

ANCHORAGE, ALASKA
AO No. 2025-84

AN ORDINANCE OF THE ANCHORAGE ASSEMBLY AMENDING ANCHORAGE MUNICIPAL CODE CHAPTER 12.60, TAX INCENTIVES FOR HOUSING, AND ENACTING ANCHORAGE MUNICIPAL CODE CHAPTER 12.80, TAX INCENTIVES FOR HOUSING REHABILITATION.

WHEREAS, housing is an urgent need in Anchorage, with rental vacancy rates below 5% and rents increasing by 30% since 2019; and,

WHEREAS, 180 residential properties are listed on the Municipality's Vacant and Abandoned Buildings Registry, with almost 80% having been built before 1980; and,

WHEREAS, Mayor LaFrance has set a goal and strategy to build and rehabilitate 10,000 homes in Anchorage in 10 years; and,

WHEREAS, the *10,000 Homes in 10 Years* plan calls for the development of incentives to "close the feasibility 'gap' in residential development and reuse"; and,

WHEREAS, the Anchorage Assembly's *Housing Action Plan* sets a vision to "Reduce housing cost burdens and ensure safe, affordable, high-quality permanent housing for all residents" and a strategy to "Encourage Reuse and Redevelopment"; and,

WHEREAS, Goal 2 of the *Anchorage 2040 Land Use Plan (2040 LUP)* calls for "Infill and redevelopment meet the housing and employment needs of residents and businesses in Anchorage"; and,

WHEREAS, on April 22, 2025, the Anchorage Assembly amended and approved AO 2025-35(S-1), As Amended, which created property tax incentives for new construction of rental housing; and,

WHEREAS, Alaska Statute 29.45.050 allows local governments to abate property taxes for the purpose of economic development, to include the Municipal and School District portions; and,

WHEREAS, rehabilitation of existing housing structures, including vacant, abandoned, and uninhabitable housing, offers a means to return deteriorated housing stock to livable conditions and increase diverse housing opportunities in the market; and,

WHEREAS, this AO takes into account the best available market analysis, lessons learned from the prior and current 12.60 and 12.70 ordinances, and the priorities identified in *10,000 Homes in 10 Years*, the *Housing Action Plan*, and the *2040 LUP*; now, therefore,

THE ANCHORAGE ASSEMBLY ORDAINS:

Section 1. Anchorage Municipal Code 12.60 is hereby amended to read as follows:

Chapter 12.60 TAX INCENTIVES FOR HOUSING

12.60.010 Property tax incentives for housing; location.

This chapter authorizes property tax exemptions for [THE REHABILITATION OF EXISTING, AND] construction of new residential units, provided a minimum of eight new residential units, to include no more than one unit for owner-occupancy, are constructed [OR REHABILITATED] and the construction increases the total number of residential units on property.

AO No. 2025-35(S-1), § 1, 4-22-2025)

12.60.020 Applications for property tax exemptions.

B. *Timeline for submission.* Applications must be submitted prior to issuance of the Conditional Certificate of Occupancy for the newly constructed units. Applications made after issuance of the Conditional Certificate of Occupancy for the newly constructed [OR REHABILITATED] units shall be rejected.

AO No. 2025-35(S-1), § 1, 4-22-2025)

12.60.030 Provisional approval.

A. The municipal assessor shall provisionally approve an application for tax exemption if:

1. *Complete application.* The applicant submitted a complete application; and
2. *Eight or more units.* The applicant acknowledges it must (a) construct [OR REHABILITATE] not less than eight new residential units in accordance with the plans and drawings submitted with its application or with modifications required for approval by permit or plan review procedures under chapters 21.03 or 23.10.104, and (b) increase the total number of residential units on the property in order to receive final approval under AMC 12.60.040.

[B. UPON RECEIPT OF A PROVISIONAL APPROVAL UNDER THIS SECTION, THE FOLLOWING ADDITIONAL INCENTIVES SHALL APPLY TO THE PROPOSED CONSTRUCTION OR REHABILITATION PROJECT:

1. ANY APPLICABLE FEES THAT MAY BE WAIVED PURSUANT TO SECTION 12.35.055 SHALL BE AUTOMATICALLY WAIVED IN FULL WITHOUT SEPARATE APPLICATION FOR FEE RELIEF. THIS EXEMPTION SHALL NOT APPLY TO FINES ASSESSED FOR NONCOMPLIANCE WITH BUILDING CODE REQUIREMENTS; AND
2. ANY APPLICATION FOR CONDITIONAL USE OR ADMINISTRATIVE SITE PLAN REVIEW UNDER THE PROVISIONS OF CHAPTER 21.03 OR FOR A MINOR MODIFICATION, VARIANCE, OR OTHER ADMINISTRATIVE RELIEF UNDER THE PROVISIONS OF TITLE 21 SHALL BE PROCESSED ON AN EXPEDITED BASIS. FAILURE OF THE APPROPRIATE DECISION-MAKING BODY TO ACT UPON SUCH AN APPLICATION WITH 45 DAYS SHALL CONSTITUTE AN AUTOMATIC APPROVAL OF THE APPLICATION FOR RELIEF AS SUBMITTED.]

AO No. 2025-35(S-1), § 1, 4-22-2025)

12.60.040 Final approval upon completion of construction of new housing; magnitude.

A. *Final approval of exemption.* The municipal assessor shall finally approve an application for tax exemption if:

1. The applicant has completed construction of residential units substantially in accordance with the plans and drawings included in the provisional approval 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;
2. The total number of residential units on the property has increased by at least the number required by this chapter; and
3. The applicant submits an affidavit that construction of the residential units was in compliance with State and Federal wage and labor standards and worker safety standards.

B. *Magnitude of exemption.* The taxes eligible for exemption under this AMC 12.60 are those exempt to the extent of state statute and attributable only to:

1. 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. If an exemption is granted, it shall apply to all of the eligible property taxes attributable to newly constructed, eligible residential units. [; AND]

[2. THE VALUE OF IMPROVEMENTS MADE TO REHABILITATED UNITS, EXCLUSIVE OF THE PRE-EXISTING VALUE OF THE UNITS. ELIGIBLE PREVIOUSLY EXISTING, WHICH ARE NON-HABITABLE AT THE TIME OF INITIAL APPLICATION WILL HAVE THEIR VALUE ASSESSED PRIOR TO THE INITIATION OF ANY REHABILITATIVE WORK AND SHALL HAVE THEIR VALUE REASSESSED UPON ISSUANCE OF A CERTIFICATE OF OCCUPANCY. ONLY THE INCREASED VALUE ATTRIBUTABLE TO IMPROVEMENTS MADE BY THE APPLICANT SHALL BE ELIGIBLE FOR EXEMPTION FROM TAXATION.]

AO No. 2025-35(S-1), § 1, 4-22-2025)

12.60.045 Duration of Exemption

B. *Additional duration.* Additional consecutive years of tax exemptions may be granted to property meeting conditions defined below to the extent defined as follows:

3. *Housing affordability.* Property where at least 20% of units are offered for rent at no more than 120% of Fair Market Rent [AREA MEDIAN INCOME] as such term is used in 24 Code of Federal Regulations § 888.113 [SECTION 3(B) OF THE UNITED STATES HOUSING ACT OF 1937 (42 U.S.C. 1437A(B))], may be granted an additional 3 years of exemption upon application.[,]

AO No. 2025-35(S-1), § 1, 4-22-2025)

12.60.080 Definitions.

In this chapter:

*** *** ***

["REHABILITATION" MEANS MAJOR REPAIR, REPLACEMENT, CONSTRUCTION OR RECONSTRUCTION, INCLUDING ALTERATIONS AND ADDITIONS, HAVING THE EFFECT OF REHABILITATING AN EXISTING UNINHABITABLE PROPERTY SO THAT IT BECOMES HABITABLE OR IS BROUGHT INTO COMPLIANCE WITH LAWS, ORDINANCES OR REGULATIONS GOVERNING SUCH STANDARDS. ORDINARY UPKEEP, MINOR REPAIR, AND MAINTENANCE SHALL NOT BE DEEMED REHABILITATION.]

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AO No. 2025-35(S-1), § 1, 4-22-2025)

Section 2. Anchorage Municipal Code 12.80 is enacted as a new chapter as follows (legislative formatting is not used):

Chapter 12.80 TAX INCENTIVES FOR HOUSING REHABILITATION

12.80.010 Property tax incentives for housing; location.

This chapter authorizes property tax exemptions for the rehabilitation of existing residential units.

12.80.015 Property tax incentives for housing.

A. *Exclusions:* The following types of properties are not eligible for this housing tax incentive:

1. *Deteriorated property; economic-development property.* 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 or AMC 12.35.050 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. This does not render ineligible a property located within a "deteriorated area" as defined under section 12.35.005, if no application is filed or under review or exemption granted for the property.

2. *Short-term rental property.* Properties with an initial rental term for a period of less than 30 days. Any portion of a property for which the initial rental term is less than 30 days is not eligible for this housing tax incentive. Rental of a portion of a property for an initial term of less than 30 days shall automatically terminate an application for or previously granted exemption

under this chapter.

B. *Requirements:* The following requirements must be met by the residential units to be rehabilitated:

1. Qualifying residential units to be rehabilitated must:

a. Be registered as vacant or abandoned pursuant to section 15.20.105;

b. Have been constructed prior to 1995;

c. Have not undergone substantial rehabilitation, renovation, demolition, removal or replacement within the past 15 years; and

d. The cost of rehabilitation work is equal to or greater than each of the following:

i. 15% of the value of the improvements to property as currently assessed excluding the value of land;

ii. \$3,000 per residential unit inclusive of all residential units on the property; and

2. Qualifying rehabilitated residential units must be built in compliance with State and Federal wage and labor standards and worker safety standards.

a. All work performed to construct the new residential units described in the application must be in compliance with State and Federal wage and labor standards and worker safety standards.

b. Violations of the requirements of subsection B.1. of this section may be subject to penalty under AMC Chapter 1.60 including three times the value of exemption received.

12.80.020 Applications for property tax exemptions.

A. *Submission.* An application for an exemption under this chapter shall be made in writing to the municipal assessor.

B. *Timeline for submission.* Applications must be submitted prior to issuance of the Certificate of Occupancy for the rehabilitated units. Applications made after issuance of the Certificate of Occupancy rehabilitated units shall be rejected.

C. *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. *Rehabilitated residential units.* Drawings of the residential units that the applicant will rehabilitate, including a floor plan that includes approximate square footages;
 4. *Existing structures.* Drawings showing the square footage of all existing structures and any structures to be constructed on the property;
 5. *Existing structure history.* Evidence that existing structures were constructed prior to 1995 and have not undergone substantial rehabilitation, renovation, demolition, removal or replacement within the past 15 years;
 6. *Vacant and abandoned registry.* Evidence that the property is registered pursuant to section 15.20.105;
 7. *Rehabilitation work estimate.* An estimate of the nature and cost of the rehabilitation work to be done on the property;
 8. *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;
 9. *Labor compliance.* Applicant acknowledges that the residential units must be built in compliance with State and Federal wage and labor standards and worker safety standards;
 10. *Other information.* Other information as may be required by the assessor. Other information may include detailed financial records regarding the design and construction or rehabilitation of the residential units.
- D. *Deadline for applications.* Applications for an exemption under this chapter shall only be accepted before 5:00 p.m. August 31, 2030.

12.80.030 Provisional approval.

- A. The municipal assessor shall provisionally approve an application for tax exemption if:
1. *Complete application.* The applicant submitted a complete application; and
 2. *Cost of rehabilitation.* The applicant acknowledges it must:

- a. Perform rehabilitation work on the property to return the property to a habitable condition in compliance with Titles 15 and 23; and,
- b. Cost of the rehabilitation work must be equal or greater than 15% of the value of the property as currently assessed improvements to land value and greater than \$3,000 per residential unit inclusive of all residential units on the property in order to receive final approval under AMC 12.80.040.

12.80.040 Final approval upon completion of construction of rehabilitated housing; magnitude.

A. *Final approval of exemption.* The municipal assessor shall finally approve an application for tax exemption if:

1. The applicant has completed rehabilitation of residential units substantially in accordance with the plans and drawings included in the provisional approval 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 within five years of provisional approval;
2. The cost of rehabilitation work is equal to or greater than each of the following:
 - a. 15% of the value of the property including land and improvements assessed at the time of application;
 - b. \$3,000 per residential unit inclusive of all residential units on the property; and
3. The applicant submits an affidavit that construction of the residential units was in compliance with State and Federal wage and labor standards and worker safety standards.

B. *Magnitude of exemption.* The taxes eligible for exemption under this AMC 12.80 are those exempt to the extent of state statute and attributable only to the improvements to the property. This does not include taxes attributable to land value.

12.80.045 Duration of Exemption

A. *Base duration of tax exemption.* Tax exemptions approved under section 12.80.040 shall be for a base period of 10 consecutive years beginning on January 1 of the first full calendar year after final approval of the application.

12.80.050 Termination of exemption; transfer of exemption.

- A. *Verified unfair labor practices.* An exemption granted under this chapter shall terminate entirely immediately if and when a state or federal court or administrative agency determines, in a final unappealable decision, that violations regarding unfair wage practices or unsafe working conditions occurred during the construction of the eligible residential units.
- B. *Failure to file annual report.* An exemption granted under this chapter shall automatically terminate if the owner of the property fails to comply with the annual report for three consecutive years.
- C. *Transfer on change of ownership.* An exemption shall run with the land and transfer, in whole only, to another entity or owner when the ownership of the property is transferred, however the municipality will not prorate the exemption for a partial calendar year.

12.80.060 Appeals.

- A. *Of assessor to chief fiscal officer.* Any decision of the assessor under this chapter may be appealed to the chief fiscal officer or the chief fiscal officer's designee in writing within 30 days of the date the decision was issued. For the purposes of this chapter the date of issuance is the date upon which the decision was mailed or otherwise delivered to the parties.
- B. *Of chief fiscal officer to the office of administrative hearings.* Any decision of the chief fiscal officer or the chief fiscal officer's designee under this chapter may be appealed to an administrative hearings officer in accordance with AMC 3.60 within 30 days of the date the decision was issued. For the purposes of this chapter the date of issuance is the date upon which the decision was mailed or otherwise delivered to the parties.

12.80.070 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 assessor, a report including:
1. *Occupancy.* A statement of occupancy and vacancy of the residential units for the prior 12 months;
 2. *Residential unit(s) remain as described.* A certification that the rehabilitated residential unit(s) described in the application continue to exist and have not been converted to a non-residential use and 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. *Additional information.* Any additional information requested by the assessor, chief fiscal officer, or designee. Additional information may include detailed financial records regarding the design, construction, and operation of the residential units.

B. *Annual reports to the Assembly.* The assessor 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 12.80.070A.

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 application for an exemption under this chapter received by the assessor, the status (rejected, provisional approval, or final approval), number of units proposed, under construction and completed, and the parcel address or description of location.

12.80.075 Confidentiality of information.

At the request of the applicant or owner, financial information and records submitted with the application or annual reports, and other information in which the applicant or owner has a reasonable expectation of privacy and nondisclosure, shall be confidential and may not be released except upon court order, when necessary to enforce the provisions of or to collect the taxes due to the municipality and reviewed only by the municipal assessor, and not disclosed except to the municipal attorney, chief fiscal officer, the internal auditor, or administrative hearing officer in the performance of their official duties.

12.80.080 Definitions.

In this chapter:

"Construction" has the same meaning set forth in AMC 21.15.040.

"Rehabilitation work" means work necessary to return the property to a habitable condition in compliance with Titles 15 and 23.

"Residential unit" means a dwelling unit as defined in AMC 21.15.040 which is leased or rented to the same person or persons for 30 or more consecutive

1 days. As used in this definition, "person" means only natural persons.
2

3 **Section 3.** Pursuant to AS 29.45.050(m), notice is hereby provided that this
4 ordinance, if adopted, or the entirety of Chapters 12.60 and 12.80 may be repealed
5 by the voters through referendum.
6

7 **Section 4.** This ordinance shall be effective immediately upon passage and
8 approval by the Assembly.
9

10 PASSED AND APPROVED by the Anchorage Assembly this _____ day of
11 _____, 2025.
12

13 _____
14 Chair of the Assembly

15 ATTEST:
16
17

18 _____
19 Municipal Clerk



MUNICIPALITY OF ANCHORAGE

Assembly Memorandum

AM No. 553 - 2025

Meeting Date: July 15, 2025

FROM: MAYOR

SUBJECT: AN ORDINANCE OF THE ANCHORAGE ASSEMBLY AMENDING ANCHORAGE MUNICIPAL CODE CHAPTER 12.60, TAX INCENTIVES FOR HOUSING, AND ENACTING ANCHORAGE MUNICIPAL CODE CHAPTER 12.80, TAX INCENTIVES FOR HOUSING REHABILITATION.

Mayor LaFrance's 10,000 Homes in 10 Years Strategy calls for the rehabilitation of existing housing units as well as the development of new ones. The Assembly's Housing Action Plan embraces a strategy to "encourage reuse and redevelopment." This ordinance has been written to achieve two primary purposes: 1) to make improvements and refinements to a prior ordinance establishing a multifamily property tax incentive (AO 2025-35(S-1)); and 2) to establish a new chapter under Title 12 to provide property tax abatement for rehabilitation of vacant residential properties.

The new incentive is aimed at vacant residential properties listed on the Municipality's Vacant and Abandoned Buildings Registry. Presently, there are 180 residential properties listed on the registry, including nuisance properties identified by Municipal Code Abatement officers. Almost 80% of these homes were built before 1980.

The newly created chapter 12.80 is dedicated to the rehabilitation incentive. This new incentive will provide 10 years of property tax abatement for the rehabilitation of vacant and abandoned properties constructed in 1995 or earlier.

Requirements include:

- Residential property (single or multifamily) registered as vacant and abandoned under 15.20.105.
- Constructed on or before 1995, with no major rehabilitation work performed in the last 15 years.
- The rehabilitation work must result in the property being habitable in compliance with Titles 15 (Environmental Protection) and 23 (Building Codes).
- The rehabilitation work must be valued at the greater of 15% of the assessed value of the structures or \$3,000 per residential unit.
- Taxes may be abated for the structures but not the land.

The Assembly passed AO 2025-35(S-1) on April 22, 2025, establishing a property tax incentive program for multifamily residential properties. Since that time, departments have raised challenges in implementing certain provisions.

This AO addresses those provisions:

- Separates rehabilitation into its own chapter of code, 12.80.
- Drops the provision to automatically waive permitting fees, which would create major fiscal challenges for the Planning and Development Services Departments.
- Drops the 45-day requirement for conditional use or administrative site plan review. The Planning Department has indicated that this would not be possible to meet for some projects requiring review by public commissions.
- Clarifies the magnitude of the exemption as being to the full extent allowable under state statute.
- Changes the five-year affordability bonus trigger from 120% of Area Median Income to 120% of Fair Market Value as defined by the US Department of Housing and Urban Development. This measure is based on the number of rooms in the residence rather than family size, which is more difficult to monitor.

THE ADMINISTRATION RECOMMENDS APPROVAL.

Prepared by:	Nolan Klouda, Mayor's Office
Approved by:	Susanne Fleek-Green, Chief of Staff
Concur:	Ona R. Brause, Director, OMB
Concur:	Philippe D. Brice, CFO
Concur:	Eva Gardner, Municipal Attorney
Concur:	William D. Falsey, Chief Administrative Officer
Concur:	Rebecca A. Windt Pearson, Municipal Manager
Respectfully submitted:	Suzanne LaFrance, Mayor