specific requirements.* The applicant acknowledges that in order to receive final approval under AMC 12.70.040 its development must:
 - a. Satisfy the minimum-residential-units requirement by resulting in not less than 20 residential units in accordance with the plans and drawings submitted with its application; and
 - b. Satisfy incentive-specific requirements, defined as follows:
 - i. *Workforce housing.* For applicants seeking a tax incentive for workforce-housing residential units located in a transit-supportive development corridor, at least 40 percent of the residential units on the property must be workforce-housing residential unit.
 - ii. *Affordability.* For applicants seeking a tax incentive for affordable-housing residential units located in a transit-supportive development corridor, at least 40 percent of the residential units on the property must be affordable.

(AO No. 2020-103, § 1, 11-4-20)

12.70.040 Final approval upon completion of construction; magnitude; duration; recording.

- A. *Final approval of exemption.* The chief fiscal officer, or the chief fiscal officer's designee, shall finally approve an application for tax exemption if:
1. The applicant satisfies the minimum-residential-units requirement by completing construction of residential units in accordance with the plans and drawings submitted with its application and a Certificate of Occupancy has been issued pursuant to AMC 23.10.107.4 for each structure that contains a residential unit described in the application;
 2. The development will, in the determination of the chief fiscal officer, or the chief fiscal officer's designee, increase the assessed value of the property on which the housing-development project is located; and

-
3. The development satisfies incentive-specific requirements, and the applicant has submitted sufficient documentation, such as paperwork issued by or submitted to the United States Department of Housing and Urban Development that the development satisfies incentive-specific requirements.
 - a. *Workforce housing.* For applicants seeking a tax incentive for workforce-housing residential units located in a transit-supportive development corridor, at least 20 residential units are being offered for rent on the property after construction, and at least 40 percent of the residential units on the property are being offered as workforce-housing residential units.
 - b. *Affordability.* For applicants seeking a tax incentive for affordable-housing residential units located in a transit-supportive development corridor, at least 20 residential units are being offered for rent on the property after construction, and at least 40 percent of the residential units on the property are being offered as affordable-housing residential units.

- B. *Magnitude of exemption.* The taxes eligible for exemption under this chapter for newly constructed residential units are determined on a spatial basis, as follows:

The square footage of all newly constructed residential units (whether or not the unit is a workforce-house or affordable-housing unit) shall be divided by the square footage of all structures on the property, then multiplied by the assessed value of all improvements on the property and by the mill rate applicable to the property.

- C. *Duration of tax exemption.* Tax exemptions approved under this section shall be for a period of consecutive years beginning on January 1 of the first full calendar year after final approval of the application, as follows:
 1. For approved projects satisfying the workforce-housing requirement of subsection A.3.a.: 12 years.
 2. For approved projects satisfying the affordable-housing requirement of subsection A.3.b.: 15 years.
- D. *Recording of exemption.* The chief fiscal officer, or the chief fiscal officer's designee, shall memorialize the terms of an exemption granted under this chapter in a memorandum recorded in the Anchorage Recording District and kept on file in the Treasury Division of the Municipal Finance Department.

(AO No. 2020-103, § 1, 11-4-20)

12.70.050 Termination of exemption upon reduction of residential units below minimum or failure to meet incentive-specific requirements.

- A. An exemption granted under this chapter shall terminate immediately if and when:
 1. The number of residential units on the property is less than 20; or
 2. The development no longer meets incentive-specific requirements.

(AO No. 2020-103, § 1, 11-4-20)

12.70.060 Appeals.

Any decision of the chief fiscal officer or the chief fiscal officer's designee under this AMC chapter 12.70 may be reviewed by the office of administrative hearings in accordance with AMC chapter 3.60.

(AO No. 2020-103, § 1, 11-4-20)

12.70.070 Annual reports of owners; assembly notification.

- A. *Annual compliance and status report.* Not later than March 15 of each year, the owner of the property for which an exemption has been granted, shall file with the chief fiscal officer, or the chief fiscal officer's designee, a report including:
1. *Occupancy.* A statement of occupancy and vacancy of the residential units for the prior 12 months;
 2. *Residential units remain as described.* A certification that the newly constructed residential units described in the application continue to exist and have not been converted to a non-residential use;
 3. Reserved;
 4. *Incentive-specific requirements.* A certification that the development continues to satisfy incentive-specific requirements, with supporting data, such as documentation received by or submitted to the United States Department of Housing and Urban Development;
 5. *Further changes.* A description of physical changes or other improvements constructed since the last report or, on first report, since the filing of the application; and
 6. *Additional information.* Any additional information requested by the chief fiscal officer or designee.
- B. *Annual reports to the assembly.* The chief fiscal officer, or the chief fiscal officer's designee, shall transmit annual reports to the assembly in an assembly information memorandum that contains:
1. *Annual reports of property owners.* Copies of annual compliance and status reports submitted by property owners in accordance with AMC 12.70.070A.
 2. *Annual report of exempted taxes.* A summary of the total taxes exempted for each property that has been granted a tax exemption under this chapter.
 3. *Annual report of applications and status.* A summary list of each complete application for an exemption under this chapter received by the chief fiscal officer or designee, the status (rejected, provisional approval, or final approval), number of units proposed, under construction and completed, and the parcel address or description of location.

(AO No. 2020-103, § 1, 11-4-20)

12.70.080 Definitions.

In this chapter:

"*Affordable-housing residential unit*" means a residential unit offered for rent that does not exceed:

1. Eighty percent of the HUD Fair Market Rent for Anchorage, Alaska; or
2. For low-income housing tax credit properties, LIHTC rent limits for households earning 60 percent of the area median income (AMI).

"*Construction*" has the same meaning set forth in AMC 21.15.040.

"*Residential unit*" means a dwelling unit as defined in AMC 21.15.040 which is either owner-occupied or only leased for periods of at least one month.

"*Transit-supportive development corridor*" means those areas substantially as depicted below:

[EXHIBIT B]

"Workforce-housing residential unit" means a residential unit offered for rent that does not exceed 120 percent of the HUD Fair Market Rent for Anchorage, Alaska.

(AO No. 2020-103, § 1, 11-4-20, AO No. 2024-111, § 1, 12-17-24)

Exhibit B

