

Submitted by: Chair of the Assembly at the  
Request of the Mayor

Prepared by: Finance Department

For reading: April 17, 2007

CLERK'S OFFICE

**AMENDED AND APPROVED**

Date: 5/1/07 ANCHORAGE, ALASKA

AR No. 2007-104

1 A RESOLUTION APPROVING REAL PROPERTY TAXATION EXEMPTION FOR  
2 TRACT 13, ALASKA VILLAGE SUBDIVISION, UNDER ANCHORAGE MUNICIPAL  
3 CODE CHAPTER 12.35.

4  
5 **WHEREAS**, ~~Cook Inlet Housing Authority (CIHA)~~ **Creekside Village I, Limited**  
6 **Partnership** owns the following described real property (the Property):

7  
8 Tract 13, THE ALASKA VILLAGE SUBDIVISION,  
9 according to Plat No. 2006-169, consisting of approximately  
10 7.853 acres, in the Anchorage Recording District, Third  
11 Judicial District, State of Alaska; and  
12

13 **WHEREAS**, CIHA proposes to rehabilitate the Property by constructing an eighty (80) unit  
14 mixed income housing development project thereon, commencing in 2007; and  
15

16 **WHEREAS**, the Property is located within the area of Muldoon designated by the  
17 Anchorage 2020 Comprehensive Plan as a town center, commonly referred to as the  
18 Creekside Town Center; and  
19

20 **WHEREAS**, the project incorporates enhanced design and development standards  
21 consistent with the Town Center development principles; and  
22

23 **WHEREAS**, the Property is part of the former Alaska Village Mobile Home Park area,  
24 located within the 33.5 acre area determined by the Assembly to be a "deteriorated area"  
25 within the meaning of Anchorage Municipal Code section 12.35.005, *see* AO 2004-162;  
26 and  
27

28 **WHEREAS**, Assembly approval of AO 2004-162 allows property owners and developers  
29 to submit applications for property tax incentives under Anchorage Municipal Code chapter  
30 12.35, making development and redevelopment of the area more economically feasible; and  
31

32 **WHEREAS**, CIHA applied for a ten-year deteriorated real property tax exemption under  
33 Anchorage Municipal Code chapter 12.35, and the Chief Fiscal Officer has reviewed the  
34 application in consultation with the Municipal Assessor, Municipal Attorney and Planning  
35 Department Director, and has advised the Mayor and the Assembly that the application is  
36 eligible for taxation exemption; now, therefore,  
37

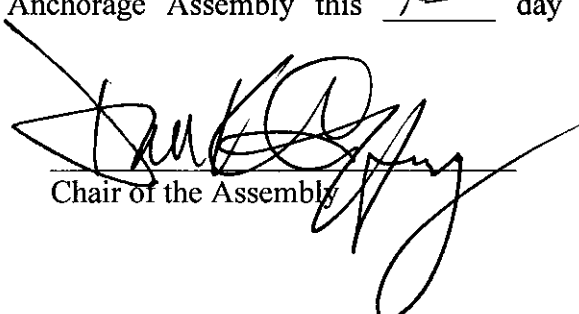
38 **THE ANCHORAGE ASSEMBLY RESOLVES:**  
39

40 **Section 1:** The Property is totally exempt from real property taxation under Anchorage  
41 Municipal Code chapter 12.15 for a period of ten (10) years commencing as of the  
42 January 1 after rehabilitation of the Property **begins is complete as measured by receipt of**


**a Certificate of Occupancy from the Municipality of Anchorage.**

**Section 2:** This resolution shall become effective immediately upon passage and approval by the Assembly.

PASSED AND APPROVED by the Anchorage Assembly this 1<sup>st</sup> day of May, 2007.

  
Chair of the Assembly

ATTEST:

  
Municipal Clerk



# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY MEMORANDUM

AM No. 281 -2007

Meeting Date: April 17, 2007

**From: MAYOR**

**Subject: A RESOLUTION APPROVING REAL PROPERTY TAXATION EXEMPTION FOR TRACT 13, ALASKA VILLAGE SUBDIVISION, UNDER ANCHORAGE MUNICIPAL CODE CHAPTER 12.35.**

The attached resolution grants a ten-year deteriorated property tax exemption to the Cook Inlet Housing Authority (CIHA) for their 80-unit mixed income housing development project to be located on the site of the former Alaskan Village Mobile Home Park within the Creekside Town Center. The Assembly determined the entire 33.5 acre Creekside Town Center to be a "deteriorated area" through approval of AO 2004-162 on December 14, 2004. This determination allows property owners and developers to submit applications for tax incentives under AMC section 12.35.

As required by AMC 12.35, CIHA submitted an application for a deteriorated property tax exemption to the Chief Fiscal Officer (CFO). The application was reviewed by the CFO with assistance from the Municipal Assessor, Municipal Attorney and Planning Department Director. The CFO has determined the application to be eligible for consideration by the Assembly under AMC section 12.35 and recommended to the mayor that the application be forwarded to the Assembly for their consideration and action. It was further recommended that an assembly work session be scheduled to allow CIHA an opportunity to present the Assembly with the details of their application and project, discuss the history of the Creekside Town Center and explain the public benefit to be derived consistent with the level of tax incentive being requested.

The value of the tax exemption requested is projected to be approximately \$61,000 per year. CIHA has a preliminary commitment from a lender to provide a loan of \$506,000, the discounted present value of the future tax exemption. The loan proceeds will be used to help fund the project.

**THE ADMINISTRATION RECOMMENDS APPROVAL OF A RESOLUTION APPROVING REAL PROPERTY TAXATION EXEMPTION FOR TRACT 13, ALASKA VILLAGE SUBDIVISION, UNDER ANCHORAGE MUNICIPAL CODE CHAPTER 12.35.**

Prepared by: Finance Department

Approved by: Jeffrey E. Sinz, Chief Fiscal Officer

Concur: James N. Reeves, Municipal Attorney

Concur: Denis C. LeBlanc, Municipal Manager

Respectfully submitted: Mark Begich, Mayor

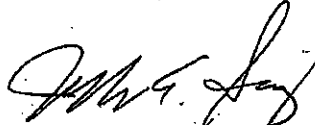


# Municipality of Anchorage

## MEMORANDUM

**DATE:** March 12, 2007

**TO:** Mayor Begich

**FROM:** Jeffrey E. Sinz, Chief Fiscal Officer 

**SUBJECT:** Recommendation – Cook Inlet Housing Authority Application for Deteriorated Property Tax Exemption

### Legal Framework:

AS 29.45.050 and Anchorage Municipal Code chapter 12.35 provide that real property determined to be “deteriorated” may be eligible to receive a property tax exemption for up to ten (10) years and a tax deferral for up to five (5) years. The ability to grant special tax treatment represents a tool that local governments may use, under specified and limited circumstances, to encourage development or redevelopment projects where tax incentives are necessary for project viability or long term economic feasibility. For example, encouraging a development that would not otherwise occur, or economically assisting a development that meets design standards that would not otherwise occur. The power to grant such exemptions and deferrals rests exclusively with the Municipal Assembly. In order to be considered for this special tax treatment, the owners of eligible property must first submit an application to the Chief Fiscal Officer (CFO). The CFO then reviews the application, determines eligibility for the exemption, and makes a recommendation to the mayor regarding approval. The Mayor may then submit a resolution to the Assembly, and it is up to the Assembly to grant or deny the exemption and/or deferral. If the Mayor chooses not to submit a resolution and recommendation to the Assembly, the applicant may appeal directly to the Assembly for an exemption and/or deferral. The granting of a deteriorated property exemption and/or deferral is a discretionary act of the Assembly.

### Application:

The Municipality of Anchorage (MOA) received a deteriorated property tax exemption application from the Cook Inlet Housing Authority (CIHA) for an 80-unit housing development project to be located within the deteriorated property boundaries approved by the Assembly under AO 2004-162, on the site of the former Alaskan Village Mobile Home Park and now generally referred to as the Creekside Town Center site. CIHA requested a ten-year full tax exemption for a medium density, neo-traditional enhanced architectural, mixed income housing development, to be known as the Grass Creek Village at Creekside. CIHA intends to use the exemption as a source of repayment for a “tax abatement” loan. The property taxes otherwise payable on this property are projected to be approximately \$61,000 per year, based on the

formula used to calculate the value of housing authority owned affordable housing developments under state law and federal law. CIHA has a preliminary commitment from a lender to provide a loan of \$506,000, the discounted present value of the future MOA tax exemption. The loan proceeds will be added to approximately \$24.5 million in project funding from other sources. The housing units are to be rented during the first 15 years following project occupancy, with a sale option commencing in the 16<sup>th</sup> year. At the time of purchase, housing units become subject to property taxation at 100% of full and true value upon purchase.

### **Discussion/Background:**

CIHA has worked for the past four and one half (4 ½) years toward redevelopment of the Creekside Town Center site totaling and containing 33.5 acres located immediately to the southwest of the intersection of Muldoon and Debarr Roads. CIHA initially purchased 24 acres in October 2002 and an additional 9.5 acres in December 2005. Redevelopment of these areas began several years before CIHA made its initial property purchase, with a collaborative effort between the Muldoon Community Improvement, LLC (MCI) and the MOA. This area of Muldoon is designated by the Anchorage 2020 Comprehensive Plan as one of several “Town Centers” in the Municipality and is commonly referred to as the “Creekside Town Center”. The Anchorage 2020 Plan purposely intended for design and development standards for Town Centers to exceed those otherwise required by Title 21. To date, redevelopment efforts include removal of mobile home units, environmental cleanup of the former Alaskan Village Mobile Home Park, restoration of Chester Creek, establishment of written Town Center Development and Design Guidelines recorded against the property, completion of a replat process; design and construction of water/sewer main extensions throughout the development area, connecting off-site mains further east and west along Debarr Road to enhance the water/sewer service within the entire Muldoon area, and Planning & Zoning Commission review and approval of the proposed Grass Creek Village at Creekside development project.

After purchasing the 24 acre parcel in October 2002, CIHA worked with MCI and the MOA to investigate the use of Tax Increment Financing (TIF) as a mechanism to provide a public investment toward the higher than normal costs associated with meeting Town Center principles and design standards. However, practical and legal problems associated with the use of TIF proved problematic, and deteriorated property tax exemptions were a better vehicle to facilitate public investment.

In order to allow property owners and developers to submit applications for tax incentives under AMC section 12.35.050, the Assembly approved AO 2004-162 on December 14, 2004. This ordinance designated the entire 33.5 acres within the Creekside Town Center as a “deteriorated area”. CIHA is applying for a ten-year full property tax exemption for its 80-unit mixed income housing development project. The project will be located on the site of the former Alaskan Village Mobile Home Park within the Creekside Town Center. The application appears consistent with the intent of AO 2004-162.

My review of the application indicates this project is eligible for consideration under section 12.35.010, based on a review of applicable municipal code and state statutes, discussions with

Planning Department personnel regarding compliance with Town Center principles and design standards, a review of the history of the Creekside Town Center, and a review of AO 2004-162, designating the Creekside Town Center as a deteriorated area. The deteriorated area designation allows property owners and developers to apply for tax incentives to help fund the higher costs associated with Town Center development. Enhanced design features of the Grass Creek Village include sidewalks throughout the proposed housing development, site lighting fixtures, increased set back from the creek, enhanced levels of green space, enhanced level of landscaping, and enhanced level of architectural design in the housing structures.

**Recommendation:**

It is recommended that the CIHA application for a deteriorated property tax exemption be forwarded to the Municipal Assembly for consideration and action. A draft Assembly Ordinance and accompanying Assembly Memorandum are attached. The Ordinance, if approved by the Assembly, authorizes a ten-year, full property tax exemption as requested by the CIHA. It is further recommended that a work session with the Assembly be requested to allow CIHA an opportunity to present the Assembly with the details of their application and project, discuss the history of the Creekside Town Center and explain the public benefit to be derived consistent with the level of the incentive being requested.

**Attachments**

cc: Don "Marty" McGee, Municipal Assessor

**Content Information****Content ID :** 004974**Type:** AR\_AllOther - All Other Resolutions**Title:** A Resolution Approving Real Property Taxation Exemption for Tract 13, Alaska Village Subdivision, Finance**Author:** pruittns**Initiating Dept:** Finance**Keywords:** CIHA, Real Property, Tax Exemption, Alaska Village, deteriorated property**Date Prepared:** 4/6/07 9:39 AM**Director Name:** Jeffrey Sinz**Assembly Meeting**  
**Date:** 4/17/07*J. H. Dak : 5/1/07**M.O.A  
2007 APR -6 PM 4:15  
CLEAN'S OFFICE***Workflow History**

<u>Workflow Name</u>	<u>Action Date</u>	<u>Action</u>	<u>User</u>	<u>Security Group</u>	<u>Content ID</u>
AllOtherARWorkflow	4/6/07 9:41 AM	Checkin	pruittns	Public	004974
Finance_SubWorkflow	4/6/07 9:44 AM	Approve	sinzje	Public	004974
MuniManager_SubWorkflow	4/6/07 9:48 AM	Approve	leblancdc	Public	004974
MuniMgrCoord_SubWorkflow	4/6/07 2:15 PM	Approve	abbottmk	Public	004974