

(S) Submitted by: Mayor LaFrance and
Assembly Vice Chair
Brawley
(S) Prepared by: Dept. of Law and
Assembly Counsel's Office
(S) For reading: August 12, 2025

ANCHORAGE, ALASKA
AO No. 2025-84(S)

**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

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

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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.[,]

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AO No. 2025-35(S-1), § 1, 4-22-2025)

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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.]

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 rehabilitated and additional housing;

This chapter authorizes property tax exemptions for the rehabilitation of existing residential units **and any additional residential units constructed in conjunction with the rehabilitation work.**

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 **and the additional residential units:**

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 **under a permit issued pursuant to Title 23, Building Codes, or by work that would have required a permit;**
[and]
- d. **at the time of application, not be vacant land, and there must be at least a portion of one existing residential structure; and**
- e. 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 additional residential units added to the property in conjunction with the rehabilitation work for units in subsection B.1. above must:**

- a. **be an addition to the original structure or an additional residential structure on the same property;**
- b. **be included in the drawings for the application and in the building permit for the rehabilitation work;**
- c. **not be a separate phase of permitted construction from the rehabilitation work; and**
- d. **have cost for construction of the additional units separately estimated from the rehabilitation work.**

3. Qualifying rehabilitated residential units **and any additional 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 **and any additional units**. Applications made after issuance of the Certificate of Occupancy **for the** 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 **and additional** residential units.* Drawings of the residential units that the applicant will rehabilitate **and additional units, if any**, 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, **separate from the estimate of the cost for any additional**

units;

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 improvements to the property as currently assessed ~~excluding~~ ~~[improvements to]~~ land value and greater than \$3,000 per residential unit inclusive of all residential units on the property existing prior to the application (excluding additional residential units) in order to receive final approval under AMC 12.80.040.

12.80.040 Final approval upon completion of construction of rehabilitated and additional 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, and construction of any additional residential units, substantially in accordance with the plans and drawings

1 included in the provisional approval and a Certificate of
2 Occupancy has been issued pursuant to AMC 23.10.107.4 for
3 each structure that contains a residential unit described in the
4 application within five years of provisional approval;

5
6 2. The cost of rehabilitation work is equal to or greater than each
7 of the following:

8
9 a. 15% of the value of the improvements to the property
10 excluding [including] land [and—improvements]
11 assessed at the time of application;

12
13 b. \$3,000 per residential unit inclusive of all residential
14 units on the property existing prior to the application
15 (excluding additional residential units); and
16

17 3. The applicant submits an affidavit that construction of the
18 residential units was in compliance with State and Federal
19 wage and labor standards and worker safety standards.
20

21 B. *Magnitude of exemption.* The taxes eligible for exemption under this
22 AMC 12.80 are those exempt to the extent of state statute and
23 attributable only to the improvements to rehabilitated and additional
24 residential units on [to] the property on a spatial basis. This does
25 not include taxes attributable to land value.
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27 **12.80.045 Duration of Exemption**

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29 A. *Base duration of tax exemption.* Tax exemptions approved under
30 section 12.80.040 shall be for a base period of 10 consecutive years
31 beginning on January 1 of the first full calendar year after final
32 approval of the application.
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34 **12.80.050 Termination of exemption; transfer of exemption.**

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36 A. *Verified unfair labor practices.* An exemption granted under this
37 chapter shall terminate entirely immediately if and when a state or
38 federal court or administrative agency determines, in a final
39 unappealable decision, that violations regarding unfair wage practices
40 or unsafe working conditions occurred during the construction of the
41 eligible residential units.
42

43 B. *Failure to file annual report.* An exemption granted under this chapter
44 shall automatically terminate if the owner of the property fails to
45 comply with the annual report for three consecutive years.
46

47 C. *Transfer on change of ownership.* An exemption shall run with the land
48 and transfer, in whole only, to another entity or owner when the
49 ownership of the property is transferred, however the municipality will
50 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 **and any additional** 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:

“Addition” in context of constructing additional residential units shall have the meaning set forth in Title 23, chapter 23.10.

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

“Demolition” means to tear down or raze a structure under a permit from the municipality under Title 23, or by work that would have required a permit.

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

“Removal” means to relocate a building removing it from its current footprint, with or without a permit but where such work would have required a permit under Title 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 days. As used in this definition, “person” means only natural persons.

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

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

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

Chair of the Assembly

ATTEST:

Municipal Clerk