Submitted by: Chair of the Assembly at the Request of the Mayor
Prepared by: Dept. of Law
For reading: June 23, 2026

ANCHORAGE, ALASKA
AO No. 2026-89

AN ORDINANCE OF THE ANCHORAGE ASSEMBLY ENACTING ANCHORAGE MUNICIPAL CODE CHAPTER 12.110, TAX INCENTIVES FOR FIRST TIME HOME BUYERS.

WHEREAS, housing is an urgent need in Anchorage, with the average sales listing price increasing by 40% from 2020 to 2025; 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 goal to "Reduce housing cost burdens and ensure safe, affordable, high-quality permanent housing for all residents" and a strategy to "Focus Incentives & Public Investment to Increase Housing Stock "; and

WHEREAS, Strategy 4 of the *Anchorage 2040 Land Use Plan* (*2040 LUP*) calls for the use of property tax abatements to incentivize developments that are difficult to finance; and

WHEREAS, according to the National Association of Realtors, the average age of a first-time homebuyer was 40 years old in 2025, up from the late 20s in the 1980s; and

WHEREAS, a tax abatement for first time home buyers would stimulate the production of "missing middle" housing, expanding pathways to home ownership; and

WHEREAS, state statute under AS 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, the present AO has been crafted to take 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*; and

WHEREAS, the present AO will offer up to 10 years tax abatement for first time homebuyers of new residential property where the residential units are sold for no more than the most recent average assessed value of single family homes within the municipality, whichever is greater; now, therefore,

THE ANCHORAGE ASSEMBLY ORDAINS:

<u>Section 1.</u> Anchorage Municipal Code 12.110 is enacted as follows:

Chapter 12.110 ***Tax Incentives for First Time Home Buyer***

12.110.010 Property tax incentives for housing; location.

This chapter authorizes property tax exemptions for new residential units purchased by first time home buyers.

12.110.015 Property tax incentives for housing.

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

1. *Otherwise exempt property.* Property or a portion of property for which an application has been filed and is under review, or has been granted pursuant to AMC 12.35.040, 12.35.050, 12.60, 12.70, 12.80, or other similar provision of Title 12 are not eligible for this housing tax incentive. Submission of an application for exemption pursuant to this chapter shall automatically terminate any existing tax exemption 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 constructed:

1. Qualifying residential units must:

a. *New Construction*. Be new construction;

b. *First Time Home Buyer.* Have an eventual owner or purchaser of the residential unit who qualifies as a first time home buyer;

c. *Purchase Price Cap.* Have a sale price for each residential unit equal to or less than the most recent annual average assessed value of a single family home within the Municipality of Anchorage; and

d. *Owner Occupied.* Upon possession by the first-time home buyer, be owned and occupied as the primary residence and permanent place of abode of an eligible owner for a continuous period prior to January 1 of the exemption year with the intent to remain through at least the first year of exemption.

2. *Building and Zoning Code Compliance*. All work performed to construct the new residential units described in the application must be in compliance with Anchorage Municipal Code, including Titles 21 and 23.

3. *Wage and Labor Compliance.* 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.

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

12.110.020 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 constructed units. Applications made after issuance of the Certificate of Occupancy 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. *Residential units design.* Drawings of the structure including the residential units that the applicant will construct, 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. *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;

6. *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; and

7. *Other information.* Other information as may be required by the assessor. Other information may include detailed financial records regarding the design and construction 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, 2031.

12.110.030 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. *Requirement acknowledgement*. The applicant acknowledges it must:

a. *First time home buyer.* The applicant acknowledges that the residential units will qualify for exemption if and only if owned and occupied by a qualified first time home buyer;

b. *Acknowledgement of sales price cap.* Applicant acknowledges that the residential units will qualify for exemption if and only if the sale price for each residential unit is equal to or less the most recent annual average assessed value of single family homes within the Municipality of Anchorage; and

c. *Acknowledgement of owner occupied.* Applicant acknowledges that the residential units will qualify for exemption if and only if owned and occupied as the primary residence and permanent place of abode of an eligible owner for a continuous period prior to January 1 of the exemption year with the intent to remain through at least the first year of exemption.

12.110.040 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 within five years of provisional approval**;**

2. The applicant submits evidence proving the sales price of the residential unit was at or below the threshold required by this chapter;

3. The applicant submits evidence proving the owner of the property qualifies as a first time home buyer; and

4. 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 12.110 are those exempt to the extent of state statute and attributable only to the newly constructed qualifying portion of the residential unit(s) as described in the provisional or final approval, determined on a spatial basis. If an exemption is granted, it shall apply to all of the eligible property taxes attributable to newly constructed, eligible residential units described in the provisional or final approval.

12.110.045 Duration of Exemption

A. *Duration of tax exemption.* Tax exemptions approved under section 12.110.040 shall be for a period of 10 consecutive years beginning on January 1 of the first full calendar year after final approval of the application.

12.110.050 Termination of exemption; transfer of exemption.

A. *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 (3) consecutive years.

B. *Transfer on change of ownership.* An approved provisional or final exemption shall run with the parcel and transfer only once from the applicant to a first-time home buyer when the ownership of the property is transferred, however the municipality will not prorate the exemption for a partial calendar year.

C. *Verified lack of compliance with the Anchorage Municipal Code, including Titles 21 and 23.* An exemption granted under this chapter shall terminate immediately if and when a state or federal court or administrative agency determines, in a final unappealable decision, that, subsequent to the issuance of the Certificate of Occupancy, changes and modifications have been made to the property taking it out of conformance.

12.110.060 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.

12.110.070 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 unit(s) for the prior 12 months;

2. *Residential unit(s) remain as described.* A certification that the constructed 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; and

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 report of exempted taxes.* A summary of the total taxes exempted for each property that has been granted a tax exemption under this chapter.

2. *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.

12.110.075 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.

12.110.080 Definitions.

In this chapter:

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

“Family” has the meaning set forth in 24 C.F.R. § 5.403 as of May 22, 2026.

“First time home buyer” means family of which no member owned any present ownership interest in a residence of any family member during the seven (7) years before commencement of homeownership assistance for the family. The term “first-time homeowner” includes a single parent or displaced homemaker (as those terms are defined in 12 U.S.C. 12713) who, while married, owned a home with his or her spouse, or resided in a home owned by his or her spouse.

“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 Chapter 12.110 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 _______________, 2026.

____

ATTEST: Chair

____

Municipal Clerk

MUNICIPALITY OF ANCHORAGE

Assembly Memorandum

AM No. 402-2026

Meeting Date: June 23, 2026

FROM: **MAYOR**

SUBJECT: **AN ORDINANCE OF THE ANCHORAGE ASSEMBLY ENACTING ANCHORAGE MUNICIPAL CODE CHAPTER 12.110, TAX INCENTIVES FOR FIRST TIME HOME BUYERS.**

This ordinance establishes a new property tax incentive program to support first-time homeownership and increase the supply of "missing middle" housing in Anchorage. It is a targeted implementation of the Mayor's 10,000 Homes in 10 Years strategy and aligns with the Assembly's Housing Action Plan and the Anchorage 2040 Land Use Plan.

Purpose

Anchorage continues to face a significant housing affordability challenge, with home prices rising 40% from 2020 to 2025 and the average age of first-time homebuyers increasing. The average single-family home in Anchorage has an assessed value of almost $500,000, and new construction averages more than $650,000. This ordinance is designed to expand access to homeownership while encouraging the construction of housing at price points accessible to first-time buyers.

The incentive helps address a key barrier identified in local housing policy: the limited production of "starter" homes. By reducing property tax burden during the early years of ownership, this program improves project feasibility for builders and lowers total cost of ownership for buyers. It will incentivize builders to produce lower-cost homes.

How the Incentive Works

The ordinance creates a new chapter in municipal code (AMC 12.110) authorizing a property tax abatement for qualifying new residential units purchased by first-time homebuyers.

The program applies to newly-constructed residential units that are purchased and occupied by first-time homebuyers as their primary residence. To ensure the incentive targets attainable housing, eligible units must be sold for a price at or below the Municipality's average assessed single-family home value. According to the 2026 Property Appraisal Annual Valuation Report, the average assessed value is $496,746 for a single-family home.

For qualifying properties, the ordinance provides a property tax exemption for up to 10 years on the value attributable to the newly constructed residential portion of the property. The exemption applies to taxes allowed under state law, including both municipal and school district portions.

The process includes both provisional and final approval. Developers must apply prior to construction completion to receive provisional approval, and final approval is granted once construction is complete and eligibility criteria—such as sale price and buyer qualification—are verified.

The ordinance also includes accountability measures to ensure the program meets its intended purpose. Properties must comply with applicable zoning, building, and labor standards, and short-term rentals are not eligible. Property owners are required to submit annual reports demonstrating continued compliance, and the exemption may be terminated if program requirements are not met.

Policy Impact

This incentive is intended to increase production of entry-level housing, expand pathways to homeownership for Anchorage residents, support infill development, and complement existing housing tools. By focusing on first-time buyers, the program directs public benefit toward workforce households while helping unlock new housing supply.

THE ADMINISTRATION RECOMMENDS APPROVAL.

Prepared by:	Nolan Klouda, Policy Director
Approved by:	Susanne Fleek-Green, Chief of Staff
Concur:	Ona R. Brause, Director, OMB
Concur:	Lance R. Wilber, 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

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects -- General Government

AO Number: 2026-89

Title: **AN ORDINANCE OF THE ANCHORAGE ASSEMBLY ENACTING ANCHORAGE MUNICIPAL CODE CHAPTER 12.110, TAX INCENTIVES FOR FIRST TIME HOME BUYERS.**

Sponsor: **Mayor LaFrance**

Preparing Agency: Department of Law
Others Impacted: Department of Finance

CHANGES IN EXPENDITURES AND REVENUES: **(In Thousands of Dollars)**

	FY26	FY27	FY28	FY29	FY30
Operating Expenditures					
1000 Personal Services					
2000 Non-Labor					
3900 Contributions					
4000 Debt Service					
TOTAL DIRECT COSTS:	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Add: 6000 Charges from Others					
Less: 7000 Charges to Others					
FUNCTION COST:	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
REVENUES:					
CAPITAL:					
POSITIONS: FT/PT and Temp					

PUBLIC SECTOR ECONOMIC EFFECTS:

While the number of applicants for this exemption is uncertain, the Property Appraisal Division is expected to manage the additional processing and annual review within existing resources.

The proposed ordinance is expected to be largely revenue-neutral. The exemption is narrowly targeted to newly constructed residential units that are purchased by first-time homebuyers, subject to a defined price cap, and required to be owner-occupied as a primary residence. While a portion of each unit’s value may reflect land or other components previously included in the tax base, the majority of the exempt value is anticipated to be attributable to new construction that has not previously been taxed.

Given these constraints, little to no measurable impact on current tax revenues or mill rates is expected. However, exempting these units will delay the tax cap exclusions under AMC 12.25.040 B.1 until they become taxable.

PRIVATE SECTOR ECONOMIC EFFECTS:

The impact on the private sector is expected to be minimal. While property tax exemptions can shift the cost of government onto the remaining tax base through higher mill rates, the proposed exemption is narrowly tailored to apply only to first time home buyers of new construction, meet specified price thresholds, and are owner-occupied. Given these limitations, any resulting tax shift or impact on mill rates is expected to be negligible.

Prepared by: *Jack Gadamus* Telephone: 343-6678