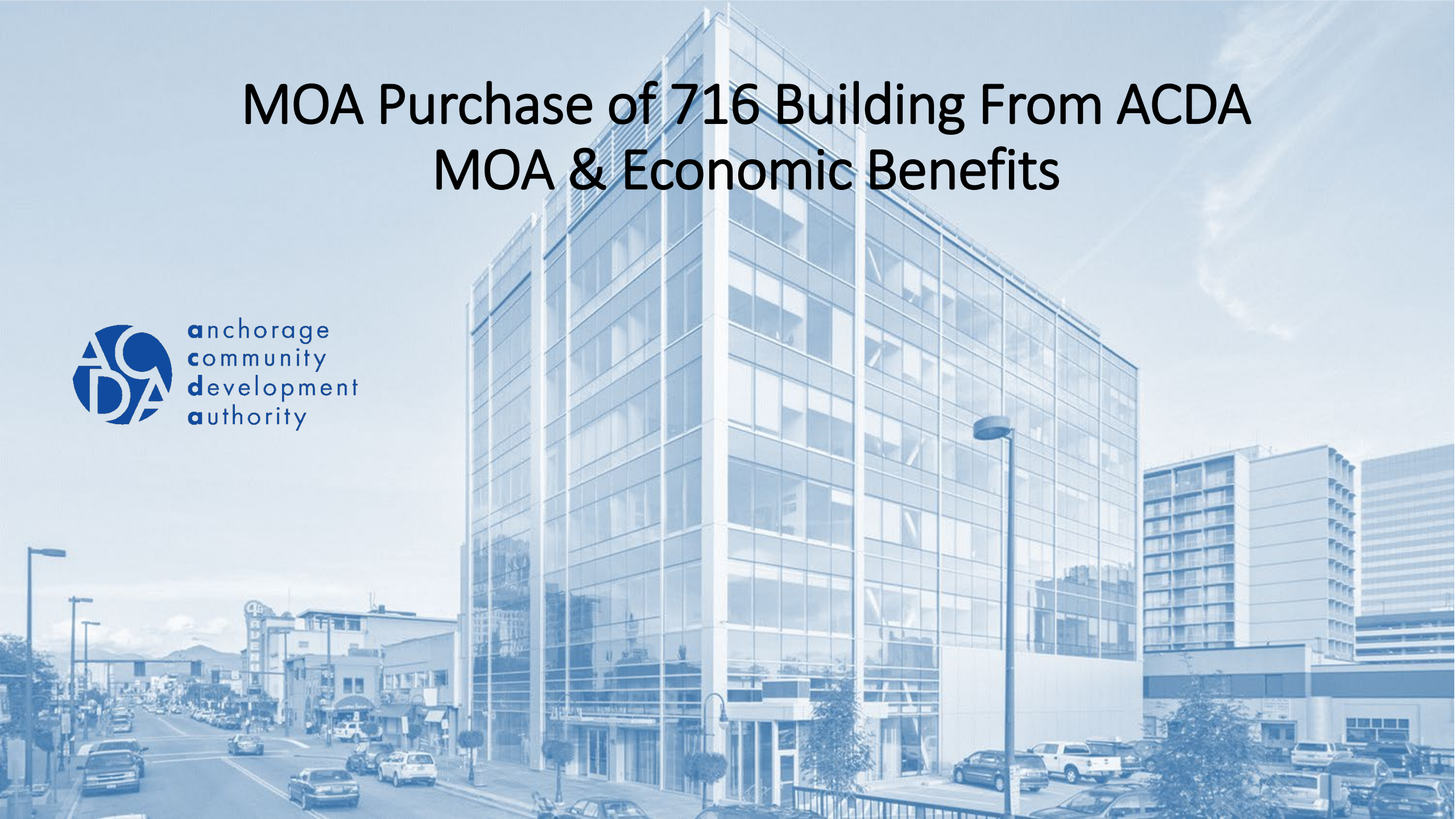


MOA Purchase of 716 Building From ACDA MOA & Economic Benefits



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The acquisition of the 716 building from ACDA by the MOA will stabilize APD rent expense, restructure debt to free up ACDA resources, restore ACDA cash reserves, and provide much needed capital for ACDA to deliver on its code based mission.

First a look back

- 2018 AO 2018-45 Approved by Assembly
- ACDA purchases 716 building out of bankruptcy
 - Renovated in 2014 estimated cost was \$44.5 M
 - Assessed value in 2018 prior to purchase \$18.2M
 - ACDA Buys building in 2018 leaseback financed 15.
- Assembly approves AR-2019-44
 - APD does a \$664,999 renovation

In 2018 APD reasoned...

- Building was move-in ready, only minor changes needed
- Improved public interaction/interfacing
- Close to court and city hall
- Save detectives an hour of drive time to attend court
- Bigger and more visible police presence
- Would save tens of millions of dollars vs alternatives of building new or remodeling old facility at Tudor road

AMC § 25.35.010 A

“It is the mission of the Anchorage Community Development Authority to: ...3. Engage in community and economic development opportunities, including but not limited to the acquisition of vacant or abandoned property and facilities, with a goal of encouraging economic growth, commercial development, safe and vibrant neighborhoods, and further the goals and objectives of municipal plans and policies;”

Benefits to MOA

- Lower monthly/annual cost to the Municipality

Current lease payments @20 years \$65,561,215.82

Proposed loan payments @20 years \$22,245,000.00

Savings to MOA

\$43,316,215.82

- Instant equity in the 716 building
Est. value 21-25M less sales price \$18M = instant equity
(Current replacement value insured at \$37M)
- Owning vs. leasing builds equity
- APD permanent home
- Recover APD tenant improvements



Benefits to ACDA



- Seed money & working capital for development
- Release of collateral
- Bonding capacity returned
- Board mandated reserve replenished
- Deliver on our mission to the city

Economic Benefits



- \$130M in ACDA projects will be seeded & supported with proceeds of the sale

Housing downtown

- 200 market rate (Block 102 redevelopment)
- 40+ workforce (McKinley building conversion)

Mixed-use Downtown

- D street district redevelopment
- 6th Avenue and D street parking/hotel (JCP garage)
- 6th Avenue LLC hotel project

- Potential to create 400+ construction, hospitality, and service jobs
- New property tax revenue

Conclusion

The purchase of the 716 building will save the MOA millions of dollars, support a vital, safe, and growing downtown while giving APD a permanent home.

The sale of the 716 building will drive economic and housing development by providing funding to ACDA to seed projects being worked on.

We urge you to support the transaction as it will be a vital step in “Building Our City’s Future.”

Supporting Statements

	Construction Phase	Post Construction Phase	Project Total
Employment	354	72	426
Output	\$79,355,732	\$10,480,628	\$89,836,350
Compensation	\$26,351,355	\$3,605,342	\$29,956,697

It is the finding of AEDC that the proposed project will bring \$89,836,350 of total new dollar circulation and 426 new jobs to Anchorage's economy during its construction and in the first year after its completion.

Excerpted from the Economic Impact Analysis of Proposed Block 102 Redevelopment Project conducted by AEDC November 2022

Projects underway in various stages at ACDA

Block 102

D Street District redevelopment

McKinley Workforce Housing

Redevelopment 6th Ave. and D Street
(Former JCP garage)

Housing Best Practices study

6th Avenue Hotel

(Former Transit Center)

Est. Annual Debt Payment \$1,483,000

- 2023 Est. Savings in 1st year \$579,755.58
- 2024 Est. Savings of 2nd year \$671,755.58
- 2025 Est. Savings of 3rd year \$768,755.58
- 2026 Est. Savings of 4th year \$869,755.58

Total Projected Savings over 4 years
\$2,890,022.32

Excerpted from the Power Point presentation prepared by the Office of Management and Budget Municipality of Anchorage as presented at the Assembly Work Session, November 2022

Supporting Statements continued

Projecting of property taxes after redevelopment of Block 102 with assessed value of \$55M.

Acreage	1.61	
Units	250	
Density	156	Units per Acre
Gross Building SF	226,786	
Assessed Value Estimate at Build Out		Note
Option 1: Cost Basis 2019\$	\$64,243,003	Total Development Cost from MOA Downtown Plan Pro Forma
Option 2: Cost Basis 2022\$	\$83,515,904	Option 1 escalated by 30%
Option 3: Income Approach	\$30,372,822	8% cap rate
Average of the 3	\$59,377,243	Used for estimating property taxes
Estimated Land Value	\$4,552,100	
Assessed Value Net of Land	\$54,825,143	
Full Property Tax Amount		
Mil Rate	16.84	2022 Mill Rate for District 1
Estimated Property Tax	\$999,913	Annually at build out assuming no exemption
Tax Exemption		
Total Mill Rate	16.84	on land
Local Contribution for Schools	3.11	on improvements; based on 2022. Could change yearly
Amount of Exemption (in Mill Rate)	13.73	Excludes Land
Estimated Property Taxes with Exemption		
Land	\$76,657	
Improvements	\$752,749.21	
Total	\$829,407	

Excerpted from AM being prepared for presentation to the Anchorage Assembly for approval of The Block 102 project which is one of 8 projects being worked on by ACDA in Downtown.