Property Tax Incentives for Housing

AO 2026-89 and AO 2026-93

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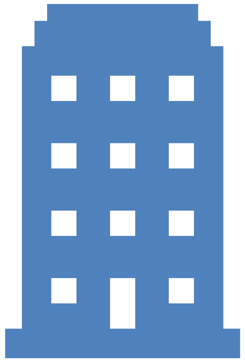
Two Proposed Incentives for Owner-Occupied Housing

Tax Incentives for First-Time Homebuyers: AO 2026-89



Tax Incentives for Mixed Use Multi Unit Housing: AO 2026-93

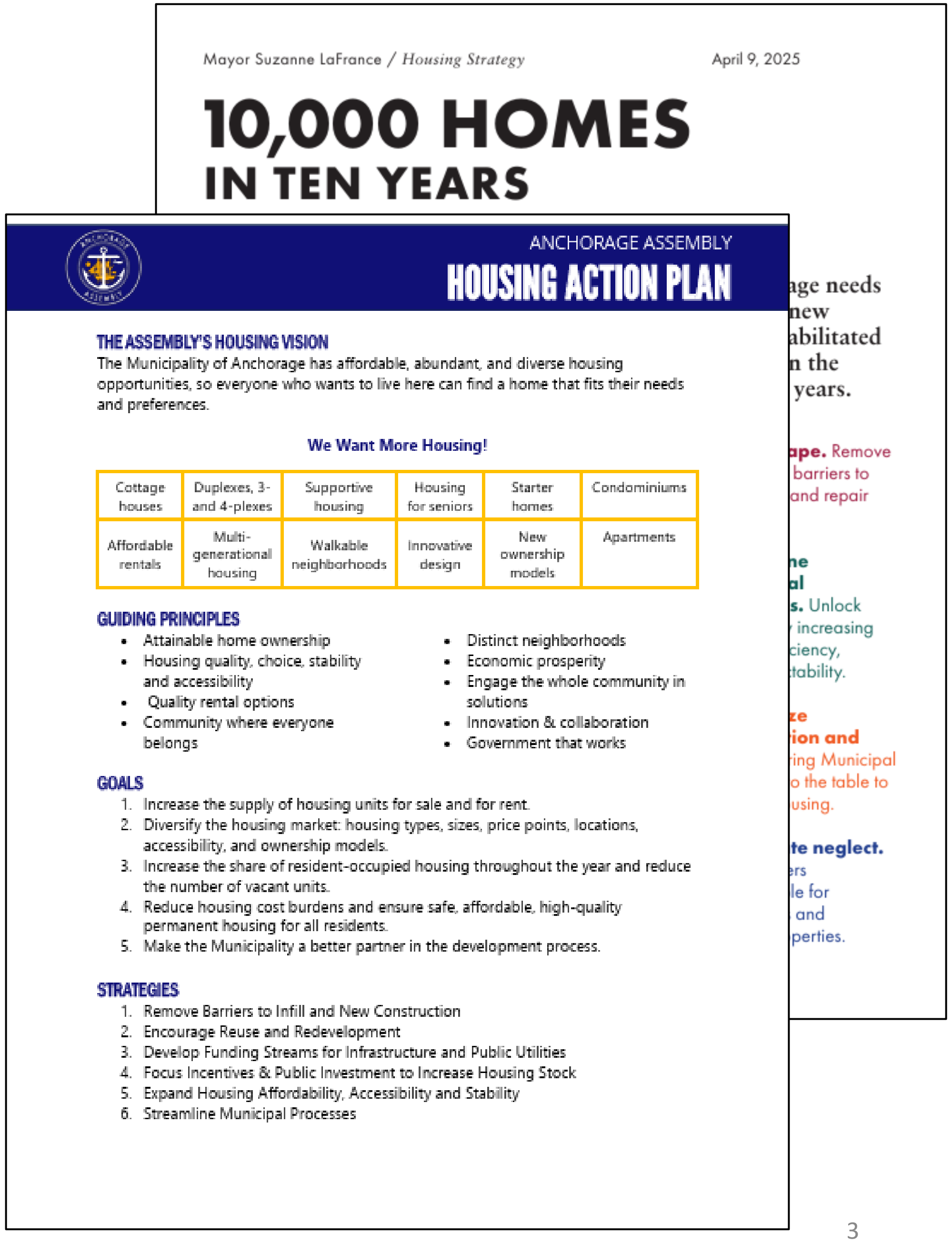
Alignment with MOA Strategies

10,000 Homes in 10 Years Strategy:

- Calls for the development of incentives to “close the feasibility ‘gap’ in residential development and reuse”

Housing Action Plan:

- “Encourage Reuse and Redevelopment”
- “Focus Incentives & Public Investment to Increase Housing Stock”



Mayor Suzanne LaFrance / *Housing Strategy* April 9, 2025

10,000 HOMES IN TEN YEARS

ANCHORAGE ASSEMBLY

HOUSING ACTION PLAN

THE ASSEMBLY'S HOUSING VISION

The Municipality of Anchorage has affordable, abundant, and diverse housing opportunities, so everyone who wants to live here can find a home that fits their needs and preferences.

We Want More Housing!

Cottage houses	Duplexes, 3- and 4-plexes	Supportive housing	Housing for seniors	Starter homes	Condominiums
Affordable rentals	Multi-generational housing	Walkable neighborhoods	Innovative design	New ownership models	Apartments

GUIDING PRINCIPLES

- Attainable home ownership
- Housing quality, choice, stability and accessibility
- Quality rental options
- Community where everyone belongs
- Distinct neighborhoods
- Economic prosperity
- Engage the whole community in solutions
- Innovation & collaboration
- Government that works

GOALS

1. Increase the supply of housing units for sale and for rent.
2. Diversify the housing market: housing types, sizes, price points, locations, accessibility, and ownership models.
3. Increase the share of resident-occupied housing throughout the year and reduce the number of vacant units.
4. Reduce housing cost burdens and ensure safe, affordable, high-quality permanent housing for all residents.
5. Make the Municipality a better partner in the development process.

STRATEGIES

1. Remove Barriers to Infill and New Construction
2. Encourage Reuse and Redevelopment
3. Develop Funding Streams for Infrastructure and Public Utilities
4. Focus Incentives & Public Investment to Increase Housing Stock
5. Expand Housing Affordability, Accessibility and Stability
6. Streamline Municipal Processes

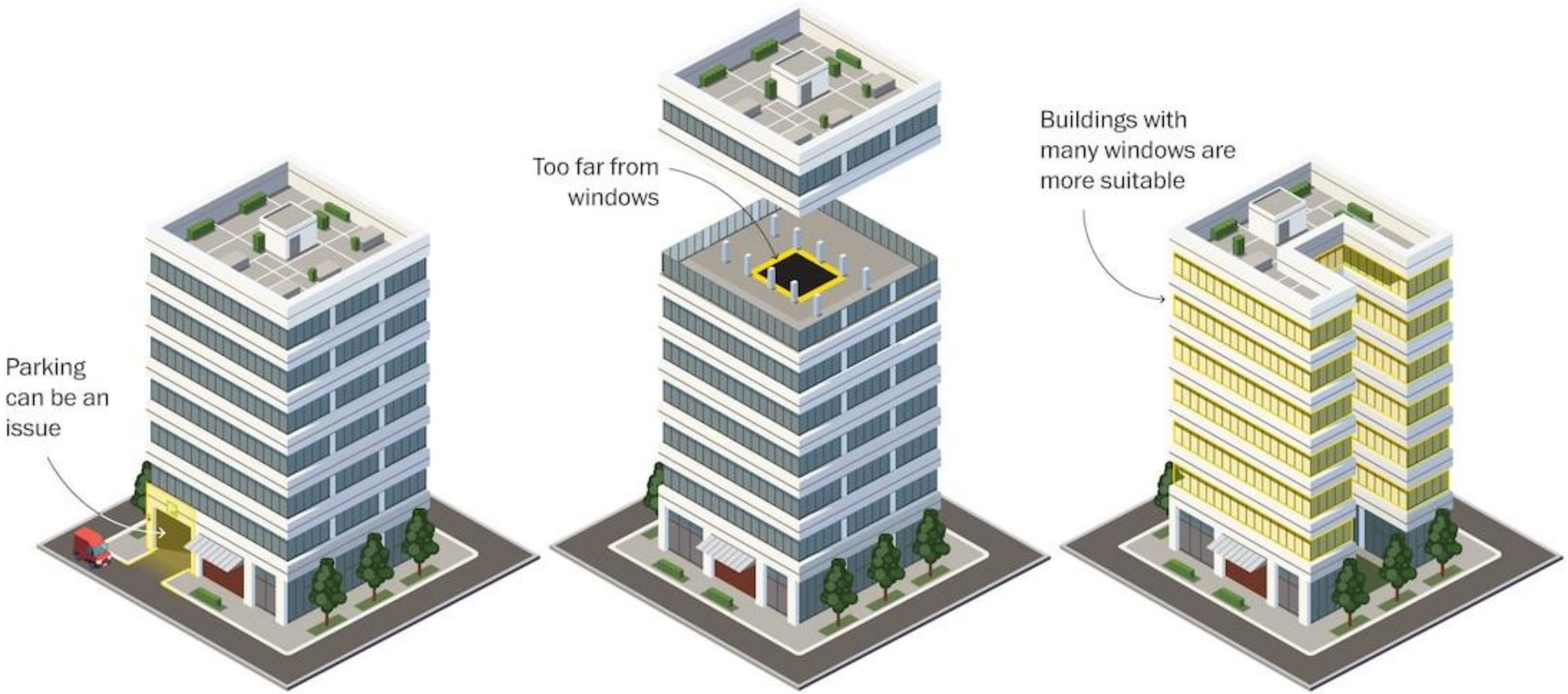
Property Tax Development Incentives

Incentive	Intended Use
Economic Development (12.35)	Commercial development that create jobs
Deteriorated Property (12.35)	Commercial or residential redevelopment
Multifamily Property (12.60)	Multifamily rental housing (8 or more units)
Vacant and Abandoned Property (12.80)	Redevelopment of blighted property for housing
Mixed Use Multi Unit (12.100)	Commercial property converted to residential
First-Time Homebuyers (12.110)	New construction for first-time homebuyers

AO 2026-93: Mixed-Use Housing Tax Incentive

- Creates new tax incentive program for mixed-use buildings with owner-occupied housing.
- Aims to increase housing supply and redevelop underutilized commercial properties.
- Supports Anchorage's long-term land use and housing goals.

Residential Conversions are Expensive



AO 2026-93: Problems Addressed

- Many commercial buildings from 1970s-80s have high vacancies and need rehabilitation.
- Financial feasibility gap prevents redevelopment into mixed-use housing.
- Existing AMC 12.60 incentives exclude owner-occupied units.

AO 2026-93: How It Works

- Builder/developer applies for the exemption.
- Assessor grants provisional and final approval.
- Provides a 10-year property tax exemption for developments with 4+ residential units.
- Units must be sold at or below average assessed home value ($496,746).
- Exemption applies only to residential portion; land and commercial areas remain taxable.

AO 2026-89: First-Time Homebuyer Incentive

A property tax break for less expensive starter homes.

Incentive to build less expensive homes for first-time homebuyers.

Designed to increase "starter” housing supply.

AO 2026-89: Problems Addressed

- Home prices up 40% from 2020–2025; limited supply of starter homes.
- Average single-family home nearly $500k; new construction about $750k.
- Barrier for first-time buyers and builders producing lower-cost homes.

AO 2026-89: How It Works

- Tax exemption up to 10 years for newly constructed homes bought by first-time buyers.
- Units must be priced at or below average assessed home value ($496,746).
- Covers both municipal and school district tax portions.
- Includes provisional and final approval steps.

How Does a Tax Break Help Housing Get Built?

- Makes it easier to sell or pre-sell units (especially for condos)
- Gives a buyer more purchasing power (lower monthly payment)
- Helps a buyer obtain financing
- Encourages builders to produce less expensive homes

Both Programs

- Have provisional and final approval by Assessor
- Developer applies, exemption goes to owner-occupant
- 10-year duration of tax break
- Land and non-residential portions remain taxable
- Anywhere in MOA eligible
- Require annual reporting to Assembly
- Exclude short-term rentals

What are the Fiscal Impacts?

- No **direct** cost to MOA or other taxpayers, but exempt properties still utilize services
- Abated property not included in tax cap calculation
- Land and non-residential portions remain taxable
- Finite duration of tax abatement (10 years)
- Promotes long-term growth of tax base

Questions?

Thank you!