

Multi-Family Property Tax Abatement Incentive

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Anchorage needs more housing!

- Estimates show **Anchorage needs to build or renovate 1,000 units of housing per year** to meet community need.
- Very little multi-family housing is getting built in Anchorage.
- This type of housing development doesn't financially "pencil" in the Municipality. Incentives are needed to help spur development and bring more housing to our community.

No incentive →



Old 12.60 →



Prior recommendation

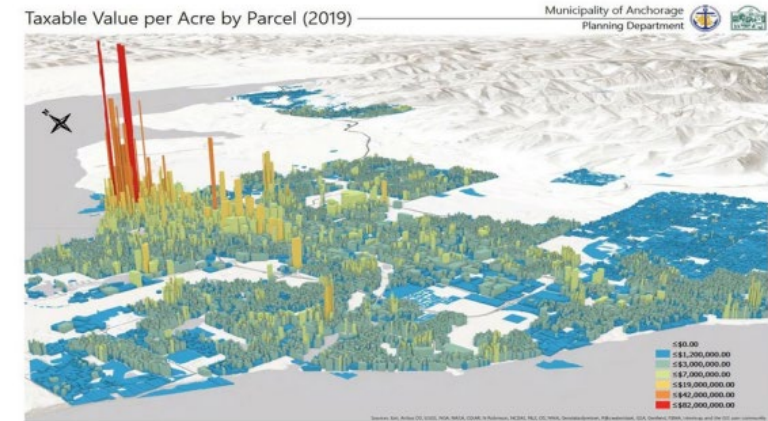
“Adopt an 8+ unit market rate housing tax abatement of 25 years for all of Anchorage to sunset on July 1, 2030”

OUR DOWNTOWN:

ANCHORAGE DOWNTOWN DISTRICT PLAN 2021 (A.O. 2022-27)

EARLY ACTION ITEM EA-5: Identify and Establish New Sources of Funding

GAP FUNDING WORKING GROUP TECHNICAL MEMORANDUM



GAP Funding Working Group Purpose:

Discuss the financial gap in providing new rental housing and brainstorm new sources of revenue, tax incentives, or other incentives to fill the known funding gap for market rate rental housing in Downtown Anchorage.

Amended 1/24/23 from 10/18/22 Original

 **OUR DOWNTOWN**
The Heart of Anchorage
A Project to Implement the Downtown Comprehensive Plan

New multi- family property tax abatement incentive

- Incentive to build more housing
- Grants 15 years of property tax abatement for new multifamily developments with 8 or more units
- Applies to qualifying buildings but not land
- Bonus years for meeting certain criteria (up to 25 total)
- Citywide, but with geographic bonuses

Requirements

- Must be rental housing, not owner-occupied
- Minimum of 30-day lease
- Properties receiving incentive under 12.35 are not eligible
- Land and non-qualifying buildings not eligible
- Application to Municipal Assessor prior to certificate of occupancy
- Annual reporting requirements

Annual reporting

- Owners report to Assessor:
 - Occupancy
 - Unit status
 - Changes/improvements
- Assessor reports to Assembly:
 - Annual reports of property owners
 - Report of exempted taxes
 - Report on applications and status

Termination may occur

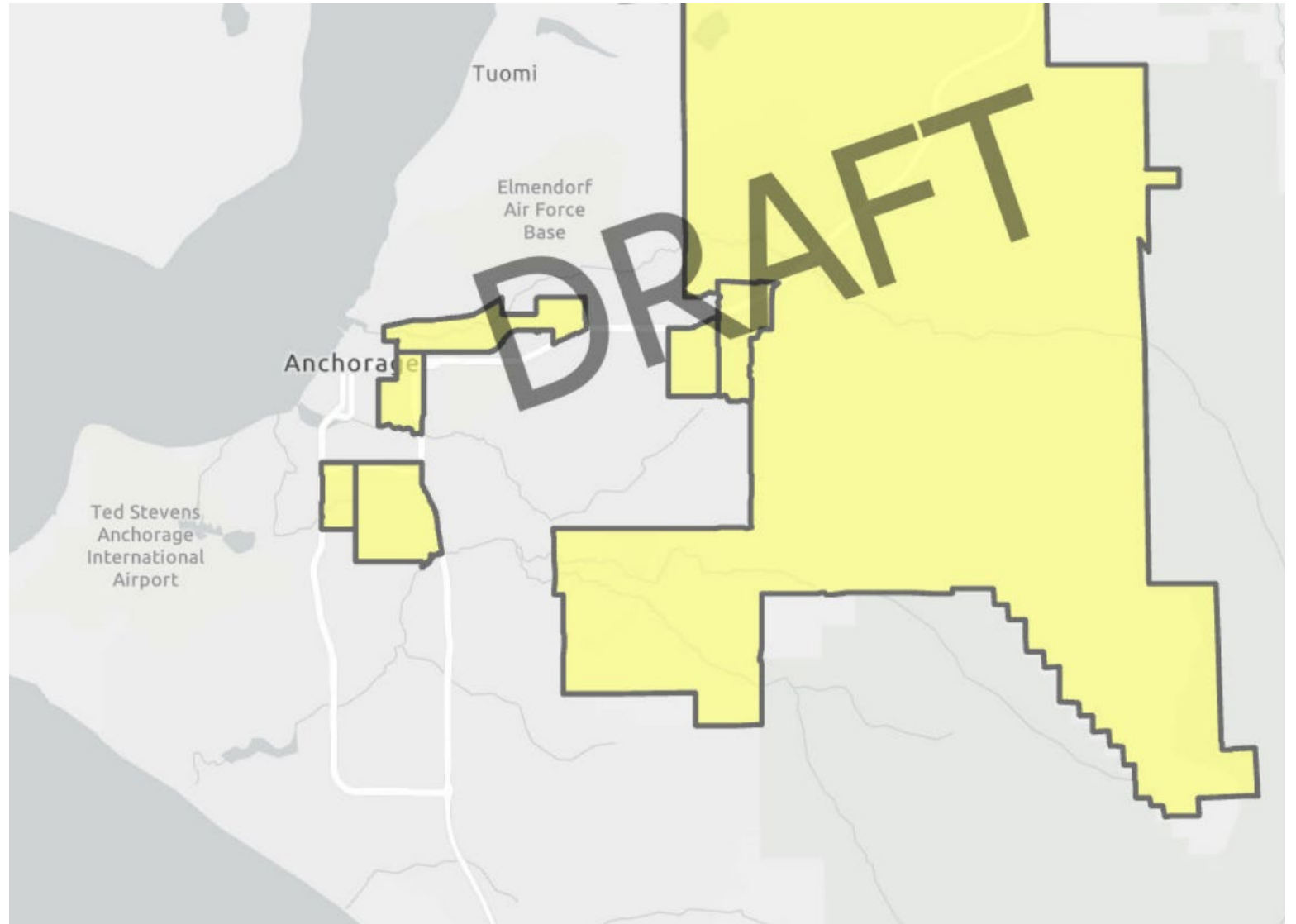
- Loss of residential units
- Reduction of units below 8
- Verified unfair labor practices
- Failure to file annual report

Bonus Table

Up to a maximum abatement length of 25 years

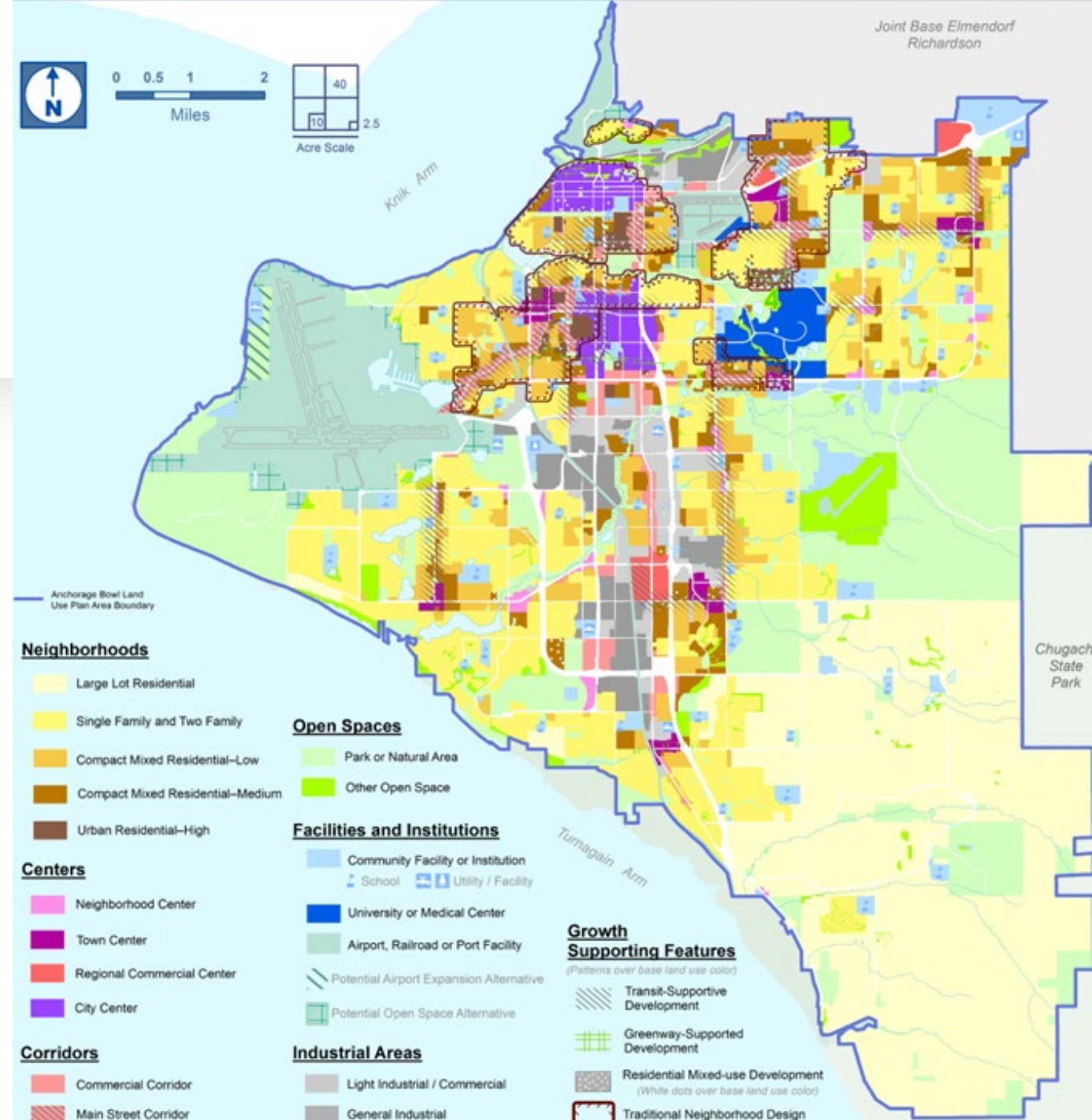
BENEFIT	ADDITIONAL YEARS
In Tax Incentive Area: Downtown, Midtown, Transit Corridor	5
In a Deteriorated Area	5
In a Qualified Opportunity Zone	5
Meets prevailing wage and apprenticeship utilization standards	5
20% of units affordable at 120% AMI	3
Qualifies as mixed use	3

Qualified Opportunity Zones



2040 Land Use Plan

- Goal 2: “**Infill and redevelopment** meet the housing and employment needs of residents...”
- Goal 3: “**Mixed-use**, walkable commercial centers and corridors thrive within their neighborhood context...”
- Goal 6: “Anchorage **coordinates transportation and land use** to provide safe, efficient, and affordable travel choices”



Prevailing Wages and Apprenticeships

- 5-year bonus incentive to help build our construction workforce
- Rewards developers who pay workers a “prevailing wage” defined by AK Department of Labor
- Utilization of federally-recognized apprenticeships for 10% of total work hours



Alignment with Muni goals

“Expand geographic scope and timeline of property tax abatements for multi-family housing.”

“Focus Incentives & Public Investment to Increase Housing Stock”

Mayor Suzanne LaFrance Housing Strategy December 5, 2024

10,000 HOMES IN TEN YEARS

ANCHORAGE ASSEMBLY HOUSING ACTION PLAN

THE ASSEMBLY'S HOUSING VISION
The Municipality of Anchorage has affordable, abundant, and diverse housing opportunities, so everyone who wants to live here can find a home that fits their needs and preferences.

We Want More Housing!

Cottage houses	Duplexes, 3- and 4-plexes	Supportive housing	Housing for seniors	Starter homes	Condominiums
Affordable rentals	Multi-generational housing	Walkable neighborhoods	Innovative design	New ownership models	Apartments

GUIDING PRINCIPLES


- Attainable home ownership
- Housing quality, choice, stability and accessibility
- Quality rental options
- Community where everyone belongs
- Distinct neighborhoods
- Economic prosperity
- Engage the whole community in solutions
- Innovation & collaboration
- Government that works

GOALS

1. Increase the supply of housing units for sale and for rent.
2. Diversify the housing market: housing types, sizes, price points, locations, accessibility, and ownership models.
3. Increase the share of resident-occupied housing throughout the year and reduce the number of vacant units.
4. Reduce housing cost burdens and ensure safe, affordable, high-quality permanent housing for all residents.
5. Make the Municipality a better partner in the development process.

STRATEGIES

1. Remove Barriers to Infill and New Construction
2. Encourage Reuse and Redevelopment
3. Develop Funding Streams for Infrastructure and Public Utilities
4. Focus Incentives & Public Investment to Increase Housing Stock
5. Expand Housing Affordability, Accessibility and Stability
6. Streamline Municipal Processes


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Questions?
