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. 2026-93

AN ORDINANCE OF THE ANCHORAGE ASSEMBLY ENACTING ANCHORAGE MUNICIPAL CODE CHAPTER 12.100, TAX INCENTIVES FOR MIXED USE MULTI UNIT HOUSING.

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

WHEREAS, housing is an urgent need in Anchorage, with the average sales listing price increasing by 40% from 2020 to 2025; and

WHEREAS, economic trends have resulted in high vacancies in certain classes of commercial property in Anchorage, such as office buildings; 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 strategies to "Encourage Reuse and Redevelopment" and Focus Incentives & Public Investment to Increase Housing Stock; 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, mixed-use structures with both commercial and residential spaces offer a means to increase housing stock while supporting local business and increasing diverse housing opportunities in the market; 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 the residential portions of new or rehabilitated mixed use buildings 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 12.100 is enacted as follows:

Chapter 12.100 *Tax Incentives for Mixed Use Multi-Unit Housing*

12.100.010 Property tax incentives for housing; location.

This chapter authorizes property tax exemptions for new residential units in newly constructed or rehabilitated mixed commercial-residential structures. A minimum of four new residential units must be constructed and the construction must increase the total number of residential units on property.

12.100.015 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, 12.80, or 12.70 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 or rehabilitated:

1. Qualifying residential units must:

   a. *Mixed-Use Building.* Exist within a mixed-use residential and commercial building;

   b. *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;

c. *Owner Occupied.* Upon possession by the 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.

12.100.020 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 or rehabilitated 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 or 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. *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.

12.100.030 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. *Four or more additional units.* The applicant acknowledges it must construct or rehabilitate not less than four new residential units in accordance with the plans and drawings submitted with its application; and

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.

12.100.040 Final approval; magnitude.

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

1. The applicant has completed construction or 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 total number of residential units on the property has increased by at least the number required by this chapter;

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

4. The applicant submits an affidavit that construction of the residential units was in compliance with Municipal Code and State and Federal wage and labor standards and worker safety standards.

B. *Magnitude of exemption.* The taxes eligible for exemption under this AMC 12.100 are those exempt to the extent of state statute and attributable only to the newly constructed or rehabilitated residential units, exclusive of non-residential space and previously existing or non-eligible residential units (whether or not remodeled) determined on a spatial basis as follows: The square footage of the 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.

12.100.045 Duration of Exemption

A. *Base duration of tax exemption.* Tax exemptions approved under section 12.100.040 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.

12.100.050 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 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.

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.

12.100.060 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.

12.100.070 Annual reports of applicants; 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 or 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; 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 reports of property owners.* Copies of annual compliance and status reports submitted by property owners in accordance with AMC 12.100.070A.

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.

12.100.075 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.

12.100.080 Definitions.

In this chapter:

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

"Mixed use residential and commercial buildings" means single lot or building containing spaces classified as Residential units and other spaces classified for one or more types of non-residential use in which both residential and non-residential amenities are provided.

"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 occupied by 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 12.100 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.

____
Chair of the Assembly

ATTEST:

____
Municipal Clerk

MUNICIPALITY OF ANCHORAGE

Assembly Memorandum

AM No. 415-2026

Meeting Date: June 23, 2026

FROM: **MAYOR**

SUBJECT: **AN ORDINANCE OF THE ANCHORAGE ASSEMBLY ENACTING ANCHORAGE MUNICIPAL CODE CHAPTER 12.100, TAX INCENTIVES FOR MIXED USE MULTI UNIT HOUSING.**

This ordinance establishes a new chapter (AMC 12.100) to provide targeted property tax incentives for the development and rehabilitation of mixed-use buildings that include owner-occupied residential units. The ordinance is designed to increase housing supply, encourage redevelopment of underutilized commercial properties, and support Anchorage's long-term land use and housing goals.

Purpose

This ordinance is intended to help close the financial feasibility gap that often prevents mixed-use and residential redevelopment projects from moving forward. Many commercial buildings in Anchorage were built in the 1970s and 1980s, and are in need of rehabilitation. These include office and retail structures with high vacancy rates. Incentivizing redevelopment of these structures to include residential units would repurpose these structures while adding to the municipality's housing stock.

An existing property tax incentive for multifamily properties under AMC 12.60 can also be applied to mixed use developments; however, that chapter of code does not allow for owner-occupied units. The proposed 12.100 could be utilized for owner-occupied units such as condominiums above commercial office space.

How the Incentive Works

Under 12.100, a developer could receive a 10-year property tax exemption for developing four or more residential units as part of a mixed-use development (as defined in Title 21). Owner-occupiers purchasing the units would receive the exemption for the 10-year period.

As with the proposed 12.110 for first time homebuyers, the eligible units must be sold 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.

The exemption would only apply to the qualifying residential portion of the property. The remaining commercial space would continue to be taxable.

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: 2026-93

Title: **AN ORDINANCE OF THE ANCHORAGE ASSEMBLY ENACTING ANCHORAGE MUNICIPAL CODE CHAPTER 12.100, TAX INCENTIVES FOR MIXED USE MULTI UNIT HOUSING.**

Sponsor: **Mayor LaFrance**

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

CHANGES IN EXPENDITURES AND REVENUES:	**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					

(In Thousands of Dollars)

PUBLIC SECTOR ECONOMIC EFFECTS:

While the number of applicants for this exemption is uncertain, 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. As a condition of final approval, it is anticipated that the property will be declared as condominium units. While a small portion of each unit’s value may reflect land or other components that were previously part of the tax base, the majority of the exempt value is expected to be attributable to new construction or qualifying rehabilitation that has not previously been taxed. As a result, little to no measurable impact on current tax revenues or change in mill rates is anticipated as a result of this ordinance. However, exempting these units in their initial year of assessment will delay their inclusion in the base amount used to calculate the maximum allowable tax revenue under AMC 12.25.040.

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 properties that increase the supply of residential units, are part of mixed-use developments, 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