

Multi-Family Property Tax Abatement Incentive

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We need more housing

“Expand geographic scope and timeline of property tax abatements for multi-family housing. Modify requirements to better align with housing goals...”

Mayor LaFrance's More Housing Strategy

OCTOBER 22, 2024

INTRODUCTION

We need more housing. We need to build new homes; we need to repair and maintain existing homes. For the Municipality of Anchorage to be a place where everyone can afford a decent home, we need to build or rehabilitate at least 1,000 units of housing a year. In 2024, we're on track to build fewer than 200. We've got work to do.

While not every aspect of our community's housing challenges are within our control, there is much we can do. We can't add land to the Anchorage Bowl, but we can use the land we share more efficiently. We can't control high interest rates, but we can increase the speed of permitting to reduce costs.

We need a wide variety of housing types in the Municipality. We need housing for everyone who wants to call our community home at each stage of life. We need housing options so young people and working families can remain. We need housing options for seniors who want to downsize, or seek more support. We need housing options to create housing security.

GUIDING PRINCIPLES

When it comes to housing, there isn't a one-size-fits-all solution. Here's our approach:

- We value inclusive processes that reflect the diversity of backgrounds and ideas in our community. We bring people together to work on solutions.
- We measure impact and welcome feedback. We seek problems out so we can learn. This Housing Abundance Strategy holds us accountable to clear metrics and remains a living document.
- We aim to amplify progress so the Municipality can continue to be a national leader in housing policy.
- We are building on the work of our partners. Our efforts are informed by local studies and plans, including the Comprehensive Plan and the Assembly Housing Action plan.



THREE-YEAR GOALS

1. Incentivize construction and repair.



2. Cut red tape: Remove regulatory barriers to building houses.



3. Improve customer service at the Municipality.



This strategic plan draws from previous work from partners and experts:

1. Anchorage 2040 Land Use Plan, 2017
2. Anchorage Assembly Housing Action Plan, 2023
3. Bendon Adams report, 2017

Prior recommendation

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

OUR DOWNTOWN:

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

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

GAP FUNDING WORKING GROUP TECHNICAL MEMORANDUM



GAP Funding Working Group Purpose:

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

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

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

No incentive →



Old 12.60 →



Concerns about property tax abatement

- Too few strings: need more focus on specific desired outcomes
- Developments might have happened anyway
- Subsidizes high-end, expensive housing
- Distributes the tax load to others
- Erodes the tax base

Feedback on expired incentives 12.60/12.70

- Some successes: Block 96, CIHA 36th Ave
- 12 years not long enough to fill the gap
- Pandemic construction slowdown and difficulty measuring success
- 12.70 almost unused:
 - Affordability set-asides hard to meet
 - Limited sites of interest (according to some developers)
- Some properties perceived as not meeting the spirit of the ordinance

The framework for a new proposal

- Absorb intent of 12.70 into 12.60
- Create a baseline areawide incentive
 - 8 units or more
 - 15 years
- Create a “bonus table” that awards additional years of abatement for meeting certain criteria
- Reward “targeted areas” with additional years:
 - Downtown
 - Midtown
 - Transit Corridor
 - Muldoon
- Set a max number of years of abatement

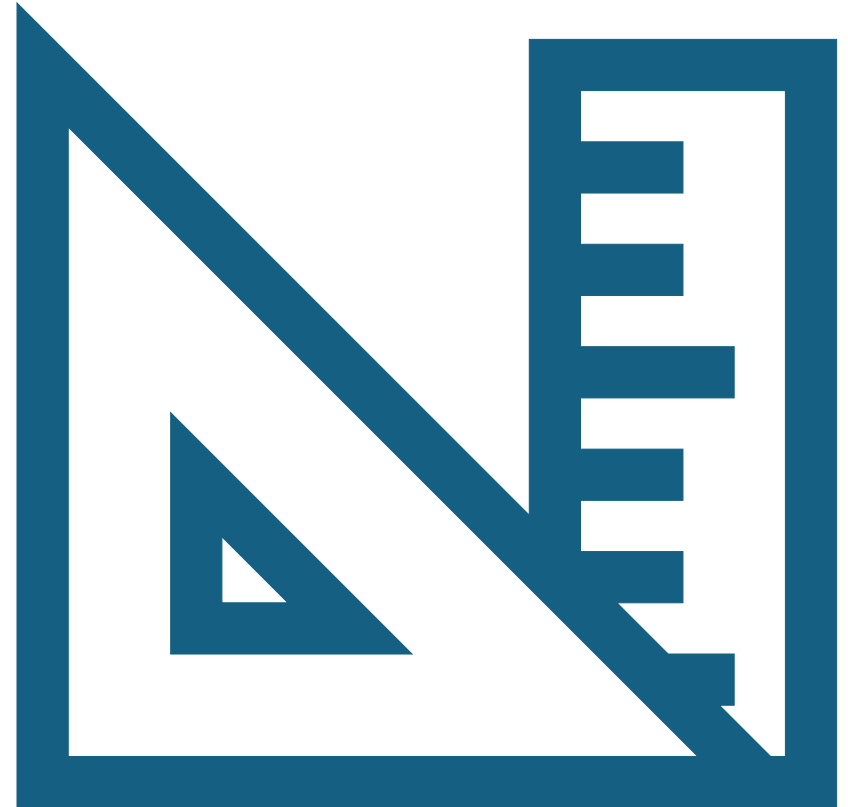
Bonus table

Benefit	Additional Years of Abatement
In a targeted area: Downtown, Midtown, Transit Corridor, Muldoon	5
In a deteriorated area	5
20% of units affordable at 120% AMI	5
Meets a density threshold (units/acre)	3
Qualifies as mixed use	3
[Additional features can be added]	

Up to a maximum abatement length of 25 years

Other rules/ principles

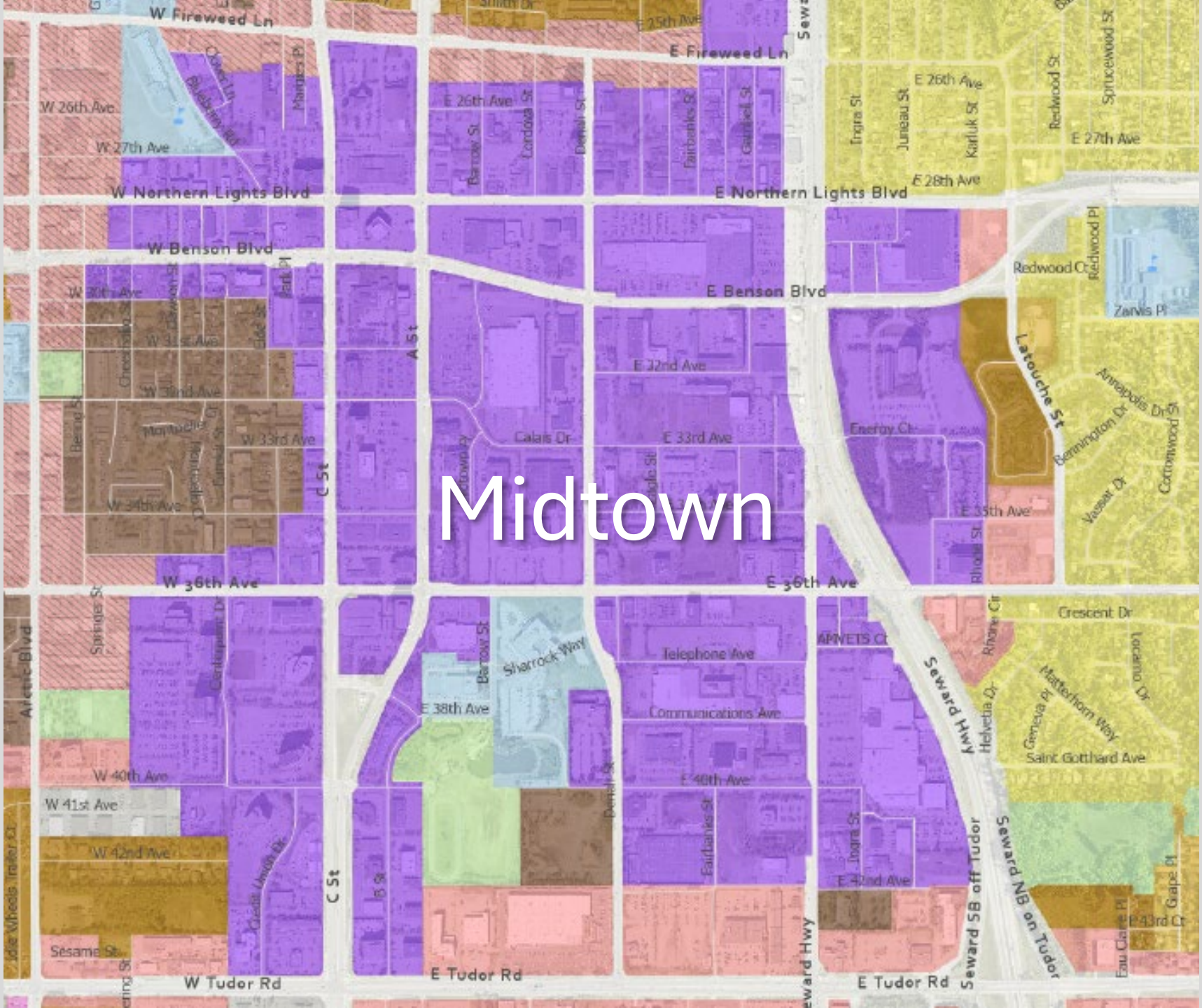
- Require 12-month lease
- Abatement terminates with change of ownership
- Use a higher unit cut-off to avoid properties “that were going to get built anyway”
- Incorporate Assessor’s Office feedback from prior version of 12.60





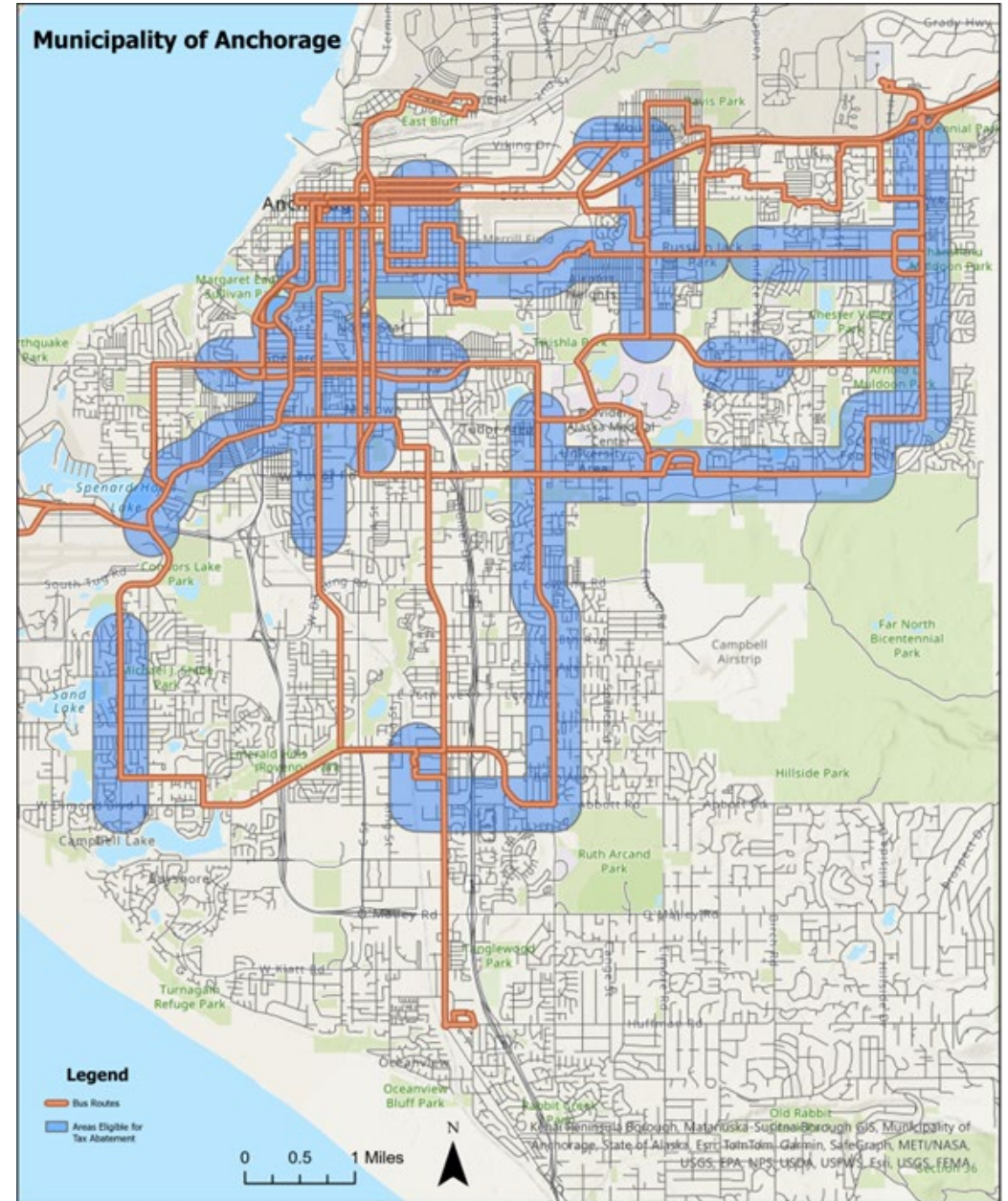
Downtown

Map labels include:
Boat Launch Rd
W Whitney Rd
W Ship Creek Ave
E Ship Creek Ave
W 1st Ave
E 1st Ave
W 2nd Ave
E 2nd Ave
W 3rd Ave
E 2nd Ct
W 4th Ave
E 3rd Ave
W 5th Ave
E 4th Ave
W 6th Ave
E 5th Ave
W 7th Ave
E 6th Ave
W 8th Ave
E 7th Ave
W 9th Ave
E 8th Ave
W 10th Ave
E 9th Ave
E 10th Ave
N A St
Port Access Rd
Ingra St
Fairbanks St
L St
K St
H St
G St
F St
E St
D St
C St
B St
A St
M St
N St
O St
P St
Q St
R St
S St
T St
U St
V St
W St
X St
Y St
Z St



Midtown

Transit-Supportive Development Corridors



Questions?
