



Anchorage Community Land Trust

8/24/2023

Greetings Anchorage Assembly Committee on Community and Economic Development,

ACLT has first-hand experience with the 10% nonconformity fee as we triggered this code provision while transforming a previously abandoned pawn shop on Mt. View Drive into our 3000 sf headquarters housing office space for our 13 staff members, training room for classes and workshops and adjacent artist studios. As you are well aware, the Mountain View Drive corridor has seen disinvestment and long-term vacancies and we wanted our new investment to make an impact and splash in the community.

As part of the permitting process Development Services and Planning determined that our building was out of compliance. Since the building is over 45 years old we could not do anything practicable to bring it into compliance unless we totally killed the project with unmanageable expenses. This triggered the code provision AMC 21.12.060.C.4 which required ACLT to deposit with the city 10% of the project costs, \$17,800, for public improvements. Navigating this took significant time and energy. We were able to make this fee of \$17,800 work, but the extra expenses were not trivial. As a community serving organization, every dollar counts and this expense constituted dollars that we could not spend on, say, new fixtures in our building or more importantly as a nonprofit on our mission, staffing and programming.

In practice, I found these funds are de minimis revenues to the Municipality and incredibly difficult for the MUNI to manage. It was only because of ACLT's dogged work to see them applied to a local park improvement that they were even remembered at all and not lost in the large shuffle of Department funding. Yes, I'm proud of the \$17,800 of ACLT's money that was used to improve Davis Park, but this fee comes with a larger cost and will continue to have a chilling effect on development in communities like Mountain View where that development is needed most.

There are larger considerations around this fee that I don't think have been taken into account.

1. In my experience, this code provision disproportionately impacts older and historic Anchorage communities. What is the MUNI doing overall to incentivize development in historic and older areas of the city instead of creating disincentivization.
2. What is the rationale by which this 10% fee goes to the MOA and that it makes any impact? What is the system by which the city is tracking and spending this money?
3. If we were to lease our space to a new tenant and make significant updates would we have to pay all over again should a new permit be pulled?
4. Finally, the most insightful analysis of this fee should take into account what happens when a project doesn't go forward because of this additional cost. Is this being considered?

Thanks and happy to talk more on this issue,

Kirk Rose, CEO