

See AR 2009-126(S)

Submitted by: ASSEMBLY MEMBER COFFEY
ASSEMBLY MEMBER SELKREGG
Prepared by: Finance Department
Reviewed by: Department of Law and
Assembly Counsel
For reading: May 12, 2009

**ANCHORAGE, ALASKA
AR NO. 2009-126**

**A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY CONDITIONALLY
GRANTING A TEN-YEAR REAL PROPERTY TAX EXEMPTION AND A FIVE-YEAR
TAX DEFERRAL CONSECUTIVE TO THE EXEMPTION FOR CERTAIN
DETERIORATED PROPERTY, SUBJECT TO STATED CONDITIONS AND
LIMITATIONS.**

WHEREAS, AS 29.45.050(o) and AMC 12.35.005 – 12.35.070 allow the Assembly to grant a tax exemption, a tax deferral, or both for specific properties situated within an area designated as deteriorated and areas adjacent to property designated as deteriorated; and

WHEREAS, in AO 2006-139(S) the Assembly designated a Deteriorated Area that includes the following described real property and certain other adjacent lots (the "Property"):

EAST ADDITION SUBDIVISION Block 37, Lots 1 of Acre Lot 2, 2 of Acre Lot 2, 3, 4 S16', 4 N2, 5, 6 S2 of Acre Lot 2, 7, 8, 9, 11, 12 N33', 12 S16', 13 of Acre Lot 2, 14 of Acre Lot 2, 15 of Acre Lot 2, 16 of Acre Lot 2, 17, 18 of Acre Lot 2, and 19 and Block 37B, Lots TR A, 2A, 3A, 4A, 5A, 6B, 9, 10, 11A, 13A, 13B, 15A, 15B, and 16; and

WHEREAS, AO 2006-139(S) ordains that the subject property may be considered an exemption from real property taxes for a period of time not to exceed ten years and deferral of property taxes for an additional period of no more than five years, subject to a resolution approved by the Assembly setting forth the specific terms and conditions of such exemption and deferral, and effective dates; and

WHEREAS, in AO 2006-139(S), the Assembly determined that new construction on the referenced adjacent properties would encourage, enhance, and accelerate improvement on the deteriorated properties by allowing consolidation of existing lots and construction of larger, more economically viable commercial structures in the area; and

WHEREAS, Marc Marlow applied for a 99% ten-year exemption followed by a five-year deferral from real property taxes for the Property described above (the "Downtown Renaissance" application); and

1 WHEREAS, the "Downtown Renaissance" application for tax exemption and
2 deferral proposes to foster redevelopment of the Property for mixed use by means of a
3 Planned Unit Development (PUD) or other appropriate land use technique, with
4 development to occur in phases, with the exemption and deferral to become effective as
5 to each phase on January 1 of the year after each phase is completed; and
6

7 WHEREAS, the "Downtown Renaissance" application, states that in order to
8 complete the proposed development, it may be necessary for the interests in the
9 property to be further assigned to a development entity that may or may not be owned
10 or controlled by Marc Marlow; and
11

12 WHEREAS, the Chief Fiscal Officer of the Municipality of Anchorage reviewed
13 the application and, after certain modifications to the original proposal were agreed to,
14 the Chief Fiscal Officer has verified its eligibility for the requested tax exemption and tax
15 deferral pursuant to AMC 12.35.010.C and recommends it for approval, and has so
16 advised the Acting Mayor and the Assembly; and
17

18 WHEREAS, the Acting Mayor accepted and concurred in the Chief Fiscal
19 Officer's recommendation, and on that basis, the "Downtown Renaissance" application
20 for tax exemption and deferral is hereby submitted to the Assembly for approval as
21 authorized in AO 2006-139(S); and
22

23 WHEREAS, the Assembly hereby finds the proposed tax exemption and tax
24 deferral are necessary under AMC 12.35.010.A.4. for the following specific reasons:
25

26 (1) No development would happen without the tax benefits: Without the
27 tax benefits, the proposal to develop the property is not sufficient to attract
28 private investment. Without the development, the full and true value of the
29 Property would probably remain static or perhaps decline for the foreseeable
30 future.
31

32 (2) Because the proposed project is not likely to go forward without the
33 requested tax exemption and deferral, the corresponding benefits from the
34 project, including the opportunity for increased economic activity in an otherwise
35 depressed section of Downtown, are also unlikely to occur without the incentives;
36 and
37

38 WHEREAS, the Assembly hereby finds that the proposed tax exemption and tax
39 deferral are necessary to promote or improve economic development of the
40 municipality, as required by AMC 12.35.010.A.4.d, for the following specific reasons:
41

42 (1) This project is consistent with the Anchorage Downtown
43 Comprehensive Plan, adopted in December 2007, which provides a framework to
44 guide Downtown development to realize the Plan's vision of a "vital, dynamic
45 urban city center".
46

47 (2) The project will promote and improve economic development of the
48 municipality by serving as a catalyst for other development and as a key location

1 in Downtown to implement the goals and strategies of the Anchorage Downtown
2 Comprehensive Plan.

3
4 (3) Project emphasis is directed at meeting the need for more downtown
5 housing, jump-starting development, and creating linkages: The project supports
6 the goal of increased downtown housing by adding 340 housing units which, in
7 turn, will support local retail and increase the sense of community in Downtown.

8
9 (4) The project is well positioned to jump-start development and create
10 linkages based on its proximity to the McKinley Building, which is identified in the
11 Anchorage Downtown Comprehensive Plan as a primary opportunity site. The
12 proximity of this development will serve as a catalyst for further development in
13 surrounding areas by creating a critical mass of residential and commercial
14 activity in a key location with linkages to the rest of Downtown.

15
16 (5) The project incorporates the development of product types that the
17 Anchorage Downtown Comprehensive Plan recommends as supporting future
18 revitalization of the area designated as "East Avenues District": Mixed use
19 development with mid-to-high density residential, office and commercial
20 development; and

21
22 WHEREAS, the Assembly hereby finds that the proposed tax exemption and tax
23 deferral will provide "measurable public benefits commensurate with the level of
24 incentive granted," as required by AMC 12.35.010.A.5, for the following specific
25 reasons:

26
27 (1) The proposal is designed to avoid shifting taxes to any other taxpayer.
28 Under the proposal, the owners of the Property will pay property taxes based on
29 the full and true value of the Property, like all taxpayers, until the proposed
30 development is completed. Thereafter, during the exemption period, the
31 Property will be taxed at its 2009 assessed value, plus 1% compounded each
32 year from 2009. Assuming the Property would not have appreciated in value
33 during that period unless it were developed, this means the Municipality will
34 receive as much tax as it would have if no exemption had been granted and no
35 development had occurred, or perhaps slightly more taxes. The only property tax
36 that is foregone during the ten-year exemption period is the approximate
37 incremental property tax caused by the development.

38
39 (2) During the five-year deferral period, the property taxes charged for
40 immediate collection will be based on the Property's 2009 assessed value, plus
41 1% compounded each year from 2009. Assuming the value of the Property would
42 not have appreciated in value during that period unless it were developed, this
43 means during the deferral period, the Municipality will receive as much tax as it
44 would have received if no deferral had been granted and no development had
45 occurred, or perhaps slightly more taxes. The only property tax that is deferred
46 during the five-year deferral period is the approximate incremental property tax
47 caused by the development.
48

1 (3) If the Property were to be developed based on the current proposal,
2 its value for tax purposes would be higher than it would otherwise be, and,
3 starting with the first year during which property taxes would be fully payable (i.e.,
4 2025 or later) this increase in value would result in payment of more property
5 taxes than would otherwise be received in that year and in ensuing years, absent
6 development.

7
8 (4) In attempting to quantify the economic effect of the proposed tax
9 exemption and tax deferral, the Assembly assumes that the entire amount of the
10 deferred taxes will be paid by the Property owner in full upon the sale of the
11 property or if the property is refinanced during the deferral period.

12
13 (5) Based on the projection of the valuation of the Property in the years
14 following the expiration of the tax exemption and tax deferral, assuming that
15 applicable mill rates do not change, the Property will begin contributing
16 approximately \$300,000 per year in property taxes in 2025 or later. Therefore,
17 the effect of developing the Property would be to increase the amount of property
18 taxes it would generate by approximately \$250,000 in the first year following
19 expiration of the exemption and deferral periods (i.e., 2025 or later) and the same
20 or greater amounts in later years.

21
22 (6) This demonstrates that the Municipality would receive "measurable
23 public benefits" in the form of tax revenues commensurate with the level of
24 incentive granted, as required by law.

25
26 (7) In addition to this "measurable" benefit, the Assembly anticipates that
27 the granting of the requested tax exemption and tax deferral will also yield other
28 economic benefits that are not directly measurable, in the form of a general
29 favorable influence on fair market value of other properties in the vicinity of the
30 Property, which would in turn increase the property tax contributions of those
31 other properties, and might generate jobs that would otherwise not exist.

32
33 NOW, THEREFORE, the Anchorage Assembly resolves:

34
35 **Section 1.** Each of the 37 tax parcels comprising the Property (identified on
36 Exhibit A attached to this Resolution by property description, tax identification number
37 and 2009 assessed value) shall be exempt from taxation for a period of ten years with
38 respect to that portion of its assessed value that exceeds its 2009 assessed value, plus
39 1% compounded each year from 2009; and upon the expiration of the ten-year partial
40 exemption each parcel shall be subject to a five-year deferral of that same portion of the
41 tax otherwise payable. The exemptions and deferrals granted by this Resolution are
42 subject to the following terms and conditions:

43
44 a. The parcel, or a larger unit of a phased development of which the parcel is a
45 part, must be developed in compliance with the project description contained in the
46 Application, which project description is attached to this Resolution as Exhibit B.

47

1 b. If the identity of a tax parcel changes as a result of a replat (such as by the
2 merger of several contiguous parcels into a newly-identified single parcel), all rights of
3 exemption and deferral and any associated responsibilities or contingent liabilities
4 associated with that parcel will transfer by operation of law to the newly-identified tax
5 parcel.
6

7 c. The exemption period for each tax parcel will begin on January 1 of the year
8 following the issuance of a conditional certificate of occupancy, but no later than ten
9 years after the effective date of this Resolution. If a conditional certificate of occupancy
10 is not issued for a tax parcel within ten years after the effective date of this Resolution,
11 all rights of exemption and deferral with respect to that tax parcel expire.
12

13 d. If the Property is developed in phases (i.e., sequentially), the exemption
14 period for each phase will begin when the development of that phase is substantially
15 completed. All property included in a specific phase of development, whether
16 constituting one or more separate parcels or constituting a single unit of a larger parcel,
17 shall be treated as a single unit for purposes of determining the availability and timing of
18 the exemption and deferral.
19

20 e. No exemption or deferral will be available for any parcel or any unit of a
21 phased development unless development of at least one parcel or at least one unit
22 commences within thirty-six (36) months after the effective date of this Resolution. In
23 addition, at the end of the eighty-fourth (84th) month after the effective date of this
24 Resolution, any parcel or unit of a phased development with respect to which
25 development has not yet commenced will cease to be eligible for a tax exemption or
26 deferral under this Resolution. For the purpose of meeting this requirement,
27 "commencement of development" means the filing of an application for a building
28 permit.
29

30 f. For each year during which an exemption or deferral of tax is in effect, the
31 Assessor shall establish the parcel's full and true value according to normal procedure
32 and shall compute the total tax that would, in the absence of the exemption or deferral,
33 be assessed and levied based on that value and applicable mill rates. During the
34 exemption period, the tax due and payable will be the amount determined by applying
35 each year's applicable mill rates to the 2009 assessed value, plus 1% compounded
36 each year from 2009. In the tax deferral period, the difference between this tax, due
37 and payable for each parcel, and the Assessor's computation of the total tax that would
38 have been assessed and levied according to normal procedure shall be recorded as the
39 deferred tax. The deferred tax shall be a lien on the parcel and shall become due as
40 stated in subparagraph (g) below.
41

42 g. In the event of a refinancing of any debt secured by the Property or a transfer
43 of title to the property pursuant to a sale, exchange, gift or other transaction, at any time
44 during the tax deferral period or after expiration of the deferral period, all deferred taxes
45 will become due and payable. In addition, if the transaction is a transfer of title, any
46 deferral then in effect will terminate.
47

1 h. The policy decision to grant exemptions and deferrals pursuant to this
 2 Resolution is based on an evaluation of data concerning the economics of the proposed
 3 project as presented in the application submitted to the Chief Fiscal Officer and the
 4 determination, based on that data, that the exemptions and deferrals are necessary to
 5 induce development of the Property. Therefore, the exemptions and deferral are
 6 expressly conditioned upon the requirement that the owner(s) or developer(s) shall
 7 provide for review by the Chief Fiscal Officer copies of all loan applications or
 8 investment proposals, together with supporting financial data including *pro formas*,
 9 submitted to any prospective lender or investor, so that the Chief Fiscal Officer can
 10 confirm that the data and analysis presented therein is consistent with the data
 11 presented in the application. This material must be provided to the Chief Fiscal Officer
 12 no later than thirty (30) days after its submission to the prospective lender or investor. If
 13 the material is not provided, or if the material provided is inconsistent with what was
 14 presented in the application for exemptions and deferrals and demonstrates that the
 15 exemptions and/or deferrals are not necessary to induce development of the Property,
 16 the Chief Fiscal Officer shall give notice to the owner(s) of record and to the Assembly
 17 that the exemptions and deferrals are revoked.

18
 19 **Section 2.** This Resolution is effective upon the date of its adoption by the
 20 Assembly. The exemptions and deferrals it authorizes become effective, if at all, upon
 21 the terms and conditions stated herein.

22
 23 PASSED AND APPROVED by the Anchorage Assembly this _____ day of
 24 _____, 2009.

25
 26
 27 _____
 28 Chair

29 ATTEST:

30
 31 _____
 32 Municipal Clerk

33
 34
 35
 36
 37
 38
 39

ANCHORAGE, ALASKA
AO NO. 2006-139(S)

1 AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY DESIGNATING
2 CERTAIN REAL PROPERTY UNDER CHAPTER 12.35 AND AS 29.45.050 AS A
3 DETERIORATED AREA LOCATED IN EAST ADDITION SUBDIVISION BLOCK 37, LOTS 1
4 OF ACRE LT 2, 2 OF ACRE LT 2, 3, 4 S16', 4 N2, 5, 6 S2 OF ACRE LT 2, 7, 8, 9, 11, 12
5 N33', 12 S16', 13 OF ACRE LT 2, 14 OF ACRE LT 2, 15 OF ACRE LT 2, 16 OF ACRE LT 2,
6 17, 18 OF ACRE LT 2 AND 19 AND BLOCK 37B, LOTS TR A, 2A, 3A, 4A, 5A, 6B, 9, 10,
7 11A, 13A, 13B, 15A, 15B AND 16.

8
9
10 WHEREAS, AMC 12.35.010 and AS 29.45.050(o) provide for an exemption from and
11 deferral of property taxes for real property located in a deteriorated area whose boundaries
12 shall be determined by the municipality; and

13
14 WHEREAS, the deteriorated and unsightly properties and the surrounding area are
15 overgrown and dilapidated, are not being used in an economically and socially desirable
16 manner, and constitute a blight on the east side of the downtown area; and

17
18 WHEREAS, a detailed proposal to replat the area for housing and mixed use in order to
19 renovate the area for residential condominiums and appropriate office space will be presented
20 to the assembly; and

21
22 WHEREAS, redevelopment of the property, particularly for higher density residential
23 and mixed commercial uses, fulfills goals of the 2020 ANCHORAGE BOWL COMPREHENSIVE PLAN
24 and the proposed DOWNTOWN COMPREHENSIVE PLAN; and

25
26 WHEREAS, abating and deferring taxes in the area appears to have the greatest
27 chance of renewing the area at the least cost to municipal taxpayers; and

28
29 WHEREAS, by designating the area as a deteriorated area, the Assembly will facilitate
30 an application to the Chief Fiscal Officer for tax abatement and deferral;

31
32 **WHEREAS, unsafe, unsanitary, and overcrowded buildings are located on Parcels**
33 **3, 4, 5, 6, 14, and 15. For example, Parcel 3 contains an unoccupied six-plex that is**
34 **under municipal orders to remain vacant until certain life-safety improvements are**
35 **made. Vacant homes on Parcels 4, 5, and 6 are uninhabitable and should be**
36 **demolished. The house on Parcel 14 is vacant and habitable only with necessary**
37 **upgrades. The building on Parcel 8 was torched, and that Parcel is now vacant,**
38 **overgrown with weeds and is unsightly. Occupied structures in the area, including**
39 **those on Parcels 1, 4, 7, 10, and 16 result in excessive land coverage and economically**
40 **undesirable uses because existing structures preclude consolidation of lots and**
41 **construction of larger, more economically viable commercial structures; and**

WHEREAS, the Assembly also determines that adjacent properties, including Parcels 1, 2, 7, 9, 10, 11, 12, 13, 15, 17, 18, and 19 may be included within the deteriorated area because new construction on these properties would encourage, enhance, and accelerate improvement on the deteriorated properties by allowing consolidation of existing lots and construction of larger, more economically viable commercial structures in the area;

NOW, THEREFORE, THE ANCHORAGE ASSEMBLY ORDAINS:

Section 1. The area legally described below, as shown on the map attached to the Assembly Memorandum, is hereby designated as a deteriorated area.

EAST ADDITION SUBDIVISION BLOCK 37, LOTS 1 OF ACRE LT 2, 2 OF ACRE LT 2, 3, 4 S16', 4 N2, 5, 6 S2 OF ACRE LT 2, 7, 8, 9, 11, 12 N33', 12 S16', 13 OF ACRE LT 2, 14 OF ACRE LT 2, 15 OF ACRE LT 2, 16 OF ACRE LT 2, 17, 18 OF ACRE LT 2 AND 19 AND BLOCK 37B, LOTS TR A, 2A, 3A, 4A, 5A, 6B, 9, 10, 11A, 13A, 13B, 15A, 15B AND 16.

Section 2. Provided that they are otherwise eligible under applicable law, properties within the areas described in Section 1 may be considered ~~The property described in Section 1 is eligible for an exemption from real property taxes levied by the Municipality of Anchorage under AMC 12.15 for a period of time not to exceed ten years, and payment of real property taxes may be deferred for an additional period of not to exceed five years, subject to a resolution approved by the Assembly setting forth the specific terms and conditions of such exemption and deferral, together with the effective dates thereof.~~

Section 3. This ordinance shall become effective immediately upon passage and approval by the Assembly.

PASSED AND APPROVED by the Anchorage Assembly this 31st day of October, 2006.


Chair

ATTEST:


Municipal Clerk



MUNICIPALITY OF ANCHORAGE
ASSEMBLY MEMORANDUM
NO. AM 793-2006

Meeting Date: October 31, 2006

1 **From:** Assemblymember Tesche
2 **Subject:** **AO 2006-139(S) – An Ordinance Designating Certain Real Property**
3 **Under Chapter 12.35 and AS 29.45.050 as a Deteriorated Area**
4 **Located In East Addition Subdivision, and Providing That Such**
5 **Property Shall Be Partially Exempt From Real Property Taxes and**
6 **Qualifies For Deferral Of Municipal Property Taxes.**
7

8 For introduction is AO 2006-139(S), designating certain real property as a “deteriorated
9 area” under Anchorage Municipal Code Chapter 12.35 and state law under
10 AS 29.45.050. The property is in East Addition Subdivision Block 37 and consists of
11 approximately 170,000 square feet. The property is shown on a map attached and is
12 located on Third Avenue between Cordova Street and the Pioneer School House.
13

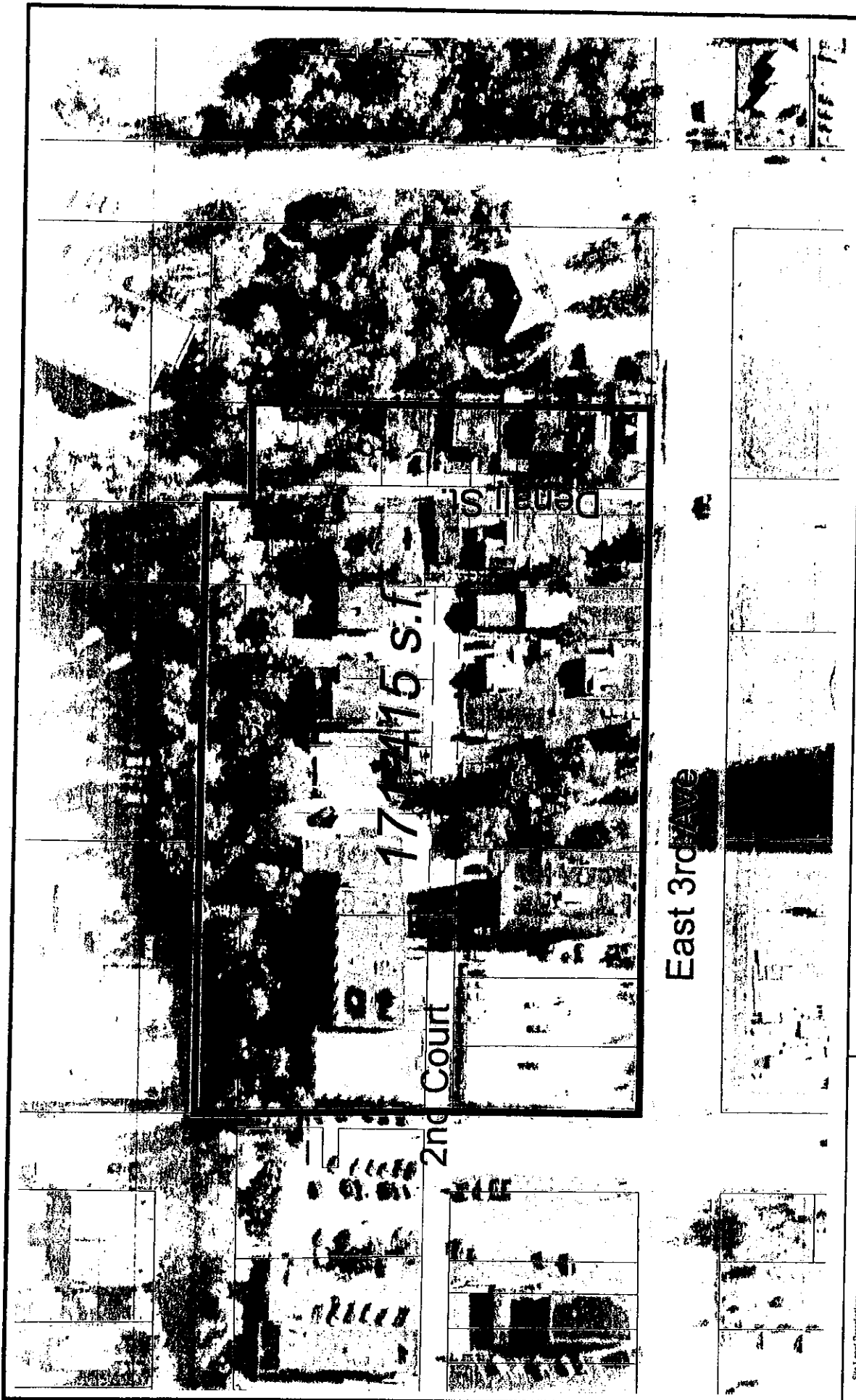
14 This ordinance will facilitate the redevelopment of a deteriorated area in the northeast
15 area of downtown Anchorage by providing owners the opportunity to apply for property
16 tax incentives that will help overcome the high cost of construction and redevelopment.
17 Passage of the ordinance does not, however, create any immediate tax relief; it only
18 enables owners to submit a detailed financial proposal for tax exemptions and deferrals
19 to the Municipality’s Chief Fiscal Officer. The specific terms and conditions of any tax
20 deferral or exemption granted to the subject property must be approved by subsequent
21 resolution of the Assembly.
22

23 Redevelopment of the property through utilization of existing real property tax incentives
24 is consistent with the May 2006 DRAFT ANCHORAGE DOWNTOWN COMPREHENSIVE PLAN.
25 The DRAFT PLAN recommends this type of incentive to create housing through
26 redevelopment of deteriorated areas in older neighborhoods. Redevelopment of Block
27 37 will include three towers of 10 to 15 stories each, some 450 market-rate, affordable
28 rental units, street-level retail space, and dining and entertainment venues.
29
30

31 Enactment of AO 2006-139(S) is recommended.
32

33 Respectfully submitted,
34

35 Allan Tesche
36 Assemblymember, Section 1
37



Site Legal Description:

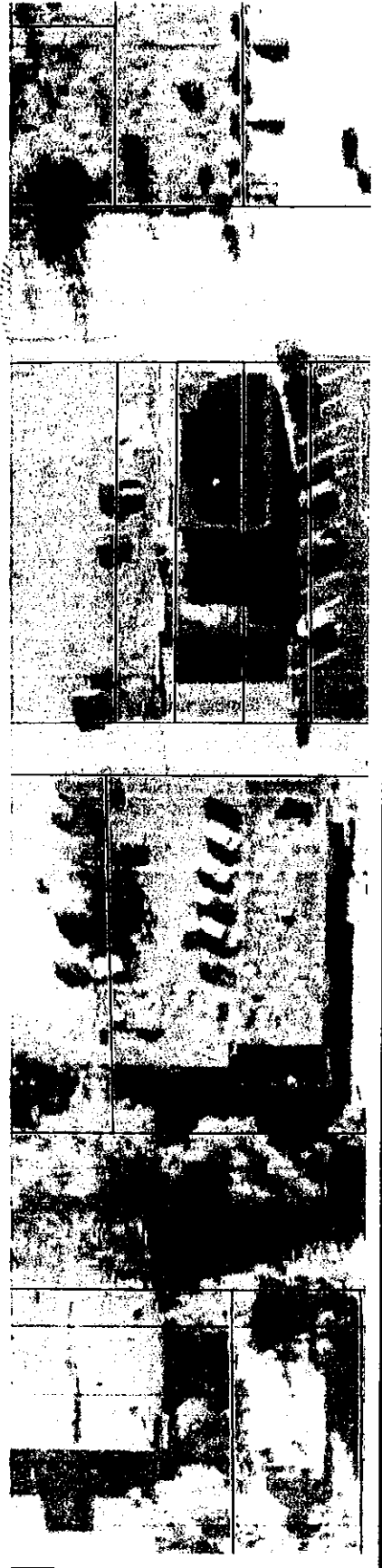
Hamilton Property

Date: 10/17/2006

SCALE: NTS

Page 1 of 2

Site Legal Description:





MUNICIPALITY OF ANCHORAGE

ASSEMBLY INFORMATION MEMORANDUM

AIM No. 50-2009

Meeting Date: May 12, 2009

1 **From:** Acting Mayor

2
3 **Subject:** Recommendation – Marlow Application for Deteriorated Property Tax Exemption
4 and Deferral

5
6 A deteriorated property tax exemption and deferral application was received from Marc Marlow
7 for properties located primarily in or near East Addition Block 37 and 37B (herein referred to as
8 Downtown Renaissance). Attached is my recommendation.

9
10 Prepared by: Sharon Weddleton, CFO

11 Concur: Michael K. Abbott, Municipal Manager

12 Respectfully submitted: Matt Claman, Acting Mayor



Municipality of Anchorage

MEMORANDUM

DATE: May 8, 2009

TO: Acting Mayor Matt Claman

FROM: Sharon Weddleton, CFO

SUBJECT: Recommendation – Marlow Application for Deteriorated Property Tax Exemption and Deferral

Legal Framework

Alaska Statute 29.45.050 and Anchorage Municipal Code Chapter 12.35 provide that real property determined to be deteriorated may be eligible to receive a partial or total property tax exemption for up to 10 years and a tax deferral for up to five years. The ability to grant special tax treatment represents a tool that local governments may use under certain circumstances to encourage development or redevelopment projects considered beneficial to the community in locations where tax incentives are necessary to ensure project viability or long term economic feasibility. The power to grant deteriorated property tax exemptions and deferrals rests solely with the Municipal Assembly. In order to be considered for this special tax treatment, property owners and/or developers of eligible property must first submit an application to the Municipality's Chief Fiscal Officer (CFO). The CFO then reviews the application, determines eligibility for the exemption, and makes a recommendation to the Mayor. The Mayor may then choose to submit a resolution granting an exemption or deferral to the Assembly. It is then up to the Assembly to act on the resolution. If the CFO recommends against approval and/or the Mayor chooses not to submit a resolution and recommendation to the Assembly, the applicant may appeal directly to the Assembly. The granting of a deteriorated property exemption and/or deferral is a discretionary act of the Assembly.

Application

I received a deteriorated property tax exemption and deferral application from Marc Marlow. The application was submitted on behalf of certain properties located primarily in or near East Addition Block 37 and 37B (herein referred to as Downtown Renaissance). The Downtown Renaissance proposes development consisting of housing for sale and for rent in three to 11 story formats, combined with street level mixed use commercial, retail, office space and parking. The stated goal is to create a neighborhood consistent with the goals and strategies outlined in the Anchorage Downtown Comprehensive Plan adopted December 11, 2007 (AO 2007-113). The project will be located within an area previously designated by the Assembly as deteriorated (AO 2006 139 (S)).

Discussion

I worked with the applicant and with other municipal officials, particularly the Municipal Attorney, over a period of several months to better understand the proposals, complete my review, and format a recommendation. After review of supplemental information from Mr. Marlow, I concluded that the application contained the basic elements required by Municipal Code.

Mr. Marlow and I next evaluated whether amendments to the proposed tax exemption and deferral would enable the proposal to "... provide measurable public benefits commensurate with the level of incentive granted". As a result of these discussions, the following amendments were agreed upon:

- Though Municipal Code allows a 99% tax exemption/deferral, Mr. Marlow agreed that the Downtown Renaissance project would pay a higher level of taxation during the tax exemption/deferral period. More specifically, the project will pay property taxes based upon the existing properties' 2009 assessed value, adjusted upward by 1% per year compounded annually, through the exemption deferral period. The purpose of this concession was to avoid shifting substantial tax burden to other property taxpayers within the Municipality, and thereby greatly reduce "the level of incentive granted" by having the area continue to pay approximately the same property taxes that it currently pays during the exemption and deferral period.
- Municipal Code requires, among other things, that the project demonstrate "evidence that an exemption, deferral or renewal is necessary to: a. The long-term viability of the business operation after expiration of the tax incentive(s); or b. The economic feasibility of initiating an operation, program or project with a reasonable likelihood of long-term economic viability..." As a result of this requirement, it is imperative that the project's cash flow projections provided for the CFO's evaluation be accurate and complete. Thus, Mr. Marlow agreed that copies of all loan applications or investment proposals be provided to the CFO in order for the CFO to confirm that the data and analysis presented therein is consistent with the data presented in the application. If the material is not provided, is inconsistent with the original application, and/or demonstrates that the exemptions and/or deferrals are not necessary to induce the Property's development, the resolution states that "the Chief Fiscal Officer shall give notice to the owner(s) of record and to the Assembly that the exemptions and deferrals are revoked."

These amendments to the original application were significant, and have allowed me to recommend approval of the application for exemption and deferral. This recommendation is based upon the economic value (higher property tax revenues) that the Municipality will receive if the Downtown Renaissance project is completed, when

compared to the minor economic costs as amended of approving the exemption and deferral.

In addition to the economic benefits that approval of the application can provide, the Downtown Renaissance project also offers non-economic benefits to the community:

- The project is consistent with the Anchorage Downtown Comprehensive Plan which provides a framework to guide Downtown development to realize the Plan's vision of a "vital, dynamic urban city center".
- The project may become a catalyst for other development.
- The project adds 340 housing units that, in turn, will support local retail and increase the sense of community in Downtown.
- The project calls for mixed use development with mid-to-high density residential, office and commercial development, in accordance with the Anchorage Downtown Comprehensive Plan.

As a result of the economic and non-economic benefits that the Downtown Renaissance Project will provide, I recommend approval. As stated before, if the Assembly concludes that this exemption and deferral are in the best interests of the City, the Assembly has the power to approve the Resolution.

Recommended for Approval:


Sharon Weddleton, CFO

Approved:

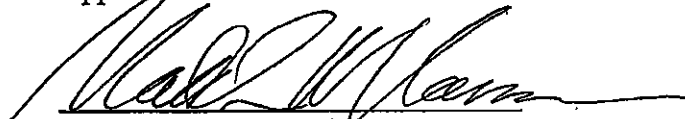

Acting Mayor Matt Claman

Exhibit "A" Property Descriptions

Property Tax No.	Site Street Address	Legal Description	SF	2009 Assessed Value
00208337	327 E 2nd Court	East Addition Block 37B Lot 5A	10,500	645,700.
00208338	335 E 2nd Court	East Addition Block 37B Lot 4A	7,000	119,700.
00208339	341 E 2nd Court	East Addition Block 37B Lot 3A	7,140	432,100.
00208340	359 E 2nd Court	East Addition Block 37B Lot 2A	9,800	210,600.
00208325	407 E 3rd Avenue	East Addition Block 37B Lot 16	6,440	216,200.
00208328	336 E 2nd Court	East Addition Block 37B Lot 13B	5,250	94,800.
00208329	337 E 3rd Avenue	East Addition Block 37B Lot 13A	5,250	99,800.
00208326	350 E 2nd Court	East Addition Block 37B Lot 15B	5,250	94,800.
00208327	351 E 3rd Avenue	East Addition Block 37B Lot 15A	5,250	94,800.
00208324	Vacant Land	East Addition Block 37 Lot 19	1,848	0.
00208323	Vacant Land	East Addition Block 37 Lot 18 of Acre Lot 2	1,848	0.
00208322	Vacant Land	East Addition Block 37 Lot 17	1,848	0.
00208321	234 Denali Street	East Addition Block 37 lot 16 of Acre Lot 2	1,848	141,600.
00208320	Other Building	East Addition Block 37 Lot 15 of Acre Lot 2	1,848	37,000.
00208373	215 Denali Street	East Addition Block 37 Lot 7	1848	35,100.
00208372	215 Denali Street	East Addition Block 37 Lot 8	1848	35,100.
00208371	213 Denali Street	East Addition Block 37 Lot 9	1848	158,000.
00208319	Vacant Land	East Addition Block 37 Lot 14 of Acre Lot 2	1,848	35,100.
00208318	Vacant Land	East Addition Block 37 Lot 13 of Acre Lot 2	1,848	35,100.
00208317	Vacant Land	East Addition Block 37 Lot 12 S16'	896	17,000.
00208316	200 Denali Street	East Addition Block 37Lot 12 N33'	1,848	35,100.
00208315	None	East Addition Block 37 Lot 11	2,900	134,900.
00208304	435 E 3rd Avenue	East Addition Block 37 Lot 1 of Acre Lot 2	1,848	117,100.
00208305	243 Denali Street	East Addition Block 37 Lot 2 of Acre Lot 2	1,848	104,300.
00208377	237 Denali Street	East Addition Block 37 Lot 3	1,848	139,500.
00208376	None	East Addition Block 37 Lot 4 S16'	896	17,000.
00208375	None	East Addition Block 37 Lot 4 N2	952	18,100.
00208374	229 Denali Street	East Addition Block 37 Lot 5	1,848	142,500.
00208310	221 Denali Street	East Addition Block 37 Lot 6 S2 of Acre Lot 2	1,848	176,200.
00208366	225 Cordova Street	East Addition Block 37B Lot 6B	21,004	0.
00208462	244 E 2nd Avenue	Original Block 119 Lt1A	13,689	0.
00208444	243 E 2nd Avenue	Original Block 119 Lot 12	7,000	133,000.
00208445	None	Original Block 119 Lot 11 E 25'	3,500	66,500.
00208333	225 Cordova Street	East Addition Block 37B Lot 9	7,000	0.
00208332	None	East Addition Block 37B Lot 10	7,000	0.
00208330	325 E 3rd Avenue	East Addition Block 37B Lot 11A	14,000	0.
00208370	None	East Addition Block 37B Tract A	11,878	0.

Totals: 182,163 3,586,700.

Exhibit B - Project Description & Site Plan

Construct housing for sale and for rent in 3 to 11 story formats, combined with street level mixed use commercial, retail, and office space as well as parking.

- To include amenities that will facilitate living, working and shopping, all within walking distance; and
- To create within this development zone, a neighborhood consistent with the goals and strategies outlined in the Anchorage Downtown Comprehensive Plan adopted December 11, 2007 (AO 2007-113).

Building Phase 1 (P1)

P1 is located on 3rd Avenue. P1 is six stories with approximately 15,000/SF of commercial space on the floors one and two. Eighty-four studio apartments on floors three four and five, and 15,000/SF of office space on the sixth (top) floor. (Architect's Rendering for Phase 1 is attached as T2.1; A2.1–A2.5; A2.6A)

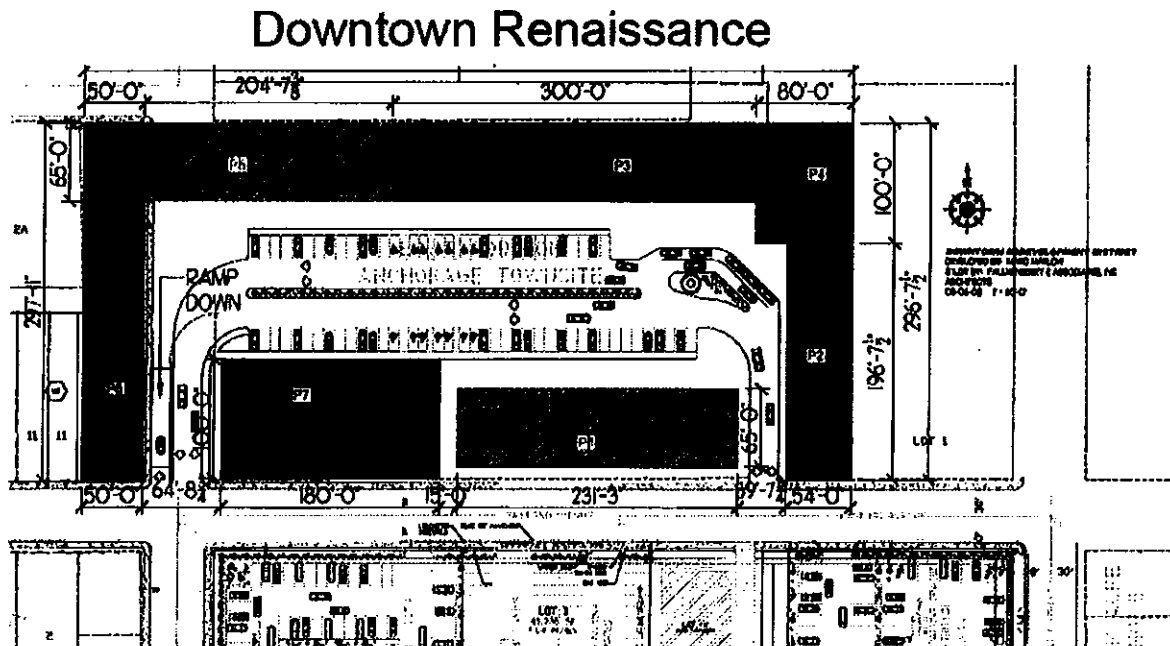
Building Phase 2 (P2)

P2 is located on 3rd Avenue just east of P1. P2 is three stories with about 8,500/SF of retail space on the ground floor and 16 apartments on floors two and three.

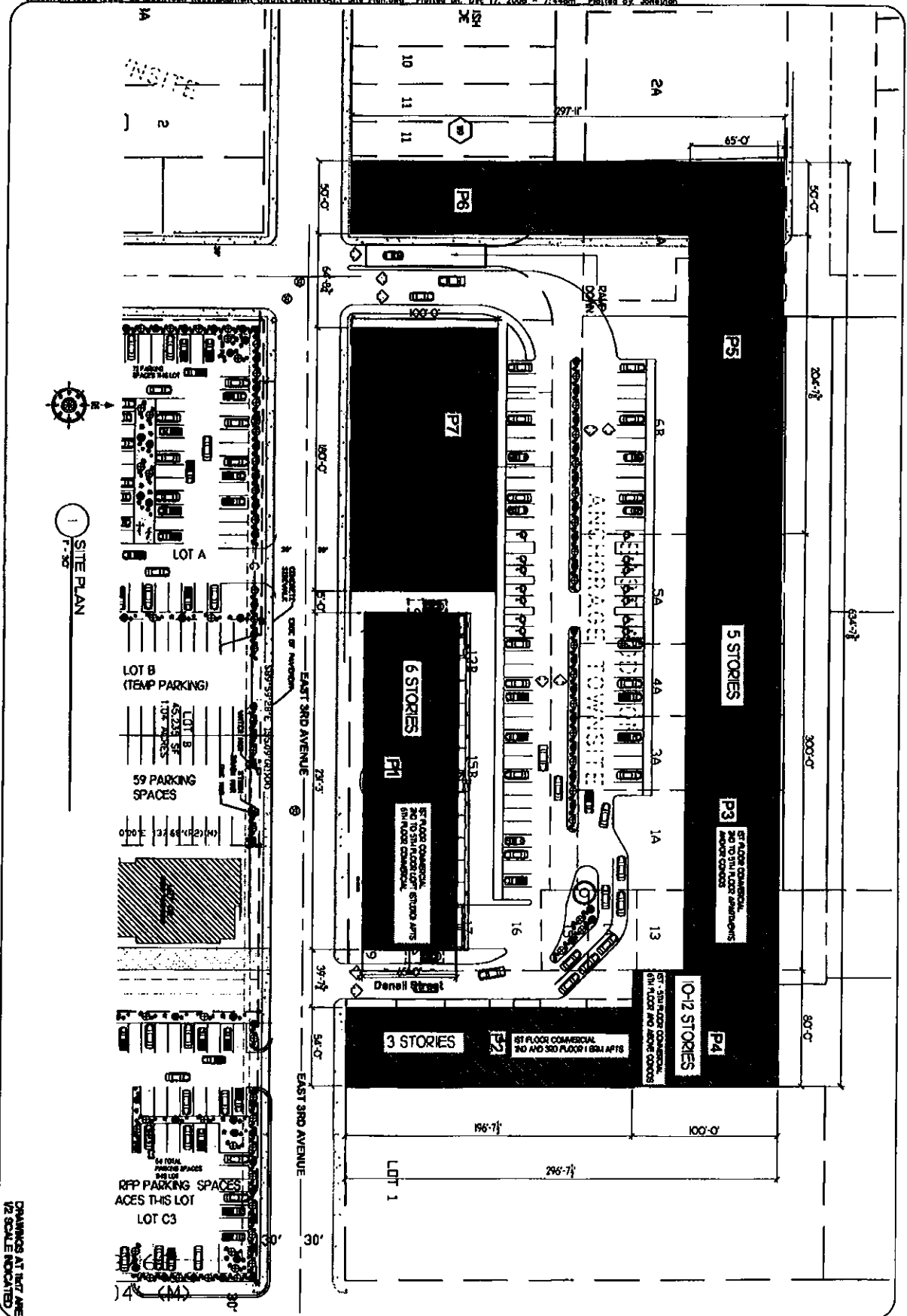
Building Phase 3 (P3)

P3 is located on the north east side of the site. P3 will be seven stories with 25,000/SF of private educational facility space on the ground floor and twenty senior housing apartments on floors two and three.

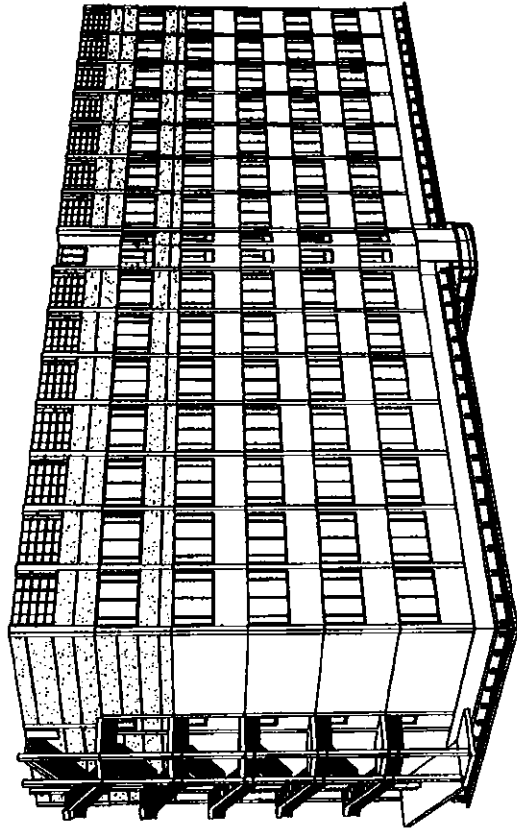
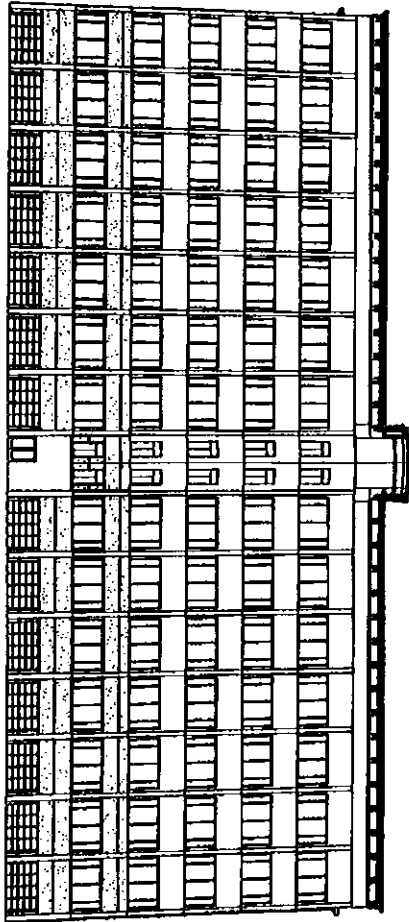
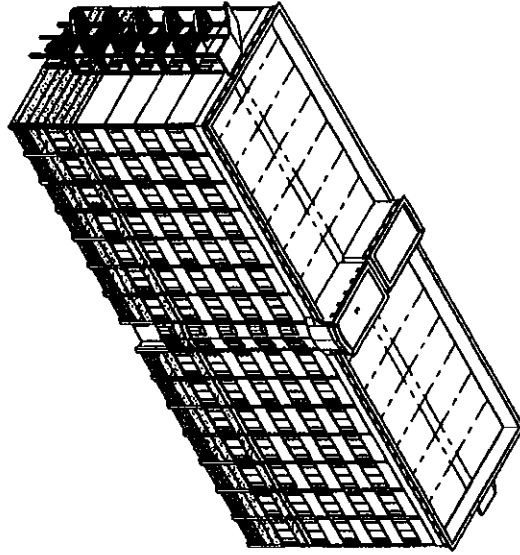
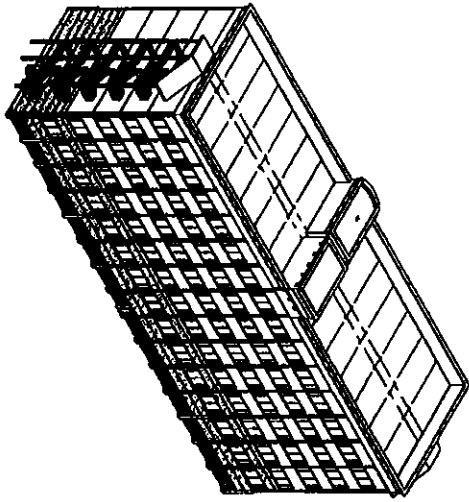
The subsequent Phases 4, 5, 6 & 7 will also be a variety of commercial, office, retail, for sale condominiums, and for rent apartments in three to eleven story formats with parking amenities.



Enlargement of Site Plan is included as Architect's Rendering A1.1



<p>Drawings at 1/2" = 1' AS SHOWN 1/2" SCALE INDICATED</p>	<p>DownTown Redevelopment District Sheet A1.1</p>	<p>fa PAULKENBERRY & ASSOCIATES, INC ARCHITECTS</p> <p>157796</p>	<p>Job Number: 157796 Drawn by: JCH Checked by: JCH Date: 12/17/08 Revisions:</p>
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DRAWINGS AT THIS AREA
1/2 SCALE INDICATED

DownTown Redevelopment District

PHASE 1

Anchorage, Alaska



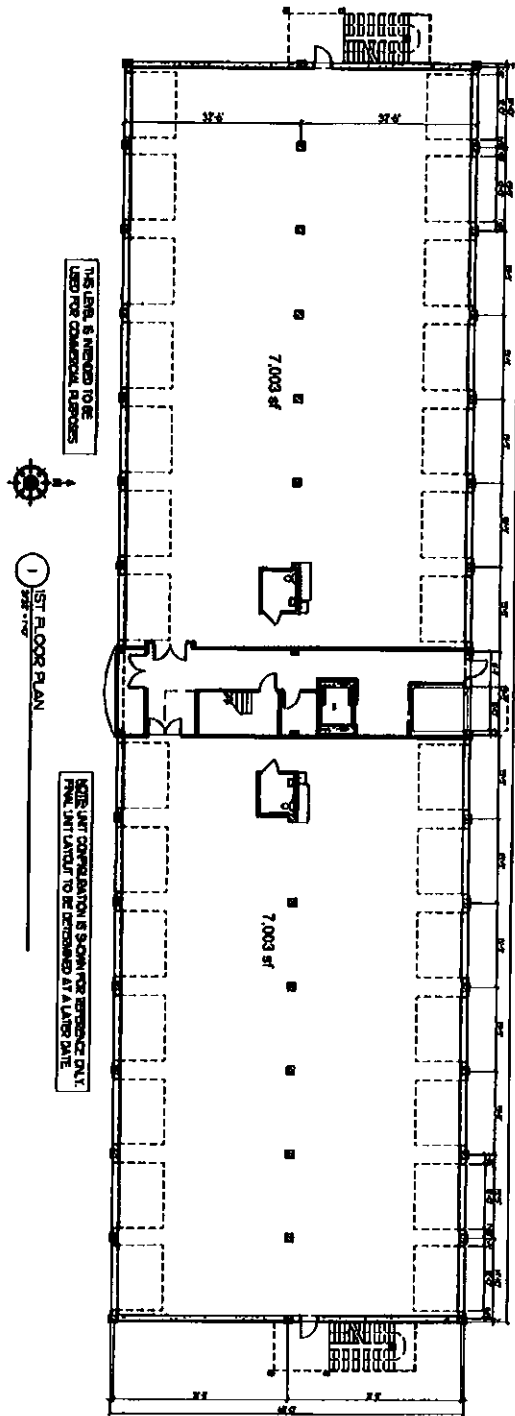
FAULKENBERRY
& ASSOCIATES, INC
ARCHITECTS

PR. Box 12283 - Anchorage, Alaska 99511-0283 - (907) 521-8113

12/16/08

Sheet
T2.1

Job Number: 2008_05
Drawn by: JACOBHAN
Checked by: JACOBHAN
Date: 12/17/08
Revisors:



DRAWING AT 1/8" = 1'-0"
1/2" SCALE INDICATED

DownTown Redevelopment District

Sheet: **A2.1**

Anchorage, Alaska

fa FAULKENBERRY & ASSOCIATES, INC. ARCHITECTS

720 8th Street Anchorage, Alaska 99513-0001 (907) 567-8141

DATE: 03/10/08

REVISIONS:

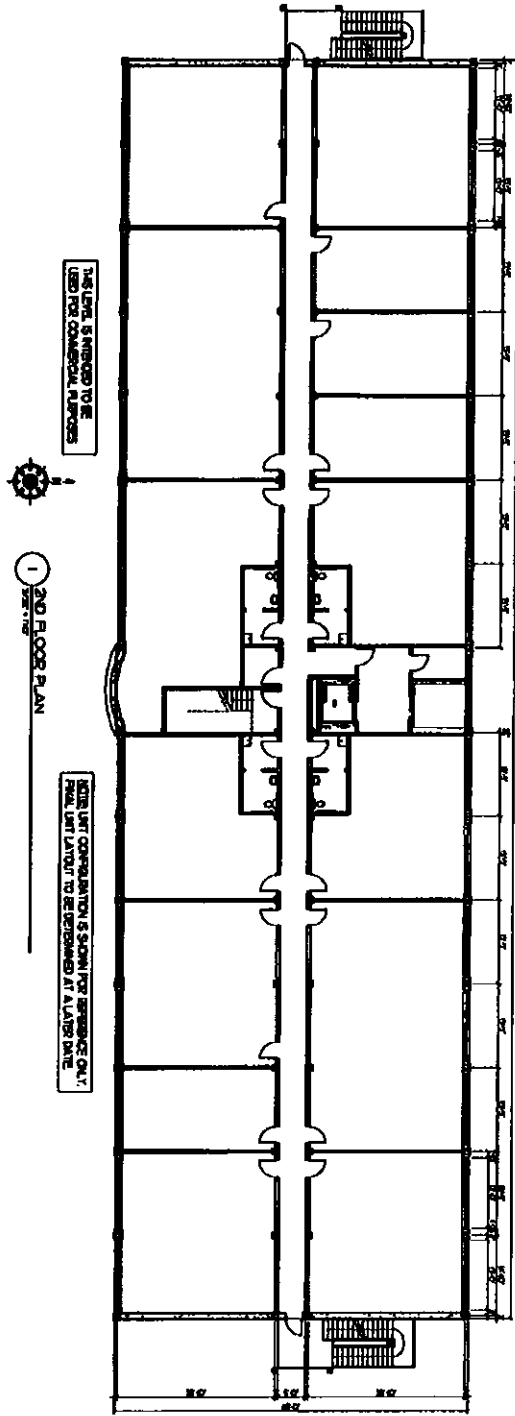
Job Number: 08-001

Drawn By: JDM

Checked By: TDM

Date: 03/10/08

Revisions:



1/2" SCALE INDICATED

DownTown Redevelopment District

Sheet

A2.2

Anchorage, Alaska

fa FAULKENBERRY & ASSOCIATES, INC. ARCHITECTS

7A, Box 210001 • Anchorage, Alaska 99502-0001 (907) 557-9111

04/10/09

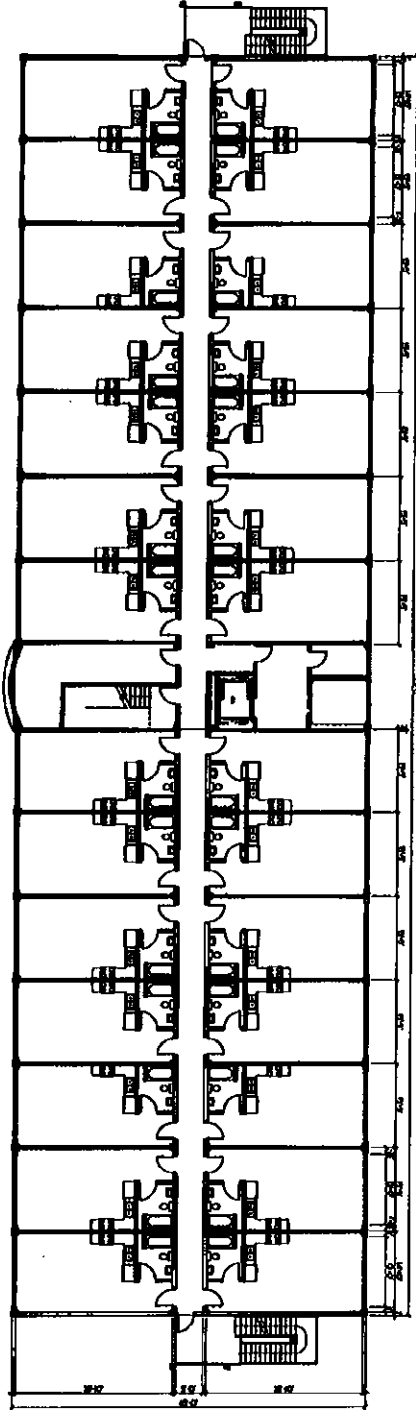
Job Number: 05000005

Drawn by: JCH/MS

Checked by: TDF

Date: 10/1/09

Revisions:



THIS FLOOR IS INTENDED TO BE LIFTED FOR REVISIONS OR CHANGES.

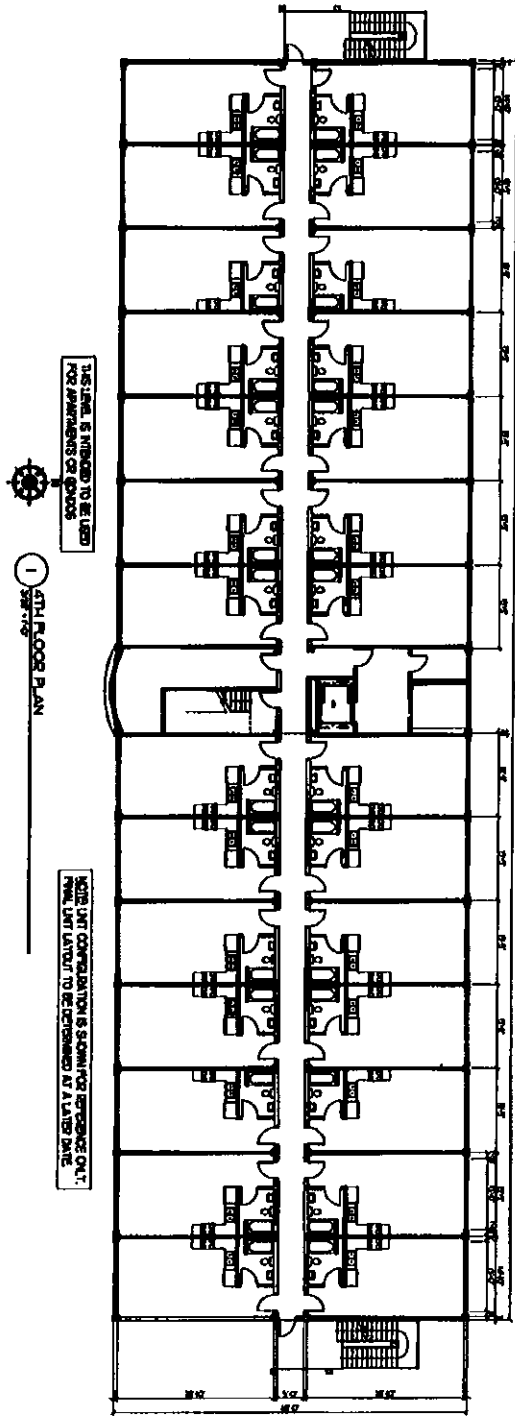


1 3RD FLOOR PLAN

ROOM LIFT CAPACITY IS SHOWN IN THE REFERENCE ONLY. ROOM LIFT CAPACITY TO BE DETERMINED AT A LATER DATE.

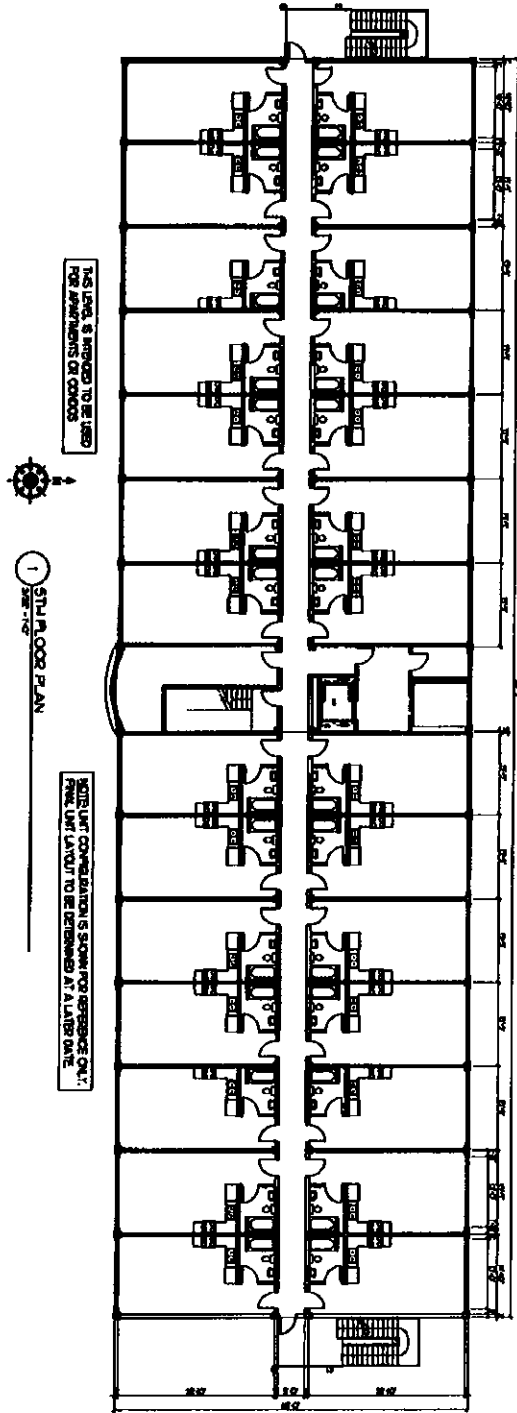
1/2" SCALE INDICATED

<p>Sheet A2.3</p>	<p>DownTown Redevelopment District Anchorage, Alaska</p>	<p>PAUL KENBERRY & ASSOCIATES, INC. ARCHITECTS P.A. Box 12883 - Anchorage, Alaska 99512-0883 (907) 971-9111</p>	<p>DATE</p>	<p>Job Number Drawn by: JDM Checked by: TDE Date: 12/17/08 Revisions:</p>
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7/2 SCALE INDICATED

Sheet A2.4	Downtown Redevelopment District Anchorage, Alaska	 PAULKENBERRY & ASSOCIATES, INC. ARCHITECTS <small>P.O. Box 220022 - Anchorage, Alaska 99512-0022 (907) 552-7443</small>	03/10/09	Job Number: 2008_05 Drawn by: JAD/TOR Checked by: TWT Date: 12/17/08 Revisions:
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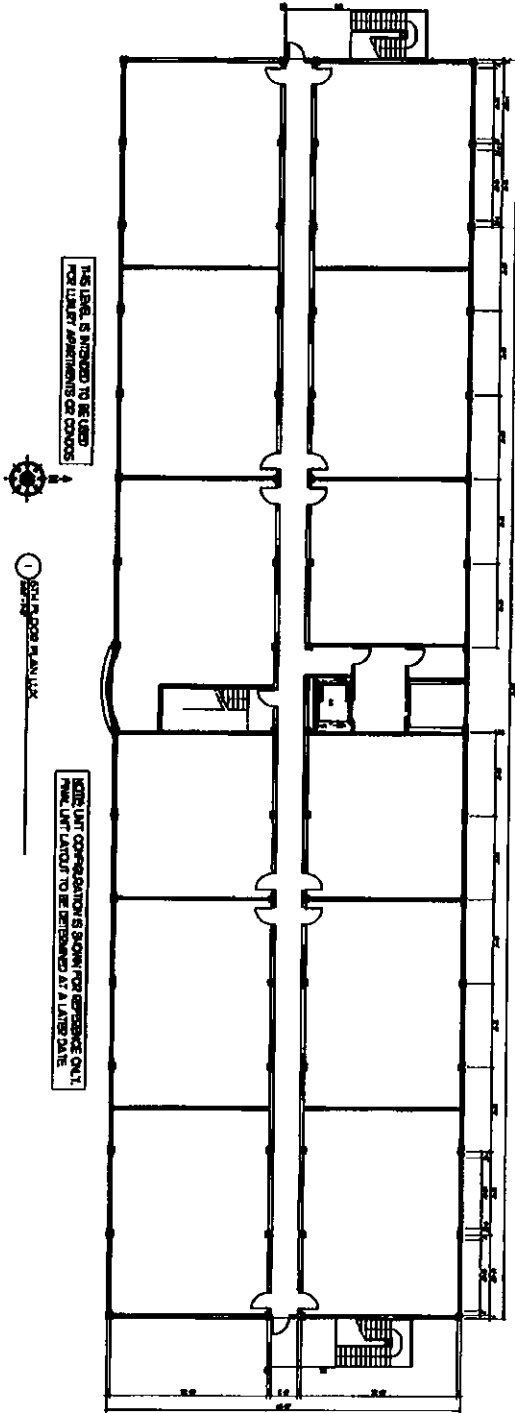
1/2" SCALE INDICATED

DownTown Redevelopment District
 Sheet
A2.5
 Anchorage, Alaska

fa FAULKENBERRY & ASSOCIATES, INC. ARCHITECTS
 P.A. Box 238822 • Anchorage, Alaska 99513-8822 (907) 542-7443

DATE: 03/10/09

Job Number: 08-000005
 Drawn by: JOHNTAE
 Checked by: TDF
 Title: 5th Floor
 Revisions:



THIS LEVEL IS PROPOSED TO BE LIFTED FOR UNITARY APARTMENTS OR CONDOS.

1/8\"/>

COND. UNIT COMPARTMENT IS SHOWN FOR REFERENCE ONLY. FINAL UNIT LAYOUT TO BE DETERMINED AT A LATER DATE.

DRAWING AT THE SCALE INDICATED

DownTown Redevelopment District
 Sheet: **A2.6A**
 Anchorage, Alaska

fa FAULKENBERRY & ASSOCIATES, INC. ARCHITECTS
 P.O. Box 12023 Anchorage, Alaska 99512-0023 (907) 577-9943

DATE: 03/10/09

Job Number: 08-000000
 Drawn by: T. Thomas
 Checked by: T. Thomas
 Date: 03/10/09
 Revisions: