

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.

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

- 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 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.
- B. Properties with an initial rental term for a period of less than 12 months. Any portion of a property for which the initial rental term is less than 12 months is not eligible for this housing tax incentive. Rental of a portion of a property for an initial term of less than 12 months shall automatically terminate an application for or previously granted exemption under this chapter.
- C. 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 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;
 7. If the applicant is seeking additional duration under 12.60.045 B., the application shall include:
 - a. A detailed description of why the property qualifies for the additional duration(s); and

b. An acknowledgment that the additional duration may not be approved if certain criteria are not met during the base 15 years and during the additional duration.

8. *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, 2050.

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. *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 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 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.

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. Property within designated areas as follows may be granted an additional 5 years of exemption upon application:

- a. The Central Business District,
- b. Midtown,
- c. Transit-supportive development corridors,
- d. Deteriorated areas as defined in AMC 12.35.005,

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2. Property qualifying as mixed-use under Title 21 may be granted an additional 3 years of exemption upon application,
 3. Property where at least 20% of units are offered for rent at no more than 80% 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 5 years of exemption upon application,
 4. Property constructed using all union or prevailing wage labor may be granted an additional 3 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 upon reduction in number of residential units.

- A. 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. 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. An exemption granted under this chapter shall terminate if the owner of the property fails to comply with the annual report for three (3) consecutive years.

(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 and continue to 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. If applicable, documentation supporting that at least 20% of units are offered for rent at no more than 120% of Area Median Income; and
 5. *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:

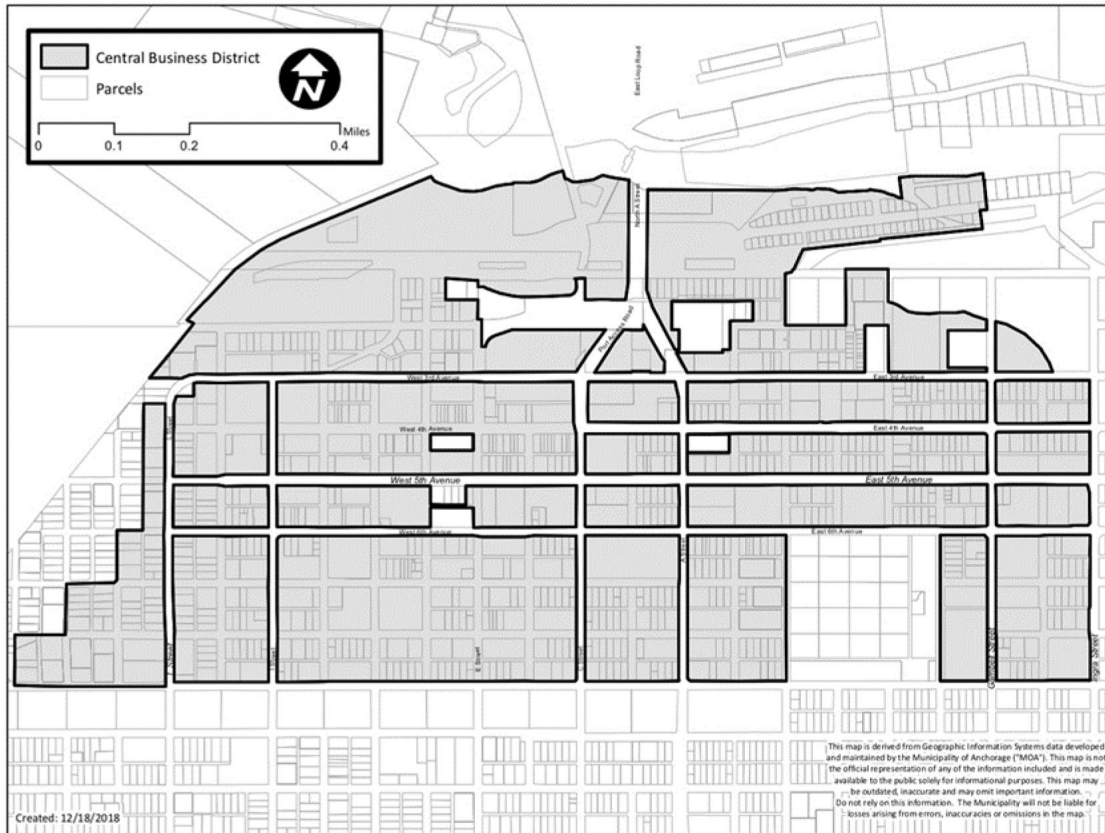
1. *Annual reports of property owners.* Copies of annual compliance and status reports submitted by property owners in accordance with AMC 12.60.070A.
2. *Annual report of exempted taxes.* A summary of the total taxes exempted for each property that has been granted a tax exemption under this chapter.
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.

"Midtown" [definition and map]

"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" [definition and map (below)]

