* Sec. 2. AS 29.45.050 is amended by adding new subsections to read:

(aa) A municipality may by ordinance exempt or partially exempt from taxation a structure that contains a dwelling unit that was converted from use as a short-term rental unit to exclusive use as a long-term rental unit. In this subsection,

(1) "dwelling unit" has the meaning given in AS 34.03.360;

(2) "long-term rental unit" means a dwelling unit offered for rent for periods of not less than 31 consecutive days;

(3) "short-term rental unit" means a dwelling unit offered for rent for periods of 30 consecutive days or less; "short-term rental unit" does not include a

(A) hotel, motel, or bed and breakfast;

(B) commercially operated hunting or wilderness camp; or

(C) dwelling unit operated by a government entity or charitable organization that provides temporary housing to individuals or family members of individuals who are being treated for trauma, injury, or disease.

(bb) A municipality may by ordinance exempt or partially exempt from taxation a mobile home park for up to 10 years after the mobile home park is constructed or renovated.

(cc) A municipality may by ordinance exempt or partially exempt from taxation real property rented to a low-income family if the monthly rent charged to the low- income family is not more than 30 percent of the family's income. In this subsection,

(1) "family's income" means the sum of the previous tax year's adjusted gross incomes for each person in the family who earned income divided by 12;

(2) "low-income family" has the meaning given to "low-income families" in 42 U.S.C. 1437a(b)(2)(A).

(dd) A municipality may by ordinance exempt or partially exempt from taxation real property owned and occupied as a permanent place of abode by a resident of the municipality.

(ee) A municipality may by ordinance exempt or partially exempt from taxation 1 residential real property owned and occupied by a first-time home buyer.

Proposed Anchorage Ordinances-

AO 2026-89 - 10 year tax break for 1st time homebuyers

Price must be below average single family home value in MOA ($500,000 in 2026)

Must be occupied as primary residence

Assembly Memorandum Explaining

https://meetings.muni.org/AgendaOnline/Documents/DownloadFileBytes/AO%202026-89_2_AM_FOR_12.110.REV.DOCX_(2).6.11.DOCX.pdf?documentType=1&meetingId=6526&itemId=95752&publishId=94540&isSection=False&isAttachment=True

Text of Proposed Ordinance

https://meetings.muni.org/AgendaOnline/Documents/DownloadFileBytes/AO%202026-89_1_12.110_V7.REV.DOCX%20(1).6.11.DOCX.pdf?documentType=1&meetingId=6526&itemId=95752&publishId=94539&isSection=False&isAttachment=True

AO 2026-93

Mixed Use Development- [commercial and owner-occupied residential]/

Residential units must be at or below average assessed single-family home value

[applies to renovation converting existing vacant office buildings and to newly constructed mixed use development]

4 new unit minimum

STR'S do not qualify

Assembly Memorandum Explaining

https://meetings.muni.org/AgendaOnline/Documents/DownloadFileBytes/AO%202026-93_2_AM_FOR_12.100.REV.WDF.DOCX.pdf?documentType=1&meetingId=6526&itemId=95751&publishId=94554&isSection=False&isAttachment=True

Text of Proposed Ordinance

https://meetings.muni.org/AgendaOnline/Documents/DownloadFileBytes/AO%202026-93_1_12.100_V5_DRAFT.WDF_PLUS_LAW.DOCX%20(1).DOCX.pdf?documentType=1&meetingId=6526&itemId=95751&publishId=94553&isSection=False&isAttachment=True

Work Session on both Ordinances set for July 17 at 1 pm

Public Hearing Scheduled for August 4 for Both Ordinances

Chat GPT response to query:

What work force housing property tax incentive policies have been implemented in United States resort communities?

Yes. Resort communities across the U.S. have experimented with a variety of **property tax incentives** to preserve or create workforce housing, although these are generally part of broader housing strategies rather than standalone tax policies. The most successful programs typically combine tax relief with deed restrictions, development incentives, or public funding.

The major policy models are summarized below.

Policy Type	How it Works	Resort Community Examples
Property tax abatements	Reduces taxes on qualifying workforce housing developments	Aspen area (CO), Telluride (CO), Park City (UT), some California mountain communities
Property tax exemptions	Exempts nonprofit workforce housing from taxation	Colorado, California, Vermont resort housing authorities
Tax increment financing (TIF)	Uses future property tax growth to finance housing	Breckenridge (CO), Truckee (CA), Park City (UT)
Assessment reductions	Lower taxable value in exchange for affordability restrictions	Limited use in Colorado and California
Property tax-funded housing districts	Dedicated mill levy or tax supporting workforce housing	Aspen/Pitkin County, Summit County (CO), Jackson (WY proposals)
Property tax rebates/credits	Rebates taxes to owners providing long-term workforce housing	Emerging in several ski towns but less common

1. Property tax abatements for workforce housing developments

Many resort communities offer temporary abatements or reduced assessments to encourage construction of workforce housing.

These generally require:

- long-term affordability (20–99 years)
- occupancy by local workers
- restrictions on resale or rental
- minimum percentage of affordable units

Examples include:

- **Park City, Utah** has used tax increment financing and negotiated tax incentives within redevelopment areas to support workforce housing.

- **Telluride, Colorado** has negotiated property tax relief and public participation for deed-restricted employee housing developments.
- **Aspen/Pitkin County** has occasionally used tax incentives together with land contributions and public financing.

Unlike conventional affordable housing, resort communities often define eligibility by **employment within the county** rather than by federal income limits.

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2. Property tax-funded housing authorities

One of the more effective long-term strategies has been voter-approved property taxes dedicated to workforce housing.

Examples include:

Aspen/Pitkin County

The housing authority receives dedicated public funding that supports:

- land acquisition
- workforce housing construction
- preservation
- employer partnerships

The result is one of North America's largest deed-restricted housing systems, with more than 3,000 permanently restricted homes.

Summit County, Colorado

Housing programs are funded through county and municipal revenues, including property tax-supported housing authorities.

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3. Tax incentives tied to deed restrictions

Rather than reducing taxes directly, many communities purchase or subsidize deed restrictions that permanently convert market-rate housing into workforce housing.

One of the best-known examples is:

Vail InDEED (Colorado)

The Town purchases deed restrictions from homeowners or developers.

Benefits include:

- lower public cost than constructing new housing
- permanent workforce occupancy
- preservation of existing housing
- reduced speculation

Although the incentive is a direct payment rather than a tax reduction, it effectively substitutes for property tax incentives by compensating owners for restricting future value. HUD describes the program as obtaining workforce housing at roughly 15–20% of market value rather than purchasing entire properties.

Nearby Summit County has adopted similar deed-restriction acquisition programs ("Housing Helps").

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4. Property tax exemptions for nonprofit housing

Many resort communities rely on nonprofit housing organizations.

When ownership qualifies for nonprofit or charitable exemptions, developments can avoid significant property taxes, reducing operating costs.

California's Welfare Tax Exemption is a notable example, allowing qualifying affordable housing providers to receive property tax relief in exchange for affordability commitments.

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5. Tax Increment Financing (TIF)

Instead of reducing taxes, some communities redirect future increases in property tax revenue toward workforce housing.

Uses include:

- infrastructure
- land acquisition
- structured parking
- gap financing

Communities using variations of TIF include:

- Park City, Utah
- Truckee, California
- Breckenridge, Colorado

Because resort property values appreciate rapidly, TIF districts can generate substantial funding.

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6. Incentives for existing homeowners

A newer model is to encourage homeowners to dedicate existing homes to local workers.

For example, Placer County's Workforce Housing Preservation Program provides financial assistance to buyers in exchange for a 55-year deed restriction limiting occupancy to local workers. While not a property tax incentive, it functions similarly by compensating owners for accepting long-term affordability restrictions.

What has generally worked best?

Research from mountain and resort communities suggests that permanent preservation programs tend to outperform temporary tax abatements because they keep housing in the workforce inventory over the long term. Common elements include:

- deed restrictions tied to local employment
- dedicated public funding
- employer partnerships
- acquisition of existing housing
- public land contributions
- tax-supported housing authorities

Pure property tax reductions alone have generally had a smaller impact because, in high-value resort markets, the tax savings are often modest relative to the potential revenue from second-home ownership or short-term rentals. As a result, many communities pair tax incentives with legally enforceable occupancy restrictions.

If your interest is policy design, I can also prepare a comparative matrix of 15–20 resort communities (such as Aspen, Vail, Breckenridge, Jackson Hole, Park City, Truckee, Mammoth Lakes, Sun Valley, Telluride, Big Sky, and Whistler) showing:

- whether they use property tax abatements,
- dedicated housing mill levies,
- TIF financing,
- deed-restriction purchase programs,
- employer-assisted housing,
- short-term rental taxes dedicated to housing, and
- any measurable outcomes (units created, preserved, or funded). This type of side-by-side comparison is often useful for evaluating which policy tools have been most effective.

How much will the monthly payment on a standard 30 year mortgage at current interest rates for a $500,000 house be reduced if the property is exempt from property tax in Anchorage as recently proposed by Mayor LaFrance?

Using today's average 30-year fixed mortgage rate of **6.43%**, here's a reasonable estimate.

Assumptions:

- Home price: **$500,000**
- 20% down payment ($100,000)
- Mortgage amount: **$400,000**
- 30-year fixed at **6.43%**
- Ignoring homeowners insurance and PMI

The monthly **principal and interest** payment would be approximately **$2,506/month**.

The effect of eliminating property taxes depends on what the annual property tax would otherwise be. Anchorage's effective residential property tax rate is roughly around **1.1%–1.3% of assessed value**, though the exact amount varies based on municipal rates and exemptions.

For a $500,000 home:

Annual property tax	Monthly escrow	Monthly payment if eliminated
$5,000 (1.0%)	$417	Reduced by **$417/month**
$5,500 (1.1%)	$458	Reduced by **$458/month**
$6,000 (1.2%)	$500	Reduced by **$500/month**
$6,500 (1.3%)	$542	Reduced by **$542/month**

So if the proposal exempted your home completely from Anchorage property taxes, the monthly housing payment would decrease by roughly **$450–$550 per month** on a $500,000 home.

For example:

- Mortgage (P&I): **≈ $2,506**
- Current property tax (assuming $6,000/year): **≈ $500/month**
- Total before insurance: **≈ $3,006/month**
- Total after a full property tax exemption: **≈ $2,506/month**

That's about a **16–18% reduction** in the monthly payment.

If you're referring to **Mayor Suzanne LaFrance's recent proposal**, I can also analyze the proposal itself—whether it is a full exemption, a homestead exemption, or another form of tax relief—and calculate the savings under the actual terms rather than assuming a complete elimination.

Please analyze the actual Mayor LaFrance proposal which limits the exemption to 10 years

The proposal is **much narrower than a general property tax exemption**, so the savings are smaller and apply only to a specific group of buyers. Here's how it works.

Who qualifies?

Under Mayor Suzanne LaFrance's proposed ordinance, a buyer would need to meet **all** of these conditions:

- Be a **first-time homebuyer**.
- Purchase a **newly constructed** single-family home.
- The purchase price must be **at or below the Municipality's average single-family home value** (about **$490,000–$500,000** in 2026).
- Use the home as their **primary residence**.
- The exemption lasts **10 years**.
- The exemption applies to the **newly constructed residential portion of the property's value**, not necessarily the entire assessed value (for example, land may still remain taxable).

How much would it save on a $500,000 home?

Let's assume:

- Purchase price: **$500,000**
- 20% down
- $400,000 mortgage
- 30-year fixed at roughly **6.4%**
- Home qualifies for the full exemption

Your monthly principal and interest payment remains about **$2,506**.

The tax savings depend on the home's assessed value and how much of that value is exempt. If we assume the exemption effectively eliminates property tax on the residence for 10 years, the savings are approximately:

Annual property tax avoided	Monthly savings
$5,000	$417/month
$5,500	$458/month
$6,000	$500/month

Over the full 10-year exemption period, that's roughly:

- **$50,000–$60,000** in avoided property taxes (before considering inflation or future assessment changes).

What does that mean for affordability?

Suppose the tax savings are **$500/month**.

That is economically similar to reducing your effective monthly housing payment from about:

- **$3,006/month** (principal, interest, and property tax)
- to **$2,506/month**

For many borrowers, a $500 reduction in required monthly housing costs could increase purchasing power by roughly **$70,000–$85,000** compared with having to make the higher payment, although lenders evaluate affordability using several factors beyond the mortgage payment itself.

A few important caveats

The proposal is intended to **stimulate construction of entry-level homes**, not provide a broad tax cut. The main limitations are:

- Existing homes do **not** qualify.
- Repeat homebuyers do **not** qualify.
- Luxury homes above the value cap do **not** qualify.
- The benefit expires after **10 years**, after which normal property taxes would apply.

Would a $500,000 home actually qualify?

This is one of the biggest practical questions. Builders have expressed concern that constructing a new home for around the Municipality's average assessed value is difficult because of current labor and material costs. If the price cap remains around $490,000–$500,000, relatively few new homes may qualify unless construction costs moderate or the threshold is adjusted.

Below is what Chat GPT generated in response to the query:

Draft a property tax incentive program to implement in Girdwood, Alaska

Below is a policy framework designed specifically for the Girdwood Valley Service Area within the Municipality of Anchorage. It is intended to address one of Girdwood's most significant challenges: maintaining a year-round resident population while encouraging workforce housing, local business investment, and environmentally responsible development without substantially reducing municipal revenues.

This proposal assumes implementation by ordinance of the Anchorage Assembly where authorized under Alaska law. Alaska municipalities have authority to create certain property tax exemptions, abatements, and deferral programs, but any incentive must be consistent with state statutes governing municipal property taxation.

Girdwood Community Investment Property Tax Incentive Program (GCIP)

Purpose

The program encourages:

- Permanent residency
- Workforce housing
- Local business development
- Redevelopment of underutilized property
- Sustainable construction
- Long-term tax base growth

Rather than broadly lowering taxes, the program rewards behaviors that strengthen the local economy.

Program 1: Workforce Housing Tax Abatement

Eligible Properties

Property owners who:

- Build new workforce housing

- Convert short-term rentals into long-term rentals
- Construct accessory dwelling units (ADUs)
- Develop multifamily housing

Requirements:

- Minimum one-year lease
- Tenant must use unit as primary residence
- Annual compliance certification

Incentive

Years 1–3

- 100% abatement on taxes attributable to the new improvements

Years 4–5

- 50% abatement

Years 6+

- Full assessment

Benefits

- Reduces construction risk
- Encourages year-round housing
- Eventually increases taxable value

Program 2: Primary Residence Stability Credit

Owner-occupied homes receive an annual credit if they:

- Occupy the home at least nine months each year
- Register as Alaska residents
- Maintain voter registration or Permanent Fund Dividend eligibility

Suggested credit

- Up to 15% reduction of the Girdwood service-area mill rate

- Limited to assessed values below a designated threshold (for example, $900,000)

Purpose

Reward full-time residents rather than vacation-home ownership.

Program 3: Local Business Expansion Credit

Eligible improvements:

- Restaurants
- Grocery stores
- Childcare
- Medical offices
- Trades
- Small manufacturers
- Recreation services

Investment minimum:

$250,000

Benefit

Five-year declining exemption on improvement value:

- Year 1: 100%
- Year 2: 80%
- Year 3: 60%
- Year 4: 40%
- Year 5: 20%

Conditions

- Maintain local employment
- Minimum wage standards
- Local hiring preference where lawful

Program 4: Environmental Improvement Exemption

Eligible projects

- High-efficiency buildings
- Heat pumps
- Solar
- Battery storage
- Flood mitigation
- Avalanche-resistant improvements
- Fire-resistant construction

Benefit

Property tax exemption on qualifying improvement value for five years.

This reduces insurance risk and long-term municipal infrastructure costs.

Program 5: Vacant Property Redevelopment Incentive

Targets:

- Vacant commercial buildings
- Empty lodging
- Underutilized parcels
- Blighted properties

Requirements

Construction within 18 months.

Benefit

Freeze pre-improvement assessed value for five years.

Taxes on new improvements phase in gradually.

Program 6: Affordable Housing Density Bonus

Developments receive additional tax incentives when:

- At least 30% of units remain affordable
- Units are rented to local workers
- Affordability covenant remains for at least 15 years

Benefit

50% reduction on taxes attributable to qualifying improvements.

Program 7: Community Service Property Credit

Property owners receive modest credits for providing public amenities such as:

- Public trail easements
- Community parking
- Transit stops
- Childcare facilities
- Public gathering space
- Emergency shelter agreements

Funding Mechanism

To maintain revenue neutrality:

- Cap annual incentives at 3–5% of total service-area property tax collections.
- Review all incentives every five years.
- Include automatic sunset dates unless renewed.
- Use performance-based eligibility rather than automatic entitlement.

The Girdwood Valley Service Area currently funds services such as roads, fire protection, parks, recreation, police support, and housing/economic stability through its own property tax levy, with a service-area mill rate that is set annually and capped by municipal code.

Accountability

Annual report including:

- Number of participating properties
- Housing units created
- Long-term rental units added
- New residents
- Jobs created
- Tax revenue forgone
- New taxable value generated
- Return on investment

Estimated Outcomes (10 years)

- 150–300 new workforce housing units
- Reduced seasonal housing pressure
- More year-round businesses
- Increased assessed property values
- Broader tax base with less reliance on mill-rate increases
- Improved recruitment and retention of teachers, healthcare workers, hospitality staff, and public safety personnel

Implementation Timeline

Year 1

- Adopt ordinance
- Establish eligibility criteria and application process
- Launch workforce housing and business expansion incentives

Year 2

- Add environmental improvement and redevelopment incentives
- Publish first annual performance report

Years 3–5

- Evaluate fiscal impacts
- Adjust incentive levels based on measurable outcomes
- Expand successful programs if revenue targets are met

This approach differs from a general property tax cut by tying tax relief to investments that address Girdwood's housing shortage, support permanent residents, and expand the long-term tax base. It is designed to be fiscally conservative: incentives are temporary, performance-based, and structured so that, as improvements are fully assessed over time, they contribute additional recurring property tax revenue rather than permanently reducing it.

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

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:

Section 1. 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:	**(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, 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