

Incentive Program for Converting Short-Term Rentals to Long-Term Rentals

Funding

Where Could the Cash Come From

- Local Bed Tax
- Local Separate Resort Tax
- Local Sales Tax
- Short-Term Rental License Fee
- Property Taxes
- Non-Profits
- Foundations
- Cuts in Other Budgeted Spending

Who the Cash Could Come From

- MOA residents
- Girdwood Residents
- Second-Homeowners
- Tourists and Visitors

Issues

- The MOA does not designate taxes raised for specific reason to be “restricted” in general though the bed tax seems to be an exception

Expenditures

- X% Administrative Costs
 - o STR Regulation
 - o Landlord qualifying for LTR Incentive
 - o Renter being qualified to participate in program
- Y% Subsidy
 - o A direct cash payment to the LTR for filling all obligations to qualify for subsidy

Key Qualification for Property Owner

- A maximum amount of rent can be charged
- Property must be in Girdwood
- Tenant must work in Girdwood
- Applicant must be the Property Owner

Key Qualification for Renter

- Must work in Girdwood X hours per week
- W-2s must be provided and Government ID
- Background check required
- Tenant must be 18 years or older, Households allowed
- Applicant must be the Property Owner

Incentive Program for Converting Short-Term Rentals to Long-Term Rentals

Duration of Program – 4 years

Funding sources

- Local bed tax from hotel and STRs - \$100,000 per year plus 3% occupancy tax
- Annual licensing fee to STR - \$1,000 per license
- Annual penalties for non-compliance of paying licensing fee - \$50,000 per year
- Local foundations
- Area non-profits

Source to Hold Funds and Administration – Girdwood Community Land Trust

- Local bed tax of \$100,000 intended to cover 1 PME salary/benefits/overhead to handle all administrative tasks for
 - 1) tracking short-term rental compliance
 - 2) tracking long-term rental compliance for subsidy eligibility
- 3% occupancy tax and license fee collection would be collected with funds used for subsidies. Additional donations can also be allocated to subsidies.

Overview

- Incentive Chart for Homeowners to Long-Term Renting
 - o Ratings chart
 - o Commitment Defined
 - o Homeowner Defined
 - o Bedrooms Defined
 - o Incentive Distribution Timing
 - o Potential for Drawing if applicants exceed funding available
 - Property limit
 - Time limit
 - Process
- Program Administration
 - o Administration of payment to Homeowners
 - o Lease compliance
 - o Support role/tenant screening
- Eligibility for Property Owners
 - o Location - in Girdwood Area District defined
 - o Status – legally permitted unit. If legal STR must have all taxes/fees paid
 - o Ownership – applicant must be owner or representative of the owner
 - o Rental Affordability – The maximum amount of rent to be charged to an individual shall not exceed
 - o Property Conditions
 - o Signed Application with Girdwood Community Trust
 - o Signed Lease Agreement with qualified tenants working for employer in Girdwood
 - o Successful Midway and Final Lease Checks for Final Award
 - o Homeowners renting a portion of their home get 50% of the chart amount

- Homeowners renting an ADU or Tiny home with separate entrance, at least one bedroom, private kitchen, bathroom get 100% of the award
- Homeowners renting an RV space can get 50% of the award and can there is CAP on the RV space parking
- Developers or employers as landlords. Businesses with housing are ineligible. Private homeowners are eligible. Business owners with private property are eligible
- Change of Ownership. Old owners are disqualified and clawback applies
- Failure to Comply with Lease. Homeowner can be disqualified and clawback applies
- Eligibility for Tenants
 - Application
 - Work in Girdwood at least 30 hours per week per tenant
 - Required documentation for tenant include government issued ID, and Copy of W-2 or last two months paystubs
 - Background check
 - Household defined: two or more adults, 18 years or older, related or unrelated but living together in one house.
 - Tenant defined: an adult, 18 years or older, applying to be matched into a rental unit in Girdwood for use as their primary residence
- Program Evaluation
 - GCLT Staff and Board of Directors evaluate program annually. Tracks the following data
 - Number of homes unlocked as long-term rentals
 - Types of homes unlocked
 - Number of units converted from short to long-term rentals
 - Rental prices for each unit in the program with an average per bedroom
 - Income of renters served
 - Employers served
 - Number of rentals extended beyond 6 month leases
 - Number of rentals extended beyond 12 month leases
 - Program participant surveys (homeowners and tenants)
 - Ensure compliance with HUD Fair Housing Act and any Local Landlord/Tenant Acts

Summary of GBOS actions and status in connection with GHEC resolutions. Green are complete; yellow is informal but public action

GHEC resolution	Topic	Request to GBOS	GBOS initiative	Status
2023-01	Workforce Rental housing	No action requested	A component of Housing Goals	Feb 26; item 17
2023-02	STR regulations for Girdwood	Pursue implementation of a specific proposal	Girdwood STR regulations	<p>1) GBOS Resolution 2023-26 - requirements for Girdwood STR regulations</p> <p>2) Feb 26; consider resolution supporting specific amendments to AO 2023-110 (i.e. require STR platforms to report tax receipts by locality; clarify LTR exemption to full registration fee; strengthen Land Use conformance)</p> <p>3) New business item on Feb 26 agenda - Girdwood STR regulations</p>
2023-03	Room Taxes to Girdwood	Request 2/3 of Room Taxes from Girdwood	Other funds for housing	<p>1) Prop 7 - complete</p> <p>2) Raised in public testimony on AR 2024-30 at Feb-13 Assembly</p> <p>3) working on due diligence before introducing item in March/April GBOS</p>
2024-01	Local management of 5 HLB Parcels	<p>a) recommend local transfer</p> <p>b) request inclusion in HLB workplan</p>	<p>1) HLB work plan comments</p> <p>2) Work with HLB at future withdrawal & transfer</p>	<p>1a) HLB workplan comments & Feb 26, item 8</p> <p>1b) For anything not accepted by HLB, Assembly sponsors ready to offer amendment to HLB plan - resolution when HLB workplan gets to Assembly</p>

**REQUEST FOR INFORMATION
GIRDWOOD SOUTH TOWNSITE
HLB LOT 6-076**

Girdwood Community Land Trust
PO Box 647
Girdwood, AK 99587

Anchorage Home Builders Association
Builders Council
The Plan Room
Builders/Developers

February 28, 2024

Subject: Request for Information - Girdwood South Townsite Development

Dear Builder/Developer Community,

The Girdwood Community Land Trust is currently assessing development opportunities within the Girdwood South Townsite area. As part of our due diligence process, we are seeking information and input from experienced builders and developers regarding the potential development of this site.

Girdwood Community Land Trust is a 9-member volunteer board. One of our goals is to steward land for community uses, which includes workforce housing. Our organization has been working with the Heritage Land Bank for several years. We are named for parcel 6-076 in their annual and 5-year management plan. We have secured a Letter of Interest on this parcel and have received written permission from the Real Estate Director to issue this Request For Information(RFI). We stand ready to help facilitate a long-term lease of 55 years for \$1/per year. This is due to our nonprofit status, and an existing, identified need in our community. To achieve success and our goal, we are seeking to work with a development and building partner who is interested in creating the type of housing we think is needed in our community.

We kindly request your participation in providing information to assist us in better understanding the feasibility and potential for development within the Girdwood South Townsite. Your expertise and insights are invaluable as we explore the possibilities for this area.

Please find below a list of questions we would appreciate your response to:

1. Do you think the Girdwood South Townsite is reasonably developable for permanent housing?
2. Do you believe this area should instead be utilized for recreational and non-permanent uses?
3. What is your draft concept site plan you would suggest for development within the Girdwood South Townsite? Please note that this does not need to be a formal survey, but rather a preliminary concept of your proposed development.
4. What type of housing would you propose at this location? Please provide details regarding the housing type, size, density, and any other relevant considerations.
5. Do you have previous experience in creating neighborhoods, developing roads, needed infrastructure, etc. Please provide 3 examples.

If you are interested in providing a response, we request you send an email (girdwoodlandtrust@gmail.com) stating your interest and intent to submit a response. We will then direct you to additional resources and information. This step is not required, but encouraged, so we can pass along the most relevant information for formulating your concept.

The deadline for your response to this Request for Information is March 26, 2024. Your timely input is greatly appreciated.

Please submit any questions and your responses via email to girdwoodlandtrust@gmail.com

For more information regarding Girdwood South Townsite, our organization and polling done with our community, please visit our website: www.girdwoodlandtrust.org > Things that Inspire (upper menu button)

Thank you for your attention to this matter. We look forward to receiving your insights and suggestions regarding the development of the Girdwood South Townsite.

Sincerely,

Girdwood Community Land Trust

Board of Directors

Additional Information from GCLT:

- Mitigation of California Creek may be needed as the water is meandering, especially at Forest Fair Beer Garden area, which is up-valley of this parcel.
- There is a plat note that states the road needs to be developed the length of the parcel. This would include 850' on one side and 1200' along Karolius.
- Karolius currently exists as a dirt/gravel road.
- The Girdwood Area Plan is underway and we are suggesting this area as "Mixed Use" under the new Land Use Map.
- There is an adopted Master Plan in place. Girdwood South Townsite Master Plan.
- Heritage Land Bank has added an update of the Master Plan on their annual and 5-year plan. The plan has been approved at HLB Advisory Commission and awaiting assembly approval.

Supplemental Questions:

- 1.) Are we limited to 33 units?
 - a. The municipality traffic department has previously suggested that a max of 33 units are possible due to lack of secondary access.
 - b. Do you have any alternative ideas to work around this issue?
- 2.) What do you recommend for mitigation of the meandering creek?
 - a. Do you have any experience with this kind of work?
 - b. Have you worked with the Army Corps of Engineers previously?
- 3.) What variances, if any, would you need for your concept to work?

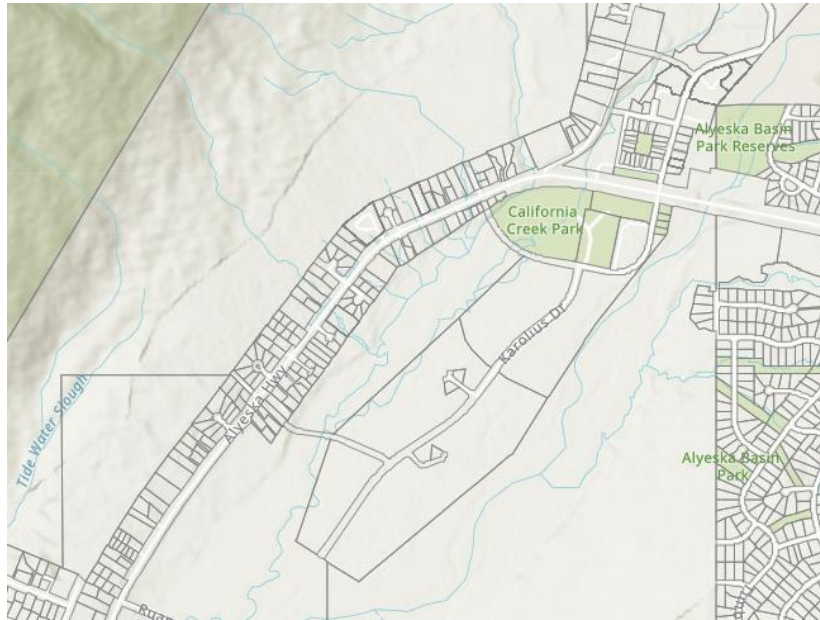
GCLT Suggested Concepts:

- 1.) Small Cabin Complex (Preferred – Polled high with community.)
 - a. Sized accordingly to be at or below \$400,000.
 - b. Girdwood residents often discuss how well the "Bird Houses" are a great example of what we need to see more of. These are 15 chalet-type homes that average 800 SF. They share a 1.5 acre lot, which is owned by the Condo Association. The structures are individually owned, detached "condos."
- 2.) Apartment Building
 - a. Open to builder owning the building.
 - b. Looking for rent price points of \$800 - \$1000.
 - c. Size units accordingly to reach price point goal.

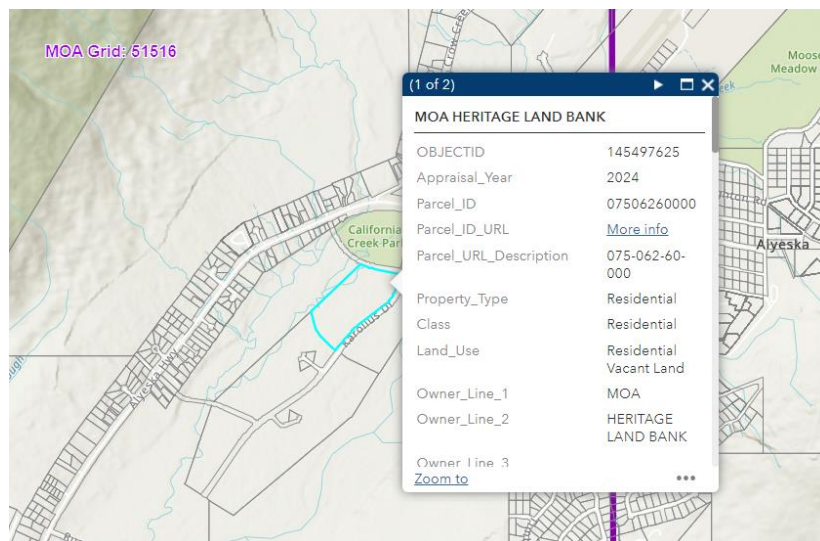
- 3.) Open to some traditional market-rate development to help make project pencil. Majority of project (51%+) should focus on attainable housing pricing (\$400K for purchase, \$800-1000/month for rent)
- 4.) Open to creative ideas that are outside of those referenced.

Attachment A: Parcel Map

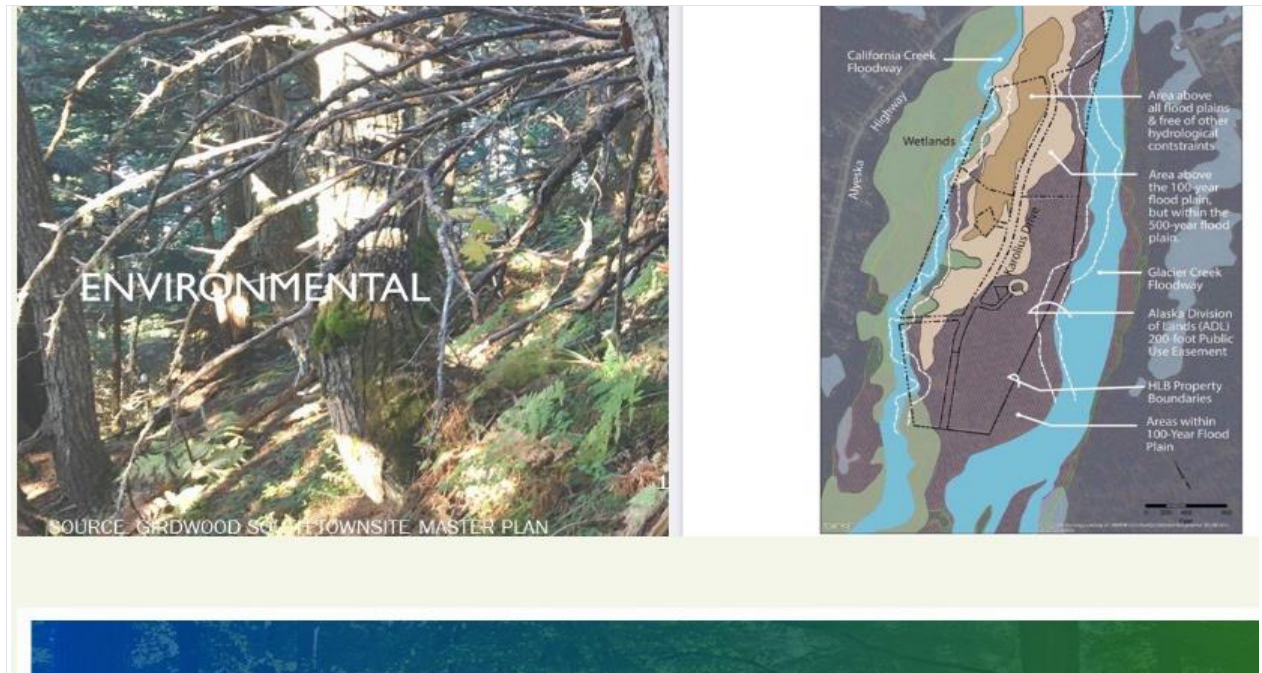
Girdwood South Townsite Maps



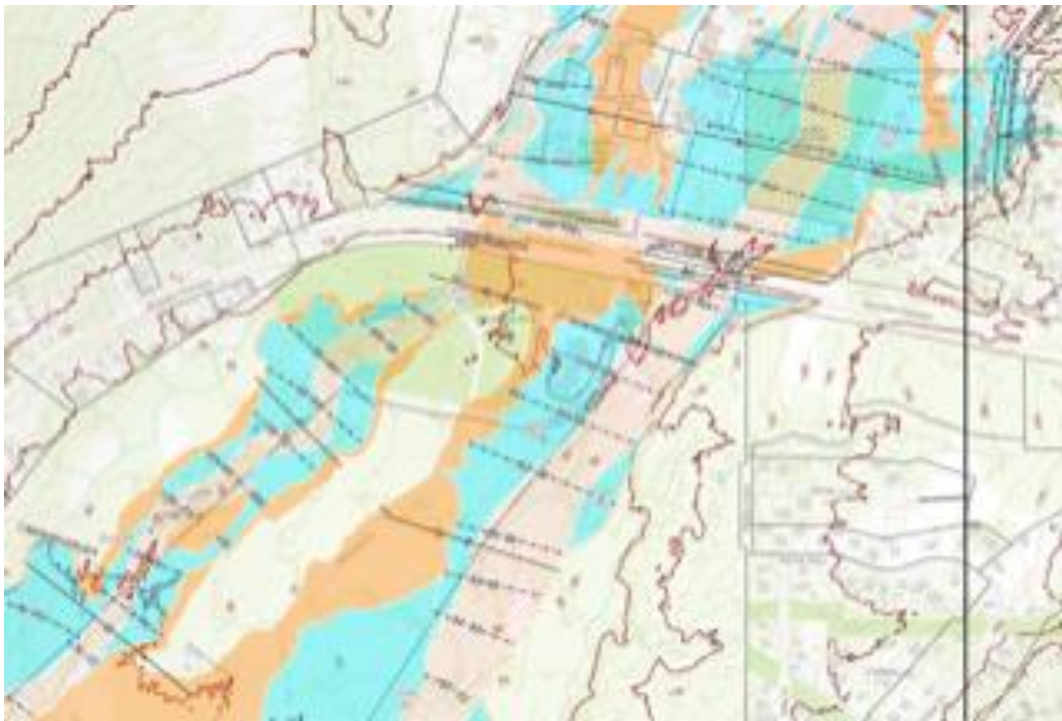
Parcel 6-076



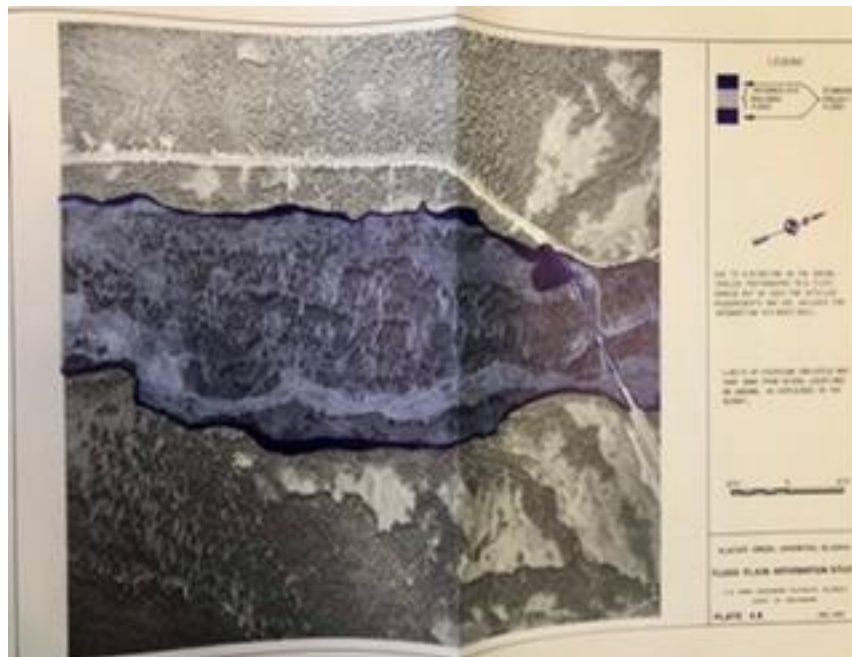
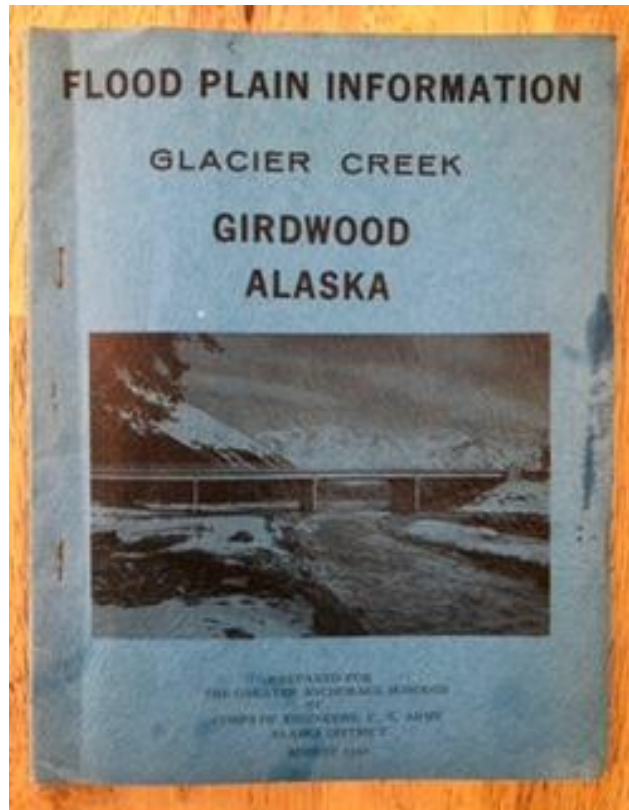
Attachment B: Environmental Constraints

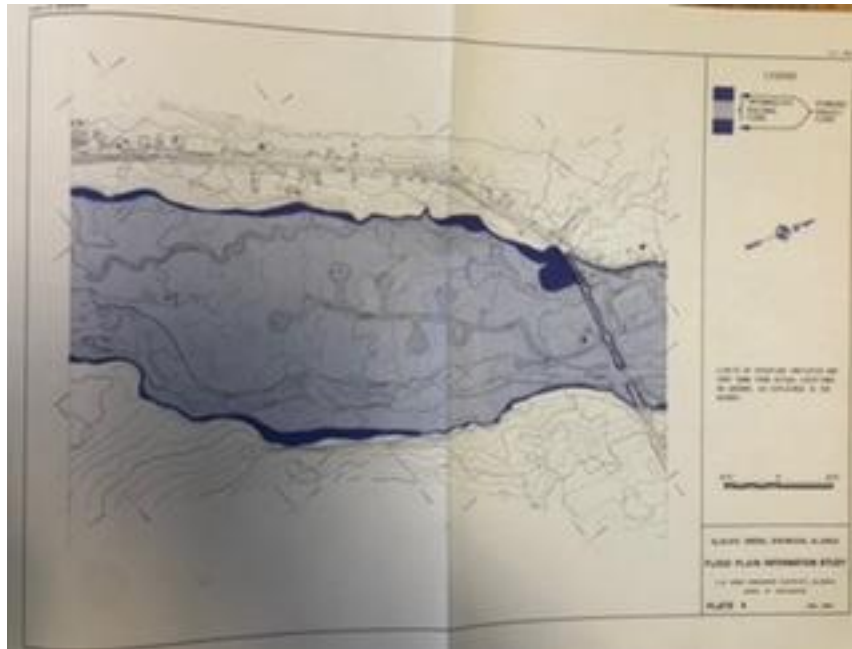


Flood Map:



Historical Flood Plain Information – 1969:





Flooding in South Townsite – Summer 2023: (additional photos on website)



Municipality of Anchorage Room Tax

What are the limitations on how it can be used, and where do they originate from?

Room Tax is a 12% tax on room or property accommodations in the Municipality of Anchorage (MOA). The full requirements can be found in AMC 12.20.

Exceptions - Room Tax is not collected for leases of 30 days or longer, by 501(c)(3) non-profits when they register for exemption, hostels, rooms paid by the Federal or State Government, and where accommodation is incidental to the primary purpose of a service, e.g. a hospital or college dormitory.

History

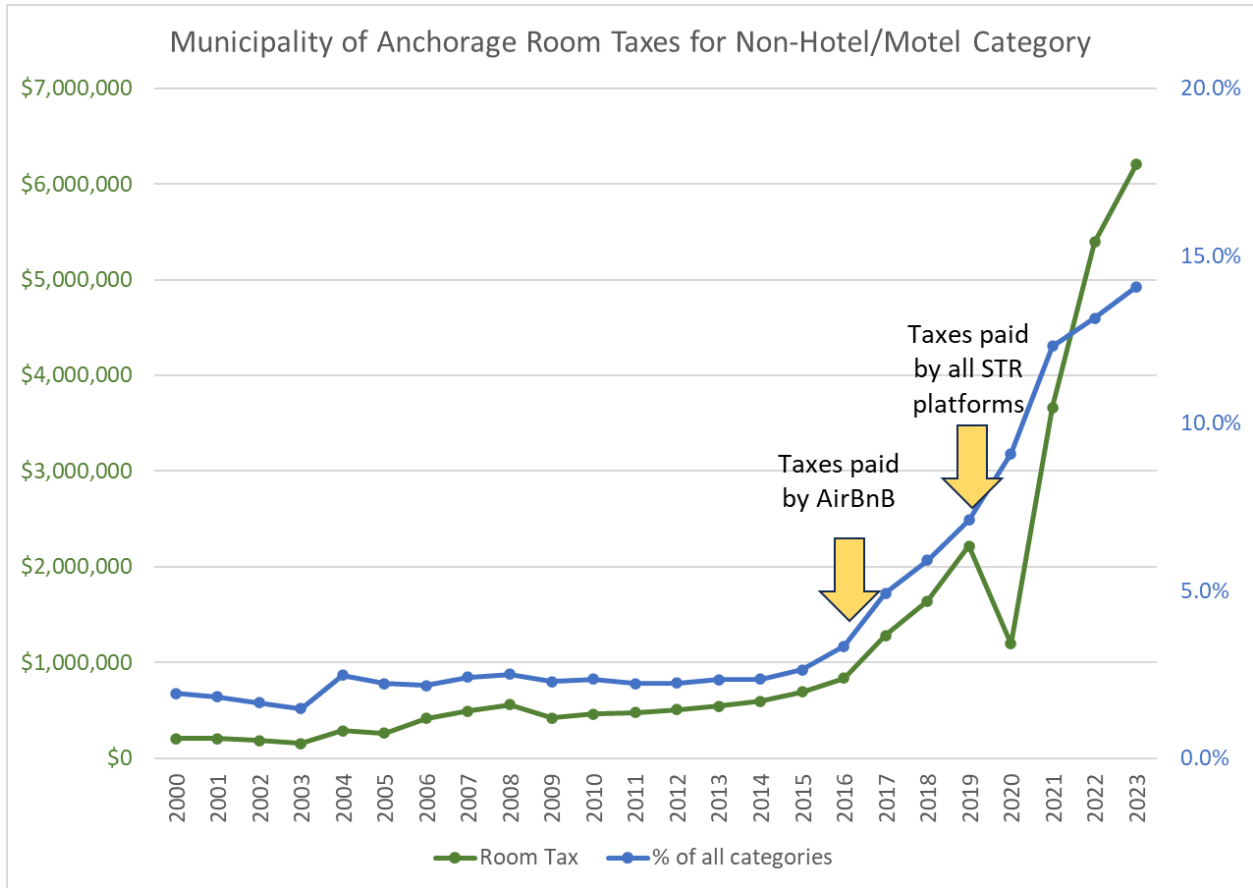
Room tax was set at 8% from the creation of the Municipality until 2005. In 2005 a ballot question was passed which increased the tax by an additional 4% to pay for construction of the Dena'ina Civic and Convention Center and operation of both Downtown convention centers. A separate Municipal corporation, CIVICVentures, was created in 2005 to own, finance, construct and hold the Dena'ina Center and to renovate the Egan Center.

Room tax was historically collected almost entirely from hotels and motels, with a small amount from B&Bs and a few other types. Anyone running a Short-Term Rental (STR) had to register individually, file a bond, and pay room tax quarterly to the Municipality. In 2016, AirBnB entered into an agreement with MOA to directly remit room taxes collected from guests. This was extended to all STR hosting platforms in August 2019.

Increasing contribution from STRs

The MOA reports room tax collections across three hotel/motel categories (upper, mid & economy) plus "other", which includes STRs. The substantial growth in STRs since 2015 saw the "other" category grow from ~2% to nearly 15% of total room taxes. In 2023, over \$6m was collected in the "other" category, almost entirely from STRs.

The MOA does not currently receive any location information from the STR hosting platforms. However commercial products that track public STR listings estimate Girdwood activity at over \$13m in 2023, which equates to around \$1.6m in room tax.



Restrictions on uses of Room Tax

There are multiple restrictions on how room tax can be used, which come from the following:

- Anchorage Charter
- Bonds issued to construct Convention Centers (original offered in 2006, reissued in 2015)
- The Use Agreement with CIVICVentures
- Management Agreement
- Professional Services Agreement
- MOA code

The main restrictions are outlined below, but these are not exhaustive:

- 1) The Charter restricts the 4% room tax added in 2005 to be used only for Convention Center capital and operation costs, codified in AMC 12.20.020 C. A Municipal-wide vote would be needed to make any changes. Any changes would have to be consistent with the offering agreement of the 2015 issued Bonds.
- 2) The Use Agreement is part of the offering agreement for the original 2006 Bonds and the 2015 Bond reissue. This is the source of the split into three components of 4% each:

- Convention Center Room Tax
- Tourism Room Tax
- General Purpose Room Tax

The Use Agreement requires all of the Convention Center Room Tax and certain payments from both the Tourism Room Tax and General Purpose Room Tax to be deposited into a Convention Center Room Tax Fund (CCRTF). The CCRTF is restricted to specific Convention Center uses, including payment of Bonds, various Reserve and Operating Funds, and Management & Professional Services, including tourism promotion. Figure 1 shows the flow of Room Tax funds, and Figure 2 is a different but equivalent representation of the same flow.

Currently, about three-fifths of Room Tax receipts are deposited into the CCRTF.

- 3) The Management Agreement and Professional Services Agreements are both between MOA and the Anchorage Convention & Visitor Bureau (ACVB) dba "Visit Anchorage". The current agreements expire in 2025 and define how funds will be received by ACVB from the Room Tax and what they can be spent on. However, the actual payments to ACVB are subject to annual Assembly appropriation.
- 4) Anchorage Code (AMC 12.20.020 B) specifies that the Tourism Room Tax is to be used for promotion of tourism including funding the convention center construction and operation.

Under current code and agreements, approx 3.7 percentage points of the 12% room tax is unrestricted and goes into the general fund. This unrestricted room tax is already allocated in the adopted 2024 budget.

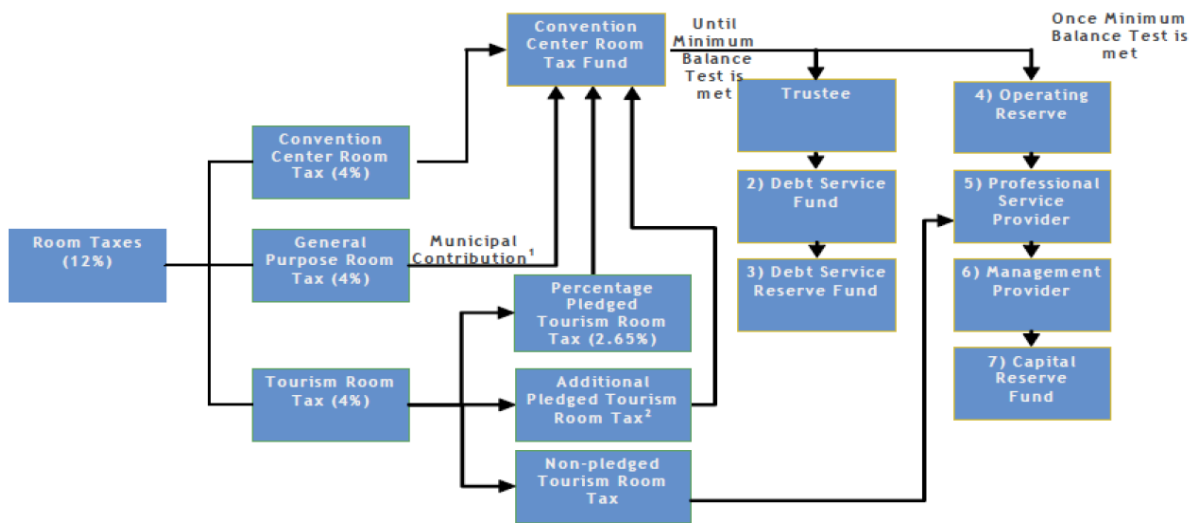


Figure 1 - Deposits into and disbursements from the Convention Center Room Tax Fund

Flow of Bed Tax Funds

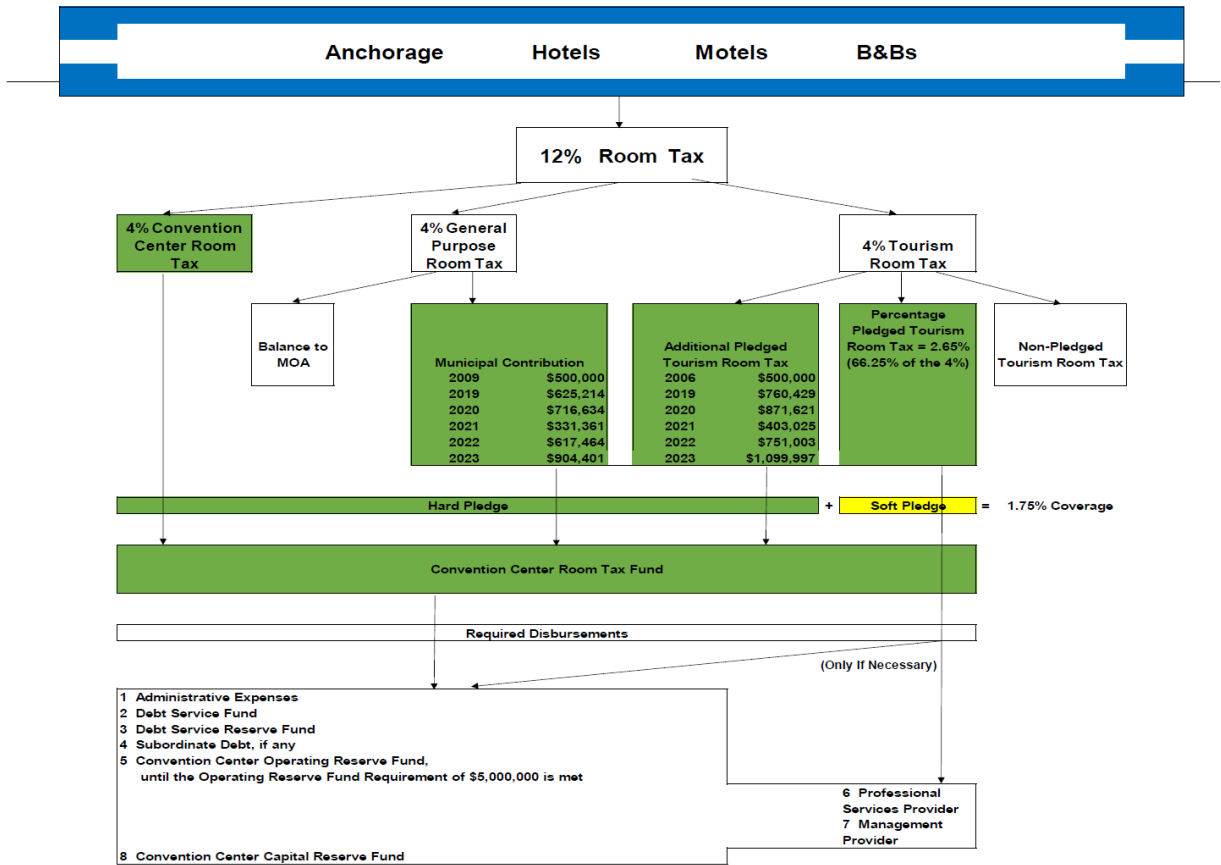


Figure 2 - A different but equivalent representation of Room Tax flow