

601-99.109

A0

A The following words, terms and phrases, when used in this chapter, shall have the meanings ascribed to them in this section except where the context clearly

## 12.35.005 Definitions

Section 1. Anchorage Municipal Code section 12.35.005 is hereby amended by amending the definition of "deteriorated area" and "rehabilitation" to read as follows:

### THE ANCHORAGE ASSEMBLY ORDAINS:

WHEREAS, the Municipality and its citizens are entitled to reasonable assurances of public benefit from tax exemptions and deferrals and rehabilitation of deteriorated property; NOW THEREFORE, in order to fulfill the requirements of Alaska Statute 29.45.050(o) and provide definitions and uniform standards and procedures for determining "deteriorated areas" necessary for considering real property tax exemptions and deferrals;

WHEREAS, Alaska Statute 29.45.050(o) requires the Municipality to determine what is a "deteriorated area" but does not prescribe standards or procedures by which deteriorated areas may be determined; and

WHEREAS Alaska Statute 29.45.050(o) enables municipalities to designate deteriorated areas within which municipalities may grant tax exemptions and tax payment deferrals for the renovation, rehabilitation or replacement of deteriorated property located in such a deteriorated area; and

AN ORDINANCE AMENDING THE ANCHORAGE MUNICIPAL CODE BY ENACTING A NEW CHAPTER 12.50 TO PROVIDE PROCEDURES FOR DECLARATION OF A DETERIORATED AREA OR PROPERTY, INCLUDING DEFINITIONS OF DETERIORATED AREA OR PROPERTY AND REHABILITATION, AND REQUIRING A CONFIRMATION AND IMPACT STUDY (CIS), AND REQUIRING THE ASSEMBLY TO HOLD A PUBLIC HEARING PRIOR TO DECLARING A DETERIORATED AREA OR PROPERTY, APPLICATION PROCEDURES FOR OBTAINING TAXATION EXEMPTION OR DEFERRAL.

ANCHORAGE, ALASKA  
AO NO. 99-109

For reading: July 20, 1999

Law

Submitted by: Assembly Member Clemenson  
Prepared by: Department of Community Planning  
and Development and Department of

*Katherine Anderson, 12-7-1*

indicates a different meaning:

*Deteriorated area* means an area of the Municipality which the Municipality determines is deteriorated as described in section 12.35.023A, of this chapter and within which deteriorated property is located. [WHICH MEETS ONE OR MORE OF THE FOLLOWING CRITERIA: UNSAFE, UNSANITARY OR OVERCROWDED BUILDINGS; VACANT, OVERGROWN AND UNSIGHTLY LOTS OF GROUND; A DISPROPORTIONATE NUMBER OF TAX DELINQUENT PROPERTIES; EXCESSIVE LAND COVERAGE; ECONOMICALLY OR SOCIALLY UNDESIRABLE LAND USES. PROPERTY ADJACENT TO AREAS MEETING THESE CRITERIA, BUT WHICH WOULD NOT OTHERWISE QUALIFY, MAY BE INCLUDED WITHIN THE DETERIORATED AREA DESIGNATED IF THE ASSEMBLY DETERMINES THAT NEW CONSTRUCTION ON SUCH PROPERTY WOULD ENCOURAGE, ENHANCE OR ACCELERATE IMPROVEMENT OF THE ADJACENT DETERIORATED PROPERTIES.]

*Deteriorated property* means real property that is commercial property not used for residential purposes or that is multi-unit residential property with at least eight residential units, that is located in a deteriorated area with boundaries that have been determined by the municipality after a public hearing and findings of fact by the Assembly establishing the deteriorated condition, and that

1) has been the subject of an order by a government agency requiring the property to be vacated, condemned or demolished by reason of noncompliance with laws, ordinances or regulations; or

2) has a structure on it not less than 15 years of age that has undergone substantial rehabilitation, renovation or replacement.

*Rehabilitation* means major repair, replacement, construction or reconstruction, including alterations and additions, having the effect of rehabilitating a deteriorated property so that it is no longer deteriorated and [SO THAT IT] becomes habitable, [OR] attains higher standards of safety, health, economic use [OR AMENITY], and [OR] is brought into compliance with laws, ordinances or regulations governing such standards. Ordinary upkeep and maintenance shall not be deemed rehabilitation.

**Section 2.** Anchorage Municipal Code is hereby amended by enacting new sections 12.35.023 and 12.35.024 to read as follows:

**12.35.023 Purposes of Deteriorated Property Tax Exemptions and Deferrals**

- A. Real property structures within the Municipality may fall into disrepair, deteriorated or blighted conditions which negatively impair or prevent

The public health, safety and welfare of the area in which they are located and its environs;

2. The area's livability, economic stability, and attractiveness;

3. The maintenance and redevelopment of the area and its deteriorated structures;

which may combine to make private redevelopment economically unfeasible thereby creating a self-continuing decline in the Municipality's overall economic, residential, social and recreational attractiveness and its tax base.

- B. The purpose of real property tax exemptions and tax payment deferrals is to provide an economic incentive for the private rehabilitation, renovation or replacement of deteriorated structures without which the economic feasibility thereof may not warrant or encourage such private rehabilitation, renovation or replacement.

**12.35.024 Application for and Determination of Deteriorated Area.**

- A. *Application.* Any person, governmental body, agency or the Mayor may file or direct the filing of an application requesting that the Assembly determine and declare an application-defined area of the municipality to be a deteriorated area.

1. An application under this section shall be filed with the Director of the Department of Community Planning and Development, together with an application fee to be determined by the Director and the applicant's proposal for rehabilitation, renovation or replacement of structures. The

1 application shall contain such other information the Director may  
2 reasonably require to prepare the staff analysis required by subsection B.  
3 of this section.

- 4  
5 **B. *Planning Department Staff Analysis*** A planning department staff analysis shall  
6 be made and forwarded to the Assembly by the Mayor.

7  
8 The staff analysis shall assess and address whether

- 9  
10 a. There is located within the application-defined deteriorated area  
11 deteriorated property which may be entitled to tax exemptions or  
12 tax payment deferrals under this chapter;  
13  
14 b. The public health, safety and welfare, including building safety,  
15 code compliance and habitability of structures in the defined  
16 deteriorated area are substandard and in need of redevelopment  
17 through the rehabilitation, renovation or replacement, indicating  
18 the nature and extent of the deteriorated conditions;  
19  
20 c. There is insufficient economic incentive for private investment to  
21 undertake the renovation, rehabilitation or replacement of the  
22 area's deteriorated structures;  
23  
24 d. Tax exemptions and deferrals would make private redevelopment  
25 economically feasible and be an incentive for the rehabilitation,  
26 renovation or replacement of deteriorated structures;  
27  
28 e. The application-defined area delineates the appropriate and  
29 necessary boundaries of the deteriorated area;  
30  
31 f. Rehabilitation, renovation or replacement of structures and related  
32 amenities will eliminate the deteriorated conditions;  
33  
34 g. There are economically feasible public or private alternatives to  
35 provide necessary redevelopment incentives;  
36  
37 h. The Municipality's financial loss of tax revenue is limited to the  
38 minimum necessary to provide adequate and appropriate

incentives under this chapter.

2. The Director of Community Planning and Development shall solicit and receive comments on and analysis of the application from all departments and agencies with an interest in or responsibility for some aspect of the redevelopment and shall include but not be limited to, the fire and police chiefs and directors of public works, health and human services, finance, and management and budget.

3. The mayor shall may provide such other findings and recommendations as he may deem advisable when transmitting the planning department staff analysis.

C. *Determination and Delineation of Deteriorated Area.* After receipt of the Mayor's planning staff analysis, the Assembly shall set a public hearing on the application and proposal to consider the findings and recommendations of the Mayor and to receive such other evidence and information as may be presented.

*Notice* of the public hearing shall include the location, size and description of the application-defined deteriorated area and shall advise that the staff analysis is available for review in the Clerk's office.

a. In addition, all owners and lessees of record owning or leasing real property within the application-defined deteriorated area and the Mayor's recommended boundaries thereof shall be individually notified by mail.

b. The staff analysis shall be available for public review for not less than 30 days prior to the Assembly's public hearing.

2. *Assembly Action:* After public hearing and based upon substantial evidence submitted to the Assembly, including the Mayor's planning staff analysis, the Assembly shall make findings addressing each of the items listed in subsection B. of this section and, based upon such findings, may

a. Approve or deny the application as submitted with such conditions or modifications as the Assembly may deem appropriate;

- b. Reduce the boundaries of the application-defined deteriorated area based on findings that a portion of the application-defined area is not eligible or appropriate for inclusion in the deteriorated area; provided the Assembly first finds the deteriorated area is qualified as such under this chapter.

**Section 3.** This ordinance shall become effective immediately upon its passage and approval by the Assembly.

**PASSED AND APPROVED** by the Anchorage Assembly this \_\_\_\_ day of \_\_\_\_\_, 1999.

**ATTEST:**

\_\_\_\_\_  
Chair of the Assembly

\_\_\_\_\_  
Municipal Clerk

CS FOR HOUSE BILL NO. 76(RLS) am S

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY THE HOUSE RULES COMMITTEE

Amended: 3/25/99  
Offered: 3/10/99

Sponsor(s): REPRESENTATIVES HALCRO, Dyson, Kemplen, Mulder, Croft

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to an exemption from and deferral of payment on municipal  
2 taxes on deteriorated property; and providing for an effective date."

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 \* Section 1. AS 29.45.050(o) is amended to read:

5 (o) A municipality may by ordinance partially or totally exempt all or some  
6 types of deteriorated property from taxation for up to five years beginning on or any  
7 time after the day substantial rehabilitation, renovation, or replacement of any structure  
8 on the property begins. A municipality may by ordinance permit deferral of payment  
9 of taxes on all or some types of deteriorated property for up to five years beginning  
10 on or any time after the day substantial rehabilitation, renovation, or replacement of  
11 any structure on the property begins. However, if the ownership of property for which  
12 a deferral has been granted is transferred, all tax payments deferred under this  
13 subsection are immediately due and the deferral ends, or, if ownership of any [ONLY]  
14 part of the property is transferred, all tax payments [ATTRIBUTABLE TO THAT



1 PART] are immediately due. The amount deferred each year is a lien on that  
2 property for that year [AND THE DEFERRAL ATTRIBUTABLE TO THAT PART  
3 ENDS]. Only one exemption and only one deferral may be granted to the same  
4 property under this subsection, and, if an exemption and a deferral are granted to  
5 the same property, both may not be in effect on the same portion of the property  
6 during the same time. An ordinance adopted under this subsection must include  
7 specific eligibility requirements and require a written application for each  
8 exemption or deferral. In this subsection, "deteriorated property" means real property  
9 that is commercial property not used for residential purposes or that is multi-unit  
10 residential property with at least eight residential units, and that  
11 (1) has been the subject of an order by a government agency requiring  
12 the property to be vacated, condemned, or demolished by reason of noncompliance  
13 with laws, ordinances, or regulations;  
14 (2) has a structure on it not less than 15 years of age that has  
15 undergone substantial rehabilitation, renovation, or replacement, subject to any  
16 conditions prescribed in the ordinance; or  
17 (3) is located in a deteriorating or deteriorated area with boundaries that  
18 have been determined by the municipality.  
19 \* Sec. 2. AS 29.45.050(o) is repealed July 1, 2002.  
20 \* Sec. 3. This Act takes effect July 1, 1999.

Submitted by: Assembly Member Wohlforth  
Prepared by: Margaret J. Rawitz,  
Hoge & Lekisch  
For reading: September 15, 1998

ANCHORAGE, ALASKA  
AO NO. 98-135(S-1)

AN ORDINANCE AMENDING AMC SECTIONS 12.35.005, 12.35.010 AND 12.35.025 AND PROVIDING FOR TAX EXEMPTION AND TAX DEFERRAL FOR DETERIORATED PROPERTY.

THE ANCHORAGE ASSEMBLY ORDAINS:

Section 1: AMC 12.35.005 is amended by adding the following new definitions to read:

**Deteriorated area** means an area which meets one or more of the following criteria: unsafe, unsanitary or overcrowded buildings; vacant, overgrown and unsightly lots of ground; a disproportionate number of tax delinquent properties; excessive land coverage; defective design or arrangement of buildings, street or lot layouts, economically or socially undesirable land uses. Property adjacent to areas meeting these criteria, but which would not otherwise qualify, may be included within the deteriorated area designated if the Assembly determines that new construction on such property would encourage, enhance or accelerate improvement of the adjacent deteriorated properties.

**Deteriorated property** means real property that is commercial property not used for residential purposes or that is multi-unit residential property with at least eight residential units, that is located in a deteriorated area with boundaries that have been determined by the municipality after a public hearing and findings of fact by the Assembly establishing the deteriorated condition, and that

1) has been the subject of an order by a government agency requiring the property to be vacated, condemned or demolished by reason of noncompliance with laws, ordinances or regulations; or

2) has a structure on it not less than 15 years of age that has undergone substantial rehabilitation, renovation, or replacement.

**Rehabilitation** means repair, replacement, construction or reconstruction, including alterations and additions, having the effect of rehabilitating a deteriorated property so that it becomes habitable or attains higher standards of safety, health, economic use or amenity, or is brought into compliance with laws, ordinances or regulations governing such standards. Ordinary upkeep and maintenance shall not be deemed

1        rehabilitation.

2  
3        Section 2: AMC 12.35.010 is amended by adding the following new subsections  
4        to read:

5                C. Deteriorated property shall be partially exempt from taxation under  
6                chapter 12.15 for up to five years starting in the year beginning January 1  
7                after

8                        1) an application for exemption has been approved in accordance with  
9                        section 12.35.025, and

10                      2) substantial completion or beneficial occupancy of the rehabilitation,  
11                      renovation or replacement.

12                D. Deteriorated property shall be subject to a deferral of payment of  
13                taxes under chapter 12.15 for up to five years starting in the year beginning  
14                January 1 after -expiration of any exemption in accordance with AMC  
15                12.35.010(C).

16                E. Deferred taxes shall be assessed in the year of deferral in  
17                accordance with chapter 12.15 and any appeal of an assessment of deferred  
18                taxes shall be filed in accordance with AMC 12.05.055 within 30 days from  
19                the date the assessment notice was mailed.

20                F. The deferral shall be effective until the ownership of the property  
21                for which a deferral has been granted is transferred. Upon transfer of title,  
22                all tax payments deferred under this subsection are immediately due and the  
23                deferral ends, or, if ownership of only part of the property is transferred, all  
24                tax payments attributable to that part are immediately due and the deferral  
25                attributable to that part ends. This section does not apply to a lease of all or  
26                part of the property.

27                G. Only one exemption and only one deferral may be granted to the  
28                same property.

29        Section 3: AMC 12.35.025 is amended by deleting the bracketed portions and  
30        adding the portions that are underlined, as follows:

31                A. Application to establish real or personal property as economic  
32                development property or qualified inventory under this chapter shall be made  
33                in writing to the chief fiscal officer or his designee. The application shall  
34                contain:

35                      1        A description of the property for which the application is made  
36                      and the business in which it is to be used;

37                      2        A description of the employment and eligible jobs created or  
38                      sustained by the property;

3. Demonstration that the property meets the requirements of this chapter;
4. Evidence that an exemption is necessary to the operation of the business and the creation of employment or eligible jobs;
5. Financial statement of the applicant; and
6. Other information as may be required by the finance department.

B. Application for a tax exemption and tax deferral for deteriorated property under this chapter shall be made in writing to the chief fiscal officer or his designee. The application for tax exemption and deferral may be submitted and approved prior to the commencement of rehabilitation work. The application shall contain:

1. A description of the property for which the application is made;
2. Demonstration that the property meets the requirements of this chapter;
3. Other information as may be required by the finance department.

C[B]. The designee of the chief fiscal officer, which may be a contractor of the municipality, shall verify the eligibility for the application and shall submit it to the chief fiscal officer. The chief fiscal officer shall advise the mayor and the assembly as to the eligibility of the proposed exemption and deferral within 30 days after receiving the application from his designee or contractor. If the application is recommended for approval by the chief fiscal officer, a resolution may be submitted by the mayor to the assembly for action. If the application is denied by the chief fiscal officer or a resolution is not submitted by the mayor, the applicant may appeal directly to the assembly.

D[C]. The assembly may set a public hearing on an application recommended for approval by the mayor. The assembly may grant an exemption to the extent that the property is determined to be deteriorated property, economic development property or qualified inventory. The assembly shall make an effort to treat similarly situated deteriorated property, economic development property and qualified inventory in a reasonable and equitable manner as practicable.

E[D]. The grant or denial of an exemption and deferral by the assembly is a discretionary act which will not give rise to any claim against the municipality or its agents.

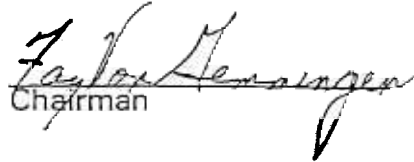
F[E]. The owner of economic development property or qualified inventory shall certify annually to the chief fiscal officer or his designee that the employment and number of eligible jobs upon which approval was granted, if any, remain in existence and that the property remains eligible for

1 exemption pursuant to this chapter. All books and records of the owner  
2 shall be subject to the inspection of the chief fiscal officer for a period of  
3 three years after the annual certification is made. If the property is  
4 determined to be wholly or partially ineligible, the exemption or deferral shall  
5 terminate to the extent of the deficiency, whether in eligible jobs or other  
6 failed conditions, and all sums that would have been levied in that year shall  
7 be due and payable to the municipality with interest, if any is due, as if such  
property has been subject to regular taxation. Deficiencies in number of  
eligible jobs shall be calculated on the basis of the exemption granted for  
each eligible job. Other deficiencies shall be calculated based on that portion  
of the tax year for which exemption was granted remaining at the time the  
deficiency arose.

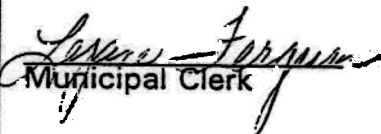
8 G[F]. The chief fiscal officer may, consistent with title 7, contract  
9 with an entity to receive and review applications for tax exemption and  
10 deferral and to verify annual certifications that economic development  
11 property or qualified inventory remains eligible for exemption, pursuant to  
this section. If such a contract is entered into, the chief fiscal officer shall  
be deemed to have received the application for the purposes of subsection  
C[B] of this section when he receives it from the contractor.

12 Section 4: This ordinance shall become effective immediately upon passage and  
13 approval by the Anchorage Assembly.

14 PASSED AND APPROVED by the Anchorage Assembly this 15th day  
15 of September, 1998.

16   
Chairman

17 ATTEST:

18  
19   
20 Municipal Clerk  
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MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

NO. AM 918-98

Meeting Date: September 15, 1998

From: Assemblymember Wohlforth  
Subject:

Amending AMC to Provide Tax Exemption and Tax Referral for  
Deteriorated Property

AO 98-135 (S-1) makes two changes to AO 98-135 (S) in response to concerns raised by the administration.

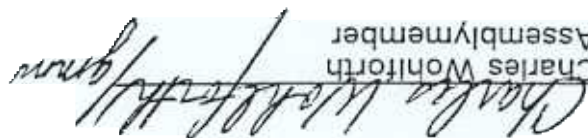
First, the word "partially" is added to Section 2, paragraph C, to make the ordinance consistent with state law (HB 399).


Second, a definition of "deteriorated area" has been added to Section 1 to provide guidelines for the determination of what constitutes "deteriorated property" or a deteriorated area. This will reduce the danger of unequal treatment and other abuses. This definition is based on the definition found in Pennsylvania's Local Economic Revitalization Tax Assistance Act.

Approval of this ordinance is recommended.

Respectfully submitted:

Prepared by:

  
Charles Wohlforth  
Assemblymember

  
Greg Moyer, Director  
Assembly Office

Municipality of Anchorage  
MUNICIPAL CLERK'S OFFICE  
**Agenda Document Control Sheet**

Av 99-109

(SEE REVERSE SIDE FOR FURTHER INFORMATION)

<b>1</b>	SUBJECT OF AGENDA DOCUMENT <i>Amending AMC 12.50 regarding deteriorated area on property</i>	DATE PREPARED <i>8/12/99</i>	
		Indicate Documents Attached <input checked="" type="checkbox"/> AO <input type="checkbox"/> AR <input type="checkbox"/> AM <input type="checkbox"/> AIM	
<b>2</b>	DEPARTMENT NAME <i>Assembly</i>	DIRECTOR'S NAME <i>S. Wunsch</i>	
<b>3</b>	THE PERSON THE DOCUMENT WAS ACTUALLY PREPARED BY <i>Bill Greene</i>	HIS/HER PHONE NUMBER <i>343-4545</i>	
<b>4</b>	<b>COORDINATED WITH AND REVIEWED BY</b>	<b>INITIALS</b>	<b>DATE</b>
	Mayor		
	<input checked="" type="checkbox"/> Municipal Clerk	<i>lf</i>	<i>8/12/99</i>
	Municipal Attorney		
	Employee Relations		
	Municipal Manager		
	Community Planning & Development		
	Finance, Chief Fiscal Officer		
	Management Information Services		
	Office of Management & Budget		
	Property & Facility Management		
	Purchasing		
	Operations Manager		
	Cultural & Recreational Services		
	Fire		
	Health & Human Services		
	Merrill Field Airport		
	Municipal Light & Power		
	Police		
	Port of Anchorage		
	Public Works		
	Solid Waste Services		
	Transit		
	Water & Wastewater Utility		
	Other		
<b>5</b>	SPECIAL INSTRUCTIONS/COMMENTS  <i>7/20/99 Introduced by title only</i>		
<b>6</b>	ASSEMBLY HEARING DATE REQUESTED <i>8/17/99</i>	<b>7</b>	PUBLIC HEARING DATE REQUESTED <i>8/17/99</i>