

(S) Submitted by: Assembly Vice Chair Zaletel  
Assembly Member Martinez  
Assembly Member Volland  
(S) Prepared by: Office of Assembly Counsel  
For reading: April 8, 2025

**ANCHORAGE, ALASKA**  
**AO No. 2025-35(S)**

**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.**

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**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 chapter 12.60 is hereby repealed in its entirety and reenacted to read as follows (in accordance with AMC section 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 **the rehabilitation of existing, and** construction of new, residential units, provided a minimum of eight **[new]** residential units are constructed **or rehabilitated** 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 or rehabilitation of existing 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 is issued or beneficial occupancy of the new or rehabilitated 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 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 chief fiscal officer.

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 **or rehabilitate** not less than eight **[new]** residential units in accordance with the plans and drawings submitted with its application **or with modifications required for approval by permit or plan review procedures under chapters 21.03 or 23.10.104**, and (b) increase the total number of residential units on the property in order to receive final approval under AMC 12.60.040.

**B. Upon receipt of a provisional approval under this section, the following additional incentives shall apply to the proposed construction or rehabilitation project:**

1. **Any applicable fees that may be waived pursuant to section 12.35.055 shall be automatically waived in full without separate application for fee relief. This exemption shall not apply to fines assessed for noncompliance with building code requirements;**
2. **The proposed project shall be exempt from the residential design requirements of section 21.07.110; and**

- 1                   **3. Any application for conditional use or administrative site**  
2                   **plan review under the provisions of chapter 21.03 or for a**  
3                   **minor modification, variance, or other administrative**  
4                   **relief under the provisions of Title 21 shall be processed**  
5                   **on an expedited basis. Failure of the appropriate**  
6                   **decision-making body to act upon such an application**  
7                   **with 45 days shall constitute an automatic approval of the**  
8                   **application for relief as submitted.**  
9

10                   **12.60.040 Final approval upon completion of construction of new**  
11                   **housing; magnitude.**  
12

- 13                   A.     *Final approval of exemption.* The municipal assessor shall finally  
14                   approve an application for tax exemption if:  
15  
16                   1.     The applicant has completed construction **or rehabilitation** of  
17                   residential units in accordance with the plans and drawings  
18                   submitted with its application and a Certificate of Occupancy  
19                   has been issued pursuant to AMC 23.10.107.4 for each  
20                   structure that contains a residential unit described in the  
21                   application, and  
22  
23                   2.     The total number of residential units on the property has  
24                   increased.  
25  
26                   B.     *Magnitude of exemption.* The taxes eligible for exemption under this  
27                   AMC 12.60 are those attributable only to the newly constructed  
28                   residential units **or rehabilitated units**, exclusive of **non-**  
29                   **rehabilitated** previously existing or non-eligible residential units  
30                   ~~**[(whether or not remodeled)]**~~ determined on a spatial basis as  
31                   follows: The square footage of the newly constructed **or**  
32                   **rehabilitated**, eligible residential units shall be divided by the square  
33                   footage of all structures on the property, then multiplied by the  
34                   assessed value of all improvements on the property and by the mill  
35                   rate applicable to the property. If an exemption is granted, it shall  
36                   apply to all of the eligible property taxes attributable to newly  
37                   constructed **or rehabilitated**, eligible residential units.  
38

39                   **12.60.045 Duration of Exemption**  
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- 41                   A.     *Base duration of tax exemption.* Tax exemptions approved under this  
42                   section shall be for a base period of 15 consecutive years beginning  
43                   on January 1 of the first full calendar year after final approval of the  
44                   application.  
45  
46                   B.     *Additional duration.* Additional consecutive years of tax exemptions  
47                   may be granted to property meeting conditions defined below to the  
48                   extent defined as follows:  
49  
50                   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 to the extent that units 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.

- 1  
2 E. *Transfer on change of ownership.* An exemption may be transferred,  
3 in whole only, to another entity or owner when the change in  
4 ownership of the property occurs.

5  
6 **12.60.060 Appeals.**  
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- 8 A. *Of assessor to chief fiscal officer.* Any decision of the assessor under  
9 this chapter may be appealed to the chief fiscal officer or the chief  
10 fiscal officer's designee in writing within 30 days of the date the  
11 decision was issued. For the purposes of this chapter the date of  
12 issuance is the date upon which the decision was mailed or  
13 otherwise delivered to the parties.  
14  
15 B. *Of chief fiscal officer to the office of administrative hearings.* Any  
16 decision of the chief fiscal officer or the chief fiscal officer's designee  
17 under this chapter may be appealed to an administrative hearings  
18 officer in accordance with AMC 3.60 within 30 days of the date the  
19 decision was issued. For the purposes of this chapter the date of  
20 issuance is the date upon which the decision was mailed or  
21 otherwise delivered to the parties.  
22

23 **12.60.070 Annual reports of owners; assembly notification.**  
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- 25 A. *Annual compliance and status report.* Not later than March 15 of  
26 each year, the owner of the property for which an exemption has  
27 been granted, shall file with the assessor, a report including:  
28  
29 1. *Occupancy.* A statement of occupancy and vacancy of the  
30 residential units for the prior 12 months;  
31  
32 2. *Residential units remain as described.* A certification that the  
33 newly constructed residential units described in the  
34 application continue to exist and have not been converted to a  
35 non-residential use and continue to comply with  
36 the requirements of this chapter;  
37  
38 3. *Further changes.* A description of physical changes or other  
39 improvements constructed since the last report or, on first  
40 report, since the filing of the application  
41  
42 4. *Additional duration.* If applicable, documentation supporting  
43 any additional duration granted upon final approval under  
44 AMC 12.60.045B.; and  
45  
46 5. *Additional information.* Any additional information requested  
47 by the assessor, chief fiscal officer, or designee.  
48  
49 B. *Annual reports to the Assembly.* The assessor shall transmit annual  
50 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.



**“Rehabilitation” means major repair, replacement, construction or reconstruction, including alterations and additions, having the effect of rehabilitating an existing property. Ordinary upkeep, minor repair, and maintenance shall not be deemed rehabilitation.**

“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.

\_\_\_\_\_  
Chair of the Assembly

ATTEST:

\_\_\_\_\_  
Municipal Clerk



# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY MEMORANDUM

No. AM 335-2025

Meeting Date: April 8, 2025

**From: Assembly Vice Chair Zaletel, Members Martinez and Volland**

**Subject: AO 2025-35(S) - 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.**

The proposed substituted version would expand the transit supportive corridor tax credit to apply rehabilitations of properties as well as new construction, provided the project will add eight or more newly constructed residential units, or rehabilitate eight or more existing units.

Additionally, the S version amends the proposed language in AMC section 12.60.030 to include a number of incentives that would attach to a project at the time of provisional approval for this tax exemption with the intent to expedite the construction and building and land use applications review process.

The waiver of municipal fees may shift significant costs from applicants to the Municipality, and a summary of economic effects for this S version has been requested to estimate that impact.

**We request your support for the (S) version of the ordinance.**

Prepared by: Assembly Counsel's Office

Respectfully submitted: Meg Zaletel, Assembly Vice Chair  
District 4 – Midtown Anchorage

George Martinez, Assembly Member  
District 5 – East Anchorage

Daniel Volland, Assembly Member  
District 1 – North Anchorage