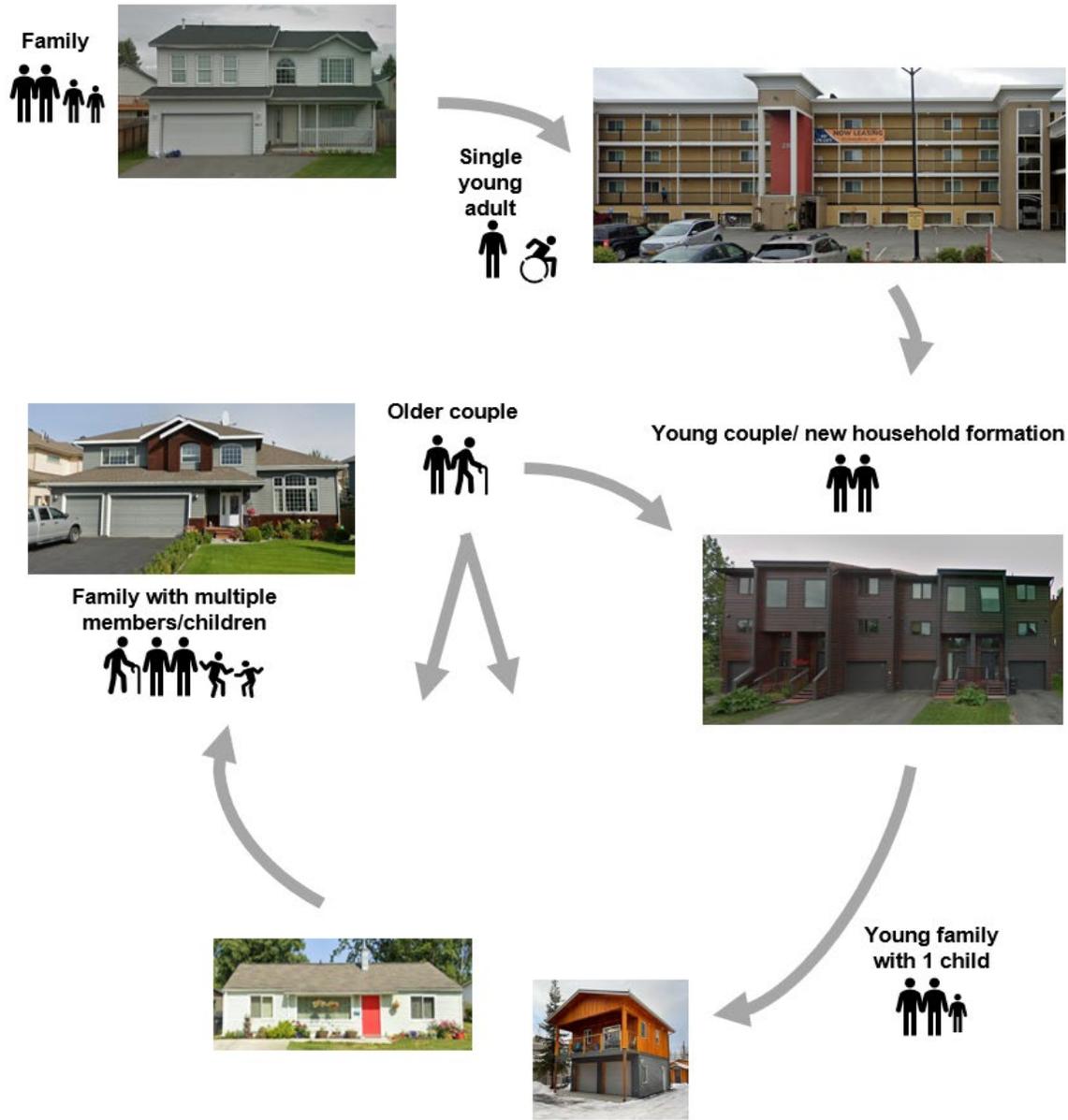


### THE HOUSING LIFECYCLE:



Adapted from ECONorthwest, Clark, William A.V and Frans Dieleman, 1996  
Households and Housing, New Brunswick, NJ: Center for Urban Policy Research

Prepared by: Long Range Planning Manager Kristine Bunnell & Senior Planner Daniel Mckenna-Foster



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## 1. Why This Document

### Overview: Coordinating Across the Municipality to Address Housing Needs

Facilitating the provision of enough housing to meet community needs has been a primary focus for the Anchorage Assembly, the Municipal Planning Department's Long-Range Planning Team (MOA LRP), the Anchorage Health Department (AHD), and Anchorage Community Development Authority (ACDA) for the past several years. Aligning efforts will help ensure better efficiency and less duplication. Upcoming projects include:

- **MOA LRP** will soon kick off a land capacity study and a housing demand update using the information from this white paper.
- **Assembly** staff will formulate a housing preference survey for residents throughout Anchorage and hold a housing summit.
- **AHD** will ensure that federal funding reaches to qualified low- and moderate-income housing projects.
- **ACDA** will use information from these projects to help craft new recommendations for housing incentives.

This white paper is a product of this group working together with inputs from several plans, studies, and surveys to align efforts in this direction. The white paper includes general information about housing preference and demand, permit information, frontline perspectives, reforms in other communities, and some ideas of how to move forward.

This white paper is a living document and will continue to be updated as the Assembly and administration adopts recommendations and policies.

## Agency / Department Commitments to Housing Development



### **Assembly Commitment to Housing Development:**

- The Assembly made a major commitment to increase housing development and to “cut red tape in 2023.” Goals for this initiative included setting a long-term vision, streamlining codes and processes, and spur innovative attainable housing.
- Assembly approvals to that end have garnered reductions in parking requirements, funding for the Midtown, South Addition, and Girdwood plans, funding for a long-range transportation plan strategy (LRTP), and funding for a right-of-way (ROW) management study.
- Assembly work is ongoing with several options under consideration for low-income and transitional housing, updates to Title 23, and discussions on housing materials and onsite regulations.
- Funding housing data surveys.
- Housing Retreat: developing strategies and objectives for the Housing Action Plan.
- Housing Summit (Fall 2023): Continuation of Housing Action Plan focused on community engagement.

### **Planning Department Commitment to Housing Development:**



- In 2017, the Planning Department brought forward the *Anchorage Bowl: Anchorage 2040 Land Use Plan* (2040 Plan) for adoption. The 2040 Plan provided a new land use plan, goals, policies, and actions to make housing more attainable.
- Several Title 21 land use code updates have been adopted from the 2040 Plan.
- The recent adoption of the *Our Downtown: Anchorage Downtown District Plan 2021* and Title 21, Chapter 11: Downtown is already bringing new housing to Downtown Anchorage.

### **Anchorage Health Department Commitment to a Healthy Community:**



- AHD has a variety of programs addressing housing development and homelessness. AHD’s Community Safety and Development (CSD) program manages the Municipality’s entitlement grants from the US Department of Housing and Urban Development (HUD). AHD’s Housing and Homeless Services (HHS) program manages programs funded through alcohol tax revenue and other initiatives.
- HUD Funding:



- Community Development Block Grant (CDBG): This program funds a variety of projects, including both capital projects and public services. Capital projects are mostly non-housing community facilities but can involve some components of housing projects such as land acquisition and utility construction. Public services programs include homeless outreach, legal services, and case management for residents of transitional housing.
- HOME Investment Partnerships: This program primarily funds housing, including construction of housing for low- and moderate-income residents and tenant-based rental assistance vouchers.
- Emergency Solutions Grants (ESG): This program primarily addresses homelessness through programs such as homelessness prevention and rapid rehousing.

**ACDA's Commitment to Housing Development:**



- In early 2016, ACDA championed the Strategic Development & Finance Guide compiled by Dorsey and Whitney LLP of Anchorage. Tools in that guide were used to recommend and justify the 4-unit and transit-supportive corridor housing incentives adopted by the Anchorage Assembly.
- ACDA also has new housing projects in the works including the Block 96 Lofts and the 6th Avenue Hotel in addition to their StepOne development tool hosted online at ACDA.net.

MOA LRP	
Deliverable	What does this do?
📄 White Papers	➤ Provide context, overview of past recommendations, and record of the process.
📄 Land Capacity Analysis	➤ Provide context for policy changes to land use regulations.



ACDA	
Deliverable	What does this do?
📄 Incentives Report	➤ Provide context for policy changes to tax code, tax credits, and other financial incentives.



MAYOR	
Actions	Result
▶ <b>Department Support &amp; Communication</b>	➤ More housing at all income/preference levels

Agnew Beck	
Deliverable	What does this do?
📄 Housing Data & Proforma Analysis	➤ Provide current, accurate data on specific obstacles to desired types of housing.



ASSEMBLY	
Actions	Result
▶ <b>Housing preferences survey</b>	➤ Provide focus for additional research and policy changes to land use regulations.
▶ <b>Housing Retreat (May 2023)</b>	➤ Align conversations/community knowledge
▶ <b>Housing Summit (August 2023)</b>	➤ Determine actions, funding and timeline ➤ Community engagement
▶ <b>Policy Changes</b>	➤ More housing at all income/preference levels

Health Department	
Deliverable	What does this do?
📄 5 Year CAP plan required by HUD	➤ Set a plan for spending federal funding.
📄 Provide data on numbers of low-income households, estimate needs	➤ Provide context for making decisions related to low income households.



## 2. Housing Preference and Demand

### Recent housing preference and demand information:

#### 2018 AEDC Housing Survey

AEDC's 2018 Anchorage Housing Survey Report is based on 1,100+ resident responses and provides detail on what Anchorage residents are looking for in housing, how satisfied they are with housing options, and what they would like to see in the housing market.

- 64% would like to see more cottage-style housing.
- 41% would like to see high-density mixed-use housing.
- Under 35-year-olds struggle more than any age group to buy a home: 74% said it was too expensive, 50% couldn't find a home in the neighborhood they liked, and 32% couldn't afford the down payment.

#### 2021 Community Living Survey of Older Anchorage Residents

A 2021 survey of 300 residents between 55-75 found that:

- Among respondents who were likely to move out of Anchorage, the most important factors in their decision to leave were public safety (53% very important) and cost of living (50%)
- Respondents who expressed interest in living in a stand-alone, single family home were asked what size home was of most interest. The most popular size was 1,000 to 2,000 square feet (46%) followed by 500 to 1,000 square feet (28%), and 2,000 to 3,000 square feet (17%).
- Among those interested in a stand-alone, single family home, about half (52%) expressed interest in having a larger lot, while 39% expressed interest in a smaller lot. Note: No definition of what constituted a larger or smaller lot was provided.

#### Housing Demand Types:

Demographic information for Anchorage leads us to suggest several housing types remain in demand including:

- Starter housing (households under 35 years of age)
- Peak housing (households between 35 and 64 years of age)
- Downsizing housing (households 65 years and older).

Mixed within these demographic groups are low- and median-income workers who may not consider themselves as looking for one of the three housing types noted above. They just wish to find housing that is affordable as many of us do.

### 3. Housing Projections & Permit Data

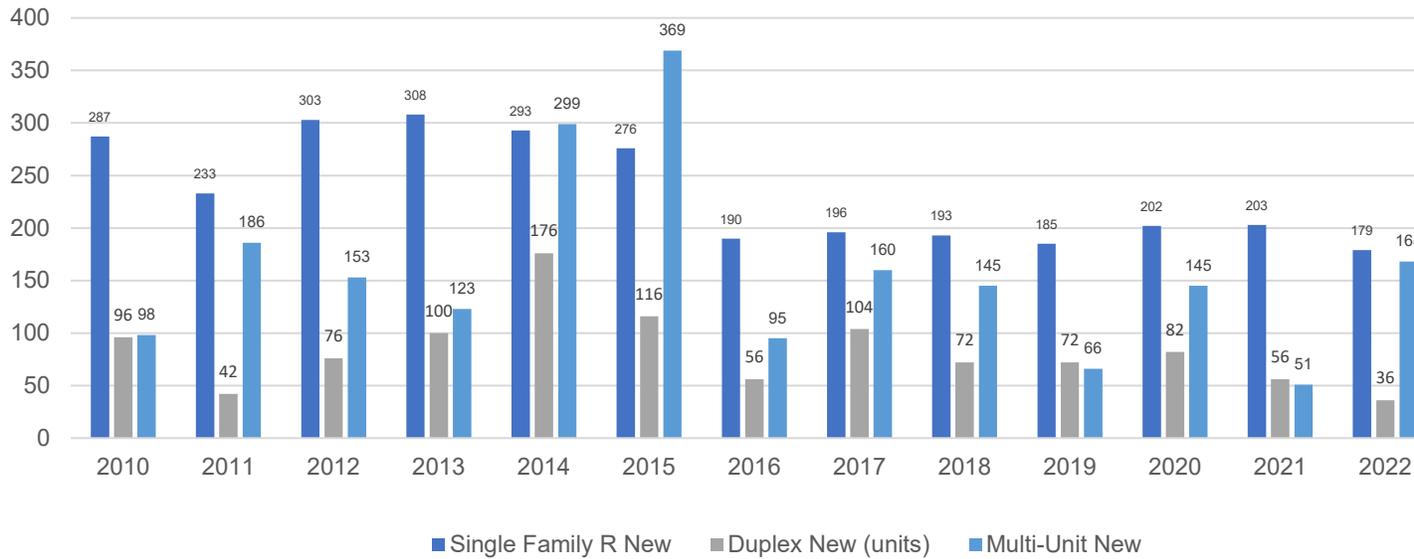
#### Housing Projections 2012 to Date 2023

Plan/Projection Document	Projection
 <b>2012 Anchorage Housing Market Analysis</b>	<ul style="list-style-type: none"> <li>○ 18,200 new dwelling in the Bowl by 2032.</li> <li>○ 3,300 new dwellings in Chugiak/Eagle River by 2032.</li> </ul>
 <b>2040 Land Use Plan:</b>	<ul style="list-style-type: none"> <li>○ 21,000 new dwellings in the Bowl by 2040.</li> <li>○ 1000 new accessory dwelling units in the Bowl by 2040.</li> </ul>
 <b>Our Downtown: Downtown Anchorage District Plan 2021</b>	<ul style="list-style-type: none"> <li>○ Projected need for 4,700 housing units Downtown, with 1400 housing units in the next 5-8 years.</li> </ul>
 <b>2021 Anchorage Coalition to End Homelessness GAP Analysis</b>	<ul style="list-style-type: none"> <li>○ Single adults are the largest demographic facing unmet housing needs (Housing types included Shelter, Transitional Housing, Rapid Rehousing, Permanent Supportive Housing in this analysis) with a total GAP or projected need of 3,000 units:             <ul style="list-style-type: none"> <li>▪ GAP of 2,621 total units for singles.</li> <li>▪ GAP of 81 total units for families.</li> <li>▪ GAP of 277 total units for youth and emerging adults.</li> <li>▪ GAP of 21 units for Veterans.</li> </ul> </li> </ul>
 <b>Housing Alaskans 2023 Housing Data (Agnew Beck)</b>	<ul style="list-style-type: none"> <li>○ Anchorage needs an estimated 7,000 housing units over the next 10 years.             <ul style="list-style-type: none"> <li>▪ 4,700 of these are existing units in need of renovation or replacement</li> <li>▪ 2,300 are new units due to population growth or severe overcrowding.</li> </ul> </li> </ul>

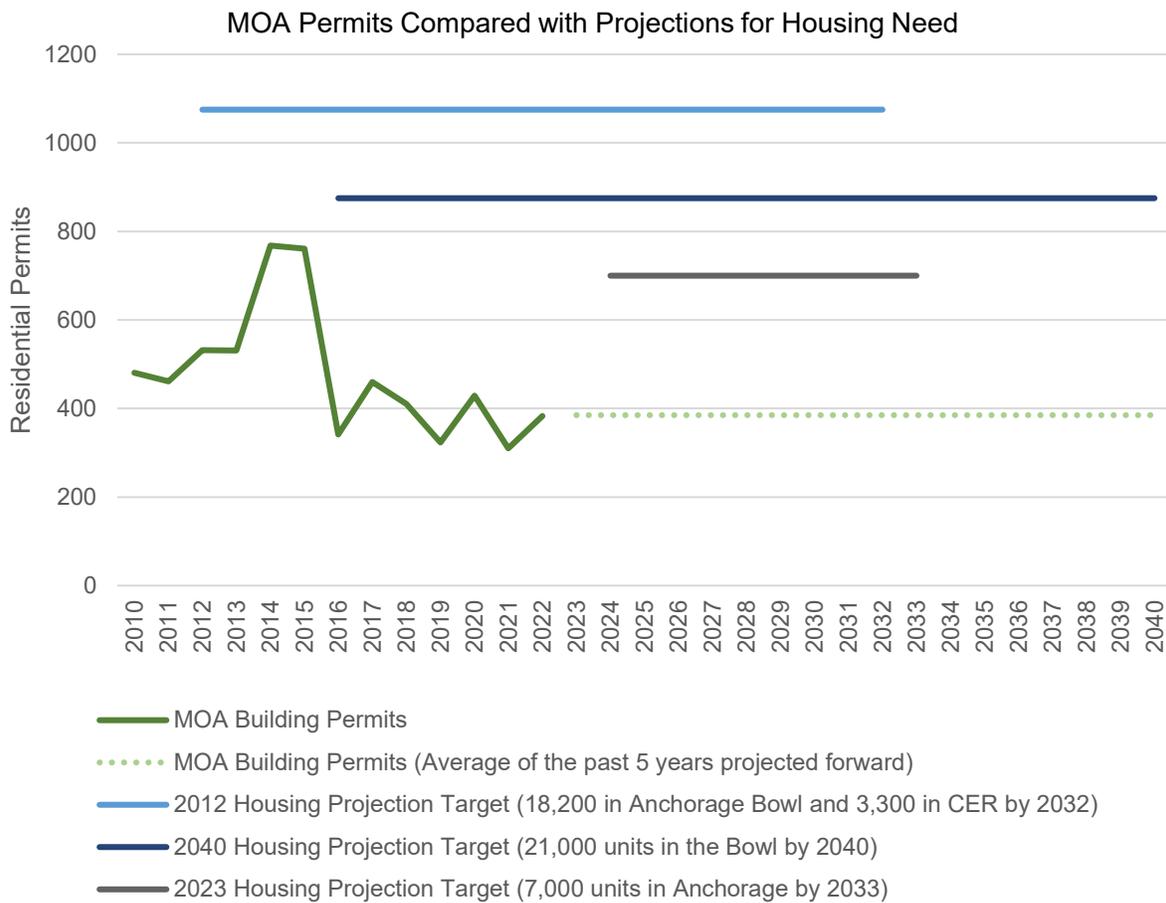
#### Units Permitted - 2010 to Date 2023

According to MOA permit data for all types of housing permits there have been **6,214 permits** issued since 2010 LRP is still confirming all permits resulted in new housing units.

### Anchorage Residential Permits (MOA)



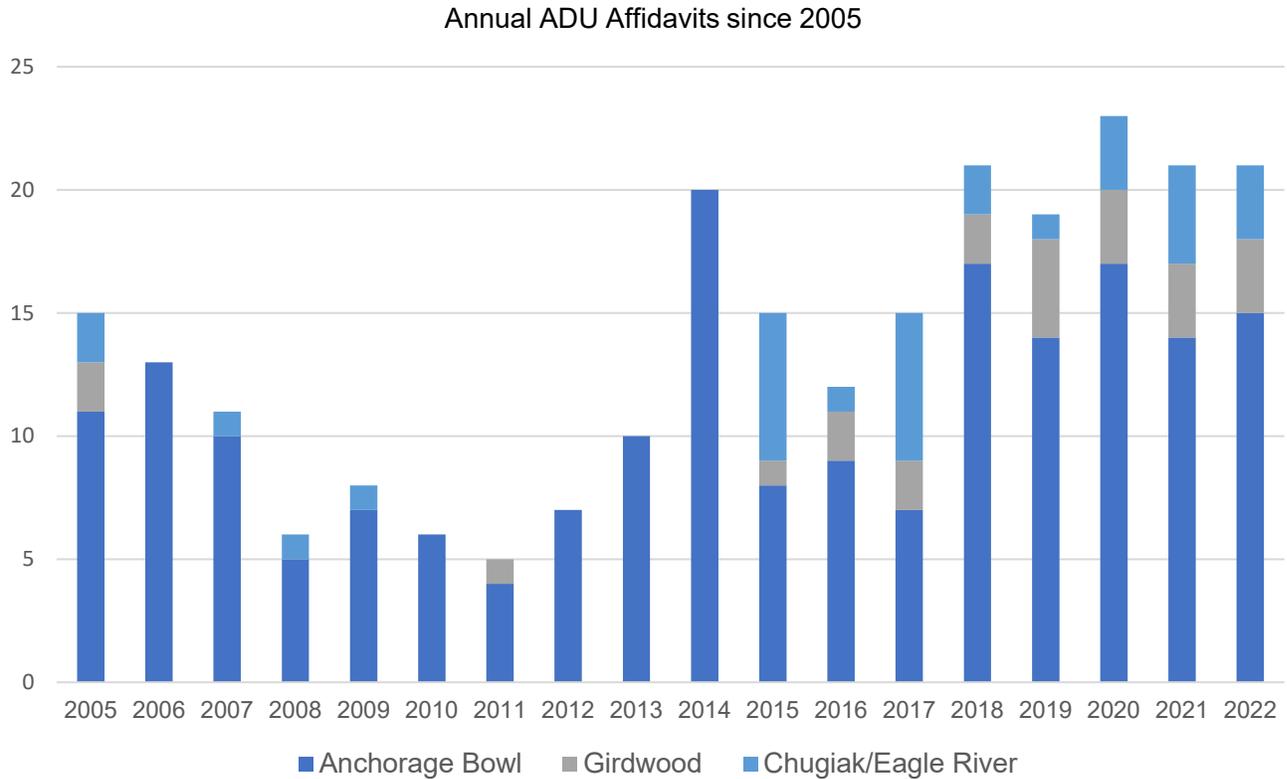
### Anchorage Permits Compared with Past Projections



**Alternative Housing Options – Accessory Dwelling Units**

Accessory Dwelling Units are making a small dent in the number of housing units projected and then built. The 2040 Plan projected a need for 1000 new ADUs in the Bowl by 2040. Data gathered from owner-occupancy affidavits between 2005 - 2022 shows **248 permits**.

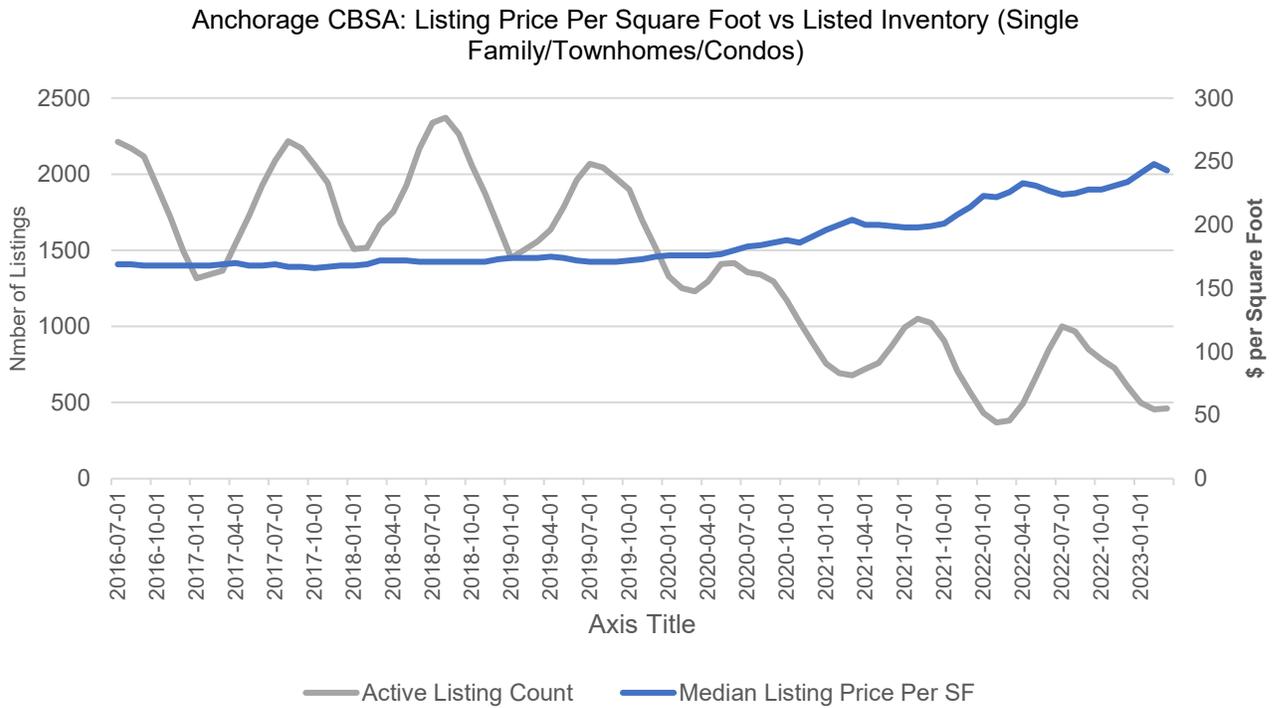
Recent Title 21 amendments now allow more flexibility for ADUs in all residential and commercial zoning districts throughout the Bowl and additional allowances in Chugiak/Eagle River and Girdwood.



All Permits Compared with 30 Year Fixed Mortgage Rates (St Louis FED)



**Anchorage Listings Compared with Prices (St Louis FED)**



## 4. Frontline Perspectives

### Real Estate Community Comments

*“Homes are going for \$100,000 over their listed price in some cases. There is not a single-family home without multiple offers within the first three days. There’s not enough inventory to support the demand and there’s a couple reasons why we have a demand. I’ll make you a video explaining. I Have done a substantial amount of research on this. there are several factors for starting with substantially reduced new housing opportunities. I spoke with a few builders in the valley they’re willing to come to Anchorage but they’re quoting 300 square-foot and that does not include land cost. Local builders are building around 350 a square foot which does include land cost. next is the 55+ who are not downsizing. And then the young adults who live with mom and dad or roommates till they were in their mid-30s now they want to buy real houses and they’ve got the money to do it. There are also a ton of mid 20s homes looking for real houses very few of them request condos or townhomes. That said condominiums have massive demand substantially increased in price some condos doubling in price from 2019”*

-Email from Brandy Pennington, Realtor, March 22, 2023

*Higher interest rates are limiting the amount of house people can buy and the willingness of people to sell. Many people are sitting in houses larger than what they need, but don’t want to sell because they might not be able to downsize at a price they are comfortable with.*

*Detached fourplexes have become less attractive in the valley as construction costs have increased. Anecdotally, they have seen more people looking to buy small scale single family in Anchorage instead.*

Notes from discussion with Robert Meinhardt, realtor/broker on March 29, 2023

*“It has always been easier and likely always will be to build a single family detached home versus multifamily....One thing I would say about the evolution of the housing market is that the first time home buyers or the lower end of the market for new construction has been very soft the past 7 years or so. Meanwhile the “move up” (\$500k and up) market is tight and there is a lot of demand. When looking at new construction townhomes starting around \$390k many people end up shopping for older single family homes instead. Thus home builders aren’t building much in that price range. I still build in that range because I have large existing projects that require similar units but sales are slow so I only build out about 10-15 per year total in three different projects.”*

-Email from Andre Spinelli, Home Builder, April 19, 2023

## 5. How do we get there?

### Options for Improving the Housing Production Environment

#### □ **McKinley Alaska Growth Capital and the New Market Tax Program (NMTC)**

McKinley Alaska Growth Capital (MAGC) has successfully secured \$120 million in NMTCs, receiving NMTC allocation in 2002, 2003, 2009, and 2020. To date, MAGC is the only Alaska-based entity to have received NMTC allocation and currently has \$20 million in available allocation for deployment. MAGC actively applies for NMTC allocation annually and seeks to work with for-profit, nonprofit, and Native-owned entities to create jobs and support expanded infrastructure, commercial activity and community facilities needed across low-income communities in Alaska and nationwide, including:

- Improvements to power systems to ease the cost of living and doing business;
- Accessible broadband to enable commerce and connection;
- and Community facilities across healthcare, education, and nonprofit support services to build stronger tomorrows

AIDEA can also be a partner in NMTC projects according to their [website](#).

#### □ **Mortgage Insurance for Rental and Cooperative Housing: HUD SECTION 221(D)(4)**

Section 221(d)(4) insures mortgage loans to facilitate the new construction or substantial rehabilitation of multifamily rental or cooperative housing for moderate-income families, elderly, and the handicapped. Single Room Occupancy (SRO) projects may also be insured under this section.

- Purpose: Section 221(d)(4) insures lenders against loss on mortgage defaults. Section 221(d)(4) assists private industry in the construction or rehabilitation of rental and cooperative housing for moderate-income and displaced families by making capital more readily available. The program allows for long-term mortgages (up to 40 years) that can be financed with Government National Mortgage Association (GNMA) Mortgage Backed Securities.
- Type of Assistance: FHA mortgage insurance for HUD-approved lenders.
- Eligible Activities: Insured mortgages may be used to finance the construction or rehabilitation of detached, semidetached, row, walkup, or elevator-type rental or cooperative housing containing 5 or more units. The program has statutory mortgage limits which vary according to the size of the unit, the type of structure, and the location of the project.
- Eligible Borrowers: Eligible mortgagors include public, profit-motivated sponsors, limited distribution, nonprofit cooperatives, builder-seller, investor-sponsor, and general mortgagors.

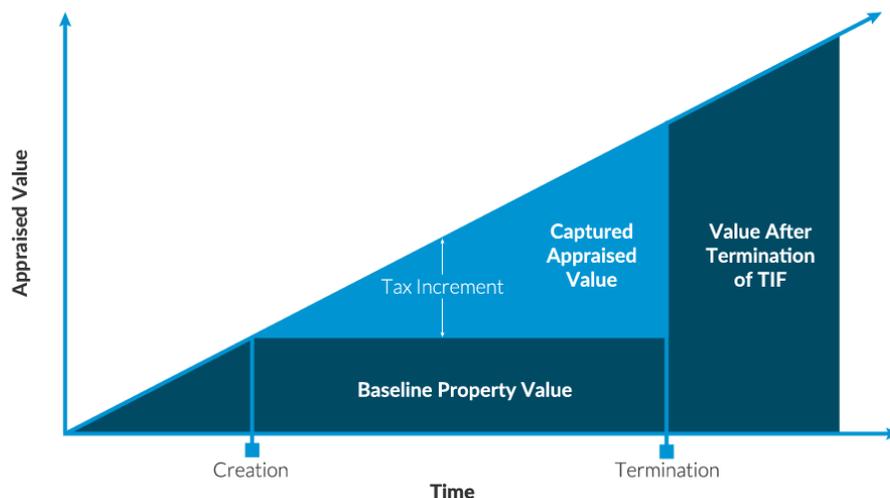
- Eligible Customers: All families are eligible to occupy dwellings in a structure whose mortgage is insured under this program, subject to normal tenant selection. There are no income limits. Projects may be designed specifically for the elderly or handicapped.

□ **Tax Increment Financing (TIF): May Need Changes to MOA Charter**

The concept behind TIF is that public investments in infrastructure and services induces private development, which in turn leads to higher property values, more employment, and additional tax revenue.

- A municipality identifies an area in need of redevelopment, or a developer approaches the city with a redevelopment plan that would not be viable without specific public improvements.
- The municipality conducts what is commonly known as the “but for” analysis that addresses two questions: is the proposed TIF district “blighted” or in need of redevelopment, and would the proposed development occur “but for” the TIF-funded capital improvements? If evidence of blight is found and the project satisfies the “but for” analysis, it can move past the initial planning stages.
- The municipality begins work on a district improvement plan. The properties that will benefit from the investment are identified, and the total assessed value of properties within the potential TIF district is determined. This establishes the baseline value from which the incremental tax revenue is calculated. In most TIF districts, the baseline is frozen at this “year zero” amount; in others, it grows at a specified rate of inflation established by law or by negotiation with affected tax districts.<sup>5</sup> This analysis allows the city to project the property tax revenue that the project will generate over time in order to develop a borrowing plan or a plan to reimburse a developer’s upfront infrastructure expenditures. The city then can begin to negotiate covenants with bond underwriters and agreements with real estate developers and relevant public agencies. A local development corporation (LDC) could also be created to oversee the capital improvement and financing plan.

Figure 1: Diagram of a Conceptual Tax Increment Financing Plan



- After securing the necessary planning approvals, the local government (or the LDC) launches the TIF district. If necessary, bonds are issued and the proceeds used to fund the upfront infrastructure project costs and other expenditures. In other cases, a developer will pay for the improvements and get reimbursed in whole or in part by the proceeds from a TIF bond, or directly from incremental TIF revenue as it is collected.
- The new investments begin to induce development, and total property values within the TIF district begins to rise. This growth in property value translates into an increase in the properties' assessed value, which generates incremental property tax revenue above the baseline value, which then flows into a special TIF fund. If bonds were issued TIF revenue will be used to repay the bonds; otherwise, the incremental revenue will be used to fund expenditures on a pay-as-you-go basis or to reimburse developers for their upfront investments. The incremental tax revenue continues to flow into the TIF fund until the district expires. The maximum TIF district length varies by state, and many states allow for extensions of the initial length. The most common TIF district length is between 20 and 29 years, though some jurisdictions allow up to 50 years.<sup>6</sup>
- After the district expires, properties within the TIF district fully return to the tax rolls and resume paying taxes to all the applicable tax jurisdictions based on the full assessed value.

□ **Public Private Partnerships (3Ps)**

*Key Characteristics of Public-Private Partnerships (PPPs/P3s):*

There is no single definition of a P3. The Government Accountability Office defines a public-private partnership as “a contractual arrangement that is formed between public and private-sector partners. These arrangements typically involve a government agency contracting with a private partner to renovate, construct, operate, maintain, and/or manage a facility or system, in whole or in part, that provides a public service. Under these arrangements, the agency may retain ownership of the public facility or system, but the private party generally invests its own capital to design and develop the properties. Typically, each partner shares in income resulting from the partnership. Such a venture, although a contractual arrangement, differs from typical service contracting in that the private-sector partner usually makes a substantial cash, at-risk, equity investment in the project, and the public sector gains access to new revenue or service delivery capacity without having to pay the private-sector partner,” (United States Government Accountability Office, 1999).

The National Council for Public-Private Partnerships (NCP3P) defines a public-private partnership as "a contractual agreement between a public agency (federal, state, or local) and a private sector entity. Through this agreement, the skills and assets of each sector (public and private) are shared in delivering a service or facility for the use of the general public. In addition to the sharing of resources, each party shares in the risks and rewards potential in the delivery of the service and/or facility," ((Top Ten Facts About PPPs, n.d.).

*Benefits of P3s:*

Public-private partnerships help fill the void between typical annual government accounting and capital budgeting. The private markets know the benefits of capital budgeting and are investing heavily in U.S. capital infrastructure. Those who support the advancement of PPPs highlight

many advantages. In a recent report by Deloitte titled, "Closing America's Infrastructure Gap: The Role of Public-Private Partnerships," it succinctly outlines six perceived benefits to governments utilizing PPPs as follows:

- PPPs allow the costs of investment to be spread over the lifetime of the asset and, therefore, allow infrastructure projects to be brought forward in years compared to the pay-as-you-go financing that is typical of many infrastructure projects.
- PPPs have a solid track record of on-time, on-budget delivery.
- PPPs transfer certain risks to the private sector and provide incentives for assets to be properly maintained.
- PPPs can lower the cost of infrastructure to the public entity by reducing both construction costs and overall life-cycle costs.

Since satisfaction metrics can be built into the contract, PPPs encourage a strong customer service orientation.

Because the destination, not the path, becomes the organizing theme around which a project is built, PPPs enable the private sector to focus on the outcome-based public value they are trying to create.

#### □ **Land Assembly – Focusing the Effort – Pilot Projects**

Several adopted MOA plans discuss land assembly and pilot projects as redevelopment tools. Most recently in the “Few Good Blocks” area declared in downtown in 2015, new projects include Elizabeth Place, Block 96 Lofts, and the new Fire Island Bakery. Focusing the effort was the mantra for the “Few Good Blocks” area, after a Smart Growth America workshop held in May 2015. These projects indicate that focusing the effort is working in downtown. How do we make it work other places?

A land assembly or assemblage is the process of purchasing various smaller, contiguous parcels of property to merge them into one large land parcel or property. Elizabeth Place included a land assembly of 3 lots, two owned by the MOA and one owned privately. This land assembly process was successful for three reasons.

- Knowledgeable staff – The MOA Housing Czar led this project, providing an RFP for the development and an open and proactive communication process leading to success.
- Willing seller – The private property owner was willing to sell: The property was an investment holding and the timing was right.
- Willing developer – While there were some financing, utility, and design issues to overcome, the project was built and rented before it opened. With the recent adoption of Title 21, Chapter 11: Downtown, those design issues should not be an issue in the future.

Block 96 Lofts could also be considered a Pilot Project wherein ACDA provided the land in a long-term lease and a parking incentive. Block 96 Lofts is also using the 4-unit housing incentive to help make the project financially viable.

## □ **Title 21 Amendments**

Recent changes to Title 21 include:

- Chapter 11:Downtown update (A.O. 2023-43)
- Removal of parking minimums (A.O. 2022-80 (S))
- Site access (A.O. 2023-50)
- ADU regulations update (A.O. 2022-107, As Amended)
- R-4A mixed use zone update (A.O. 2023-42)
- Most recent Omnibus (in process as of 4/27/2023).

**What else is needed?** The Housing Summit should provide more information on issues and changes that could be made. The table in section 6 provides some options, and additional areas for improvement may be:

- Predesign approvals (Tiny Houses, PUD)
- Sidewalk exemption

## □ **Title 23 Amendments**

The project will need to consult with staff and the development community on any new items to consider. This include fee-in-lieu for off-site developments.

## □ **State Land Exchanges**

Work with the state of Alaska to acquire or encourage develop of appropriate parcels.

## □ **Federal Qualified Opportunity Zones (QOZ)**

A Qualified Federal Opportunity Zone is a delineated geographic area within which new investments, under certain conditions, may be eligible for preferential tax treatment.

To invest in a QOZ, an investor must use a qualified opportunity fund (QOF). A QOF is an investment vehicle organized as either a partnership or corporation that holds at least 90% of its assets in QOZ property. A limited liability company (LLC) may be a QOF if it chooses to be treated as a partnership or corporation for federal income tax purposes and is organized specifically to invest in a QOZ property.

Per IRS guidelines, a QOF must double its basis within 30 months to qualify for the tax benefits and provide a “substantial improvement” to its assets.

**QOF Tax Benefits** - QOFs offer a unique opportunity for investors selling a range of investments, including, but not limited to, stocks, bonds, real estate, closely held business assets, cryptocurrency, jewelry and art. When the gains realized from the sale of these assets are reinvested into QOFs, an investor can potentially benefit from the following “triple-layer” tax incentives:

- Deferral: Those who roll over their capital gains into a QOF can defer capital gain recognition from the original investment until December 31, 2026.
- Reduction: The amount of capital gain recognized from the original investment is reduced by 10% after achieving a five-year holding period if that five-year holding period is achieved by December 31, 2026.

- Exclusion: Long-term investors are eligible to pay no tax on the appreciation of their QOF investment upon disposition of that investment, regardless of the size of that profit, if the assets held in that QOF are held for at least 10 years. However, the tax benefits are not guaranteed. It is possible, due to tax, regulatory or investment decisions, that a fund, or its investors, are unable to realize any tax benefits. It is crucial that investors evaluate the merits of the underlying investment and do not solely invest in an OZ fund for any potential tax advantage.
- Furthermore, OZ investments qualify during a 1031 exchange, meaning investors trading from one asset can trade into an asset located in a QOZ to defer paying capital gains.

It's important to note that these tax benefits are not guaranteed and costs from the transaction may impact returns and potentially outweigh the tax benefits. Furthermore, income from the property and the assets depreciation schedule may affect an investor's tax bracket or tax status, possibly resulting in an unfavorable tax ruling.

***Risks Associated with Opportunity Zones*** - opportunity zones were developed to promote investments in underperforming markets, and since their inception is relatively newer, there are risks that investors should be aware of.

OZ funds are at higher risk compared to alternative investment options:

- Since QOZs are newly formed entities with no operating history, there's no assurance of investment return, property appreciation, profits or resale opportunity. Investors must accept the reality that the investment may lose value over time.
- OZ investments are generally located in secondary markets, limiting liquidity options.
- Underwriting the portfolio holdings in OZ funds can be difficult. As such, market prices for most of a fund's holdings will not be readily available.
- OZ funds are leveraged, which increases the investment's exposure to factors such as rising interest rates, downturns in the economy and deterioration in the condition of the assets underlying the investments. Assets are also at risk of foreclosure.
- If an investor invests in a QOZ via a 1031 exchange, they need to keep in mind that these exchanges are available from private placement offerings and are considered illiquid securities. There is no secondary market for these investments.
- The regulatory protections of the Investment Company Act of 1940 are not available with unregistered securities.

These factors can result in more risk for an investor compared to other real estate offerings.

***Investing in an OZ is a long-term investment*** - Investors pursuing OZ investments should consider that investing in an opportunity zone is a long-term strategy. In most cases, return of capital and realization of gains, if any, do not generally occur until selling or refinancing the asset. Furthermore, if a property loses a tenant or sustains damage, there is a potential for disruption in cash flow distributions.

Regardless, investors must be able to meet their contractual obligation and provide pledged capital. Failure to do so could have adverse consequences, including forfeiture of their interest in the fund.

#### □ **HUD Section 108 Works in OZs**

The HUD Section 108 loan guarantee program allows recipients to receive low-interest loans and is available on a rolling basis. The program uses the framework of the CDBG program and guarantees loans between the private sector and a state or local government that receives the CDBG funds. Government agencies can then relend the funds to a third-party business or developer or use the money on the development directly or through a sub-recipient partner.

The key is that Section 108 functions as a CDBG multiplier: CDBG recipient entities can borrow up to five times their annual CDBG allocation.

Entities can use Section 108 loans to acquire real property; rehabilitate publicly owned real property; conduct CDBG-eligible housing rehabilitation; build, reconstruct or install public facilities; and do related-relocation, clearance and site improvement.

Subrecipient entities—such as public housing authorities, economic development organizations, community development corporations and nonprofits—may receive Section 108 funds. Section 108 borrowers may also pass-through Section 108 financing to for-profit developers of OZ properties

#### □ **AIDEA Military Zone Designation**

AIDEA is a public corporation of the State of Alaska, created in 1967 by the Alaska Legislature:

"...in the interests of promoting the health, security, and general welfare of all the people of the state, and a public purpose, to increase job opportunities and otherwise to encourage the economic growth of the state, including the development of its natural resources, through the establishment and expansion of manufacturing, industrial, energy, export, small business, and business enterprises..."

AIDEA representatives participated in the Our Downtown Funding GAP working group providing information on loan and development programs have available. AIDEA mentioned the agency was giving the ability to declare an area a military zone, which would then allow some bonding capacity for utility upgrades. This needs to be researched further with AIDEA to determine if this program could be a viable option to support new development.

#### □ **ACDA Capital Bonding**

According to *AMC 25.35.060 Powers*; ACDA through is allowed to bond for projects:

*9. As authorized by ordinance setting forth the form and manner of sale of bonds and notes in accordance with the Charter, to issue bonds in accordance with section 25.35.070 to pay the cost of a facility or to retire any bonds previously issued by it, and to secure payment of the bonds as provided in this chapter.*

*11. To purchase its bonds, with all bonds so purchased to be cancelled.*

□ **Realign MOA CIP Process**

Expand coordination among departments in advance of the Capital Improvement Process to reduce private party costs and ensure that new infrastructure supports new housing development.

□ **Realign AWWU CIP Process & Pursue Tariff Changes**

Expand coordination among departments to reduce private party costs and ensure that new infrastructure supports new housing development .

## 6. Biggest Returns for the Investment (Staff, Time, Funding)

Planning Department (In Title 21)	
Lot Size Reform	<b>Low hurdle:</b> Align lot size minimums with target densities in existing zoning code.
	<b>High hurdle:</b> Reduce lot size minimums across the Bowl for lots on sewer & water.
Targeted Rezones	<b>Low hurdle:</b> Simplify the process/reduce costs for landowners who would like to up-zone their properties.
	<b>High hurdle:</b> The Assembly allows more flexibility by right by up-zoning properties directly.
Up to Four Units as Residential Construction	<b>Medium hurdle:</b> change both Title 21 and Title 23 to equalize standards.
Federal Grant Applications	<ul style="list-style-type: none"> <li>• EPA Brownfield assessment &amp; clean up</li> <li>• CDBG DR</li> <li>• Federal grant opportunities</li> </ul>
Brownfield Redevelopment Revolving Loan Fund	<b>High hurdle:</b> Apply for an EPA Brownfield revolving loan fund. The application is not necessarily difficult, but the loan takes long term staff capacity.
Development Services (In Title 23)	
Process improvement	<b>Low hurdle:</b> See Appendix 1(2022 AERDAC)
	<b>High hurdle:</b> See Appendix 1 (2022 AERDAC)
Fee in Lieu	<b>High Hurdle:</b> Requires establishment of an infrastructure trust fund.
HLB	
Land Assembly	<b>Low hurdle:</b> Dispose of municipal property with or without stipulations for additional housing.
	<b>High hurdle:</b> Actively assemble land for housing development.
Mayor/Assembly	
Tax Abatement	<b>Low hurdle:</b> <ul style="list-style-type: none"> <li>• Fix 12.3.5 application</li> <li>• Extend 4-unit housing tax abatement Downtown</li> <li>• Extend transit corridor tax abatement</li> <li>• GAP housing trust fund</li> <li>• Guide to using tax incentives (Mitchell-Hamline project)</li> </ul>
	<b>High hurdle:</b> <ul style="list-style-type: none"> <li>• 8-unit 25 year, muni-wide tax abatement</li> <li>• Change MOA charter to allow TIF</li> <li>• Lobby state for changes to AS 29.45.050(m) to make economic development property tax incentives more beneficial.</li> </ul>
AWWU	
	<b>Low hurdle:</b> Implement recommendations from the Our Downtown Utilities Subcommittee. <b>Medium/high hurdle:</b> Change tariff structure/procedure for new development.

## 7. Action Item Worksheet

Action	Who?	Timeframe	Cost
McKinley Alaska Growth Capital and the <u>New Market Tax Program (NMTC)</u>			
Mortgage Insurance for Rental and Cooperative Housing: HUD <u>SECTION 221(D)(4)</u>			
<u>Tax increment Financing (TIF)</u> : May Need Changes to MOA Charter			
<u>Public Private Partnerships (3Ps)</u>			
Land Assembly – Focusing the Effort – Pilot Projects			
Title 21 Changes			
Title 23 Changes			
State Land Exchanges			
<u>Federal Qualified Opportunity Zones (QOZ)</u>			
<u>HUD Section 108 Works in OZs</u>			
AIDEA Military Zone Designation			
ACDA Capital Bonding			
Realign MOA CIP Process			
Realign AWWU CIP Process & Pursue Tariff Changes			

