

Submitted by: Chair of the Assembly at
the Request of the Mayor
Prepared by: Dept. of Law
For reading: September 29, 2020

ANCHORAGE, ALASKA
AO No. 2020-103

**AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY TO
INCENTIVIZE MULTI-FAMILY AFFORDABLE AND WORKFORCE HOUSING
DEVELOPMENT IN TRANSIT-SUPPORTIVE DEVELOPMENT CORRIDORS BY
AMENDING ANCHORAGE MUNICIPAL CODE TITLE 12 TO ADD A NEW
CHAPTER 12.70 TAX INCENTIVES FOR MULTI-FAMILY AFFORDABLE AND
WORKFORCE HOUSING, AND AMENDING THE FINE SCHEDULE IN
ANCHORAGE MUNICIPAL CODE SECTION 14.60.030 TO INCLUDE FINES FOR
VIOLATIONS OF RELATED REPORTING OBLIGATIONS.**

WHEREAS, state law governs the Municipality’s ability to grant property tax exemptions; and

WHEREAS, Alaska Statute 29.45.050(m) permits municipalities to partially or totally exempt all or some types of “economic development property” from property taxes; and

WHEREAS, in 2017 the Alaska Legislature amended AS 29.45.050(m) to, among other things, permit a municipality to exempt “economic development property” from taxation if doing so will “enable[] a significant capital investment in physical infrastructure that (i) expands the tax base of the municipality; and (ii) will generate property tax revenue after the exemption expires,” SLA 2017, chapter 9, section 5, effective June 13, 2017; and

WHEREAS, the Anchorage Housing Market Analysis commissioned by the Municipality of Anchorage in 2012 endorses the creation of redevelopment strategies and funding solutions to address the housing shortage and to help close the feasibility gap of medium- and high-density housing; and

WHEREAS, the Anchorage 2040 Plan identifies the creation of redevelopment and reinvestment incentives as essential strategies to encourage residential and commercial mixed-use redevelopments in aging and under-utilized areas; and

WHEREAS, by providing tax incentives, the Municipality seeks to encourage the development and re-development of housing units within the municipality for the purpose of spurring additional economic development and renewal in Anchorage; and

WHEREAS, by incentivizing economic development in the form of additional units of affordable and workforce housing, the tax exemptions enacted by this ordinance should both expand the tax base of the municipality and generate property tax revenue after the exemption expires;

WHEREAS, steering development to transit-supportive development corridors is a

1 “smart growth” strategy, and consistent with the Anchorage 2040 Land-Use Plan; and
2

3 **WHEREAS**, as required by AS 29.45.050, the municipality acknowledges that this
4 ordinance, if adopted, may be repealed by the voters through referendum; now,
5 therefore,
6

7 **THE ANCHORAGE ASSEMBLY ORDAINS:**
8

9 **Section 1.** Anchorage Municipal Code title 12 is hereby amended to enact a new
10 chapter 12.70 *Tax Incentives for Affordable and Workforce Housing* to read as follows:
11

12 **Chapter 12.70 – TAX INCENTIVES FOR AFFORDABLE AND WORKFORCE**
13 **HOUSING**

14 **12.70.010 Property tax incentives for multi-family affordable and**
15 **workforce housing.**
16

17
18 A. This chapter authorizes tax-exemption incentives for the construction of
19 housing-development projects that meet the following criteria:
20

21 1. *Multi-family.* The housing-development project will result in not
22 less than 20 residential units offered for rent;
23

24 2. *Transit-Supportive Development Corridor.* The housing-
25 development project is located on a parcel that is wholly or
26 partially within a quarter mile of the centerline of a road segment
27 defining a transit-supportive development corridor; and
28

29 3. *40% Affordable or Workforce Units.* Forty percent (40%) of the
30 residential units to be offered for rent in the development are,
31 taken together:
32

33 a. workforce-housing residential units, or
34

35 b. affordable-housing residential units.
36

37 B. For the avoidance of doubt, affordable-housing residential units are, by
38 definition, also workforce-housing residential units, and may be
39 categorized as workforce-housing residential units for purposes of this
40 criterion.
41

42 **12.70.015 Consistency with other tax incentives; exclusions.**
43

44 A. Deteriorated property as defined in AMC 12.35.005 and economic
45 development property for which an application has been filed and is
46 under review, or has been granted pursuant to AMC 12.35.040 are not
47 eligible for the tax incentive provided by this chapter. Submission of an

1 application for exemption pursuant to this chapter shall automatically
2 terminate any existing deteriorated property or economic development
3 property application or designation for the subject property.
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- 5 B. A development may qualify for an exemption under this chapter, or
6 chapter 12.60, but not both.
7
8 C. A development may qualify for only one exemption under this chapter.
9

10 **12.70.020 Applications for property tax exemptions.**
11

12 A. *Submission.* An application for an exemption under this chapter shall be
13 made in writing to the chief fiscal officer, or the chief fiscal officer's
14 designee, prior to construction of new residential units (applications
15 made after construction on the residential units begins shall be rejected).
16

17 B. *Contents.* The application shall, at a minimum, contain:
18

- 19 1. *Name.* The name of the applicant;
20
21 2. *Address.* The legal description, including the parcel identification
22 number, and street address of the property for which the
23 application is made;
24
25 3. *Residential units.* Drawings of the residential units that the
26 applicant will construct, including a floor plan that includes
27 approximate square footages;
28
29 4. *Existing structures.* Drawings showing the square footage of all
30 existing structures and structures to be constructed on the
31 property;
32
33 5. *Minimum residential units.* Plans showing the development, after
34 completion of the planned construction will result in at least 20
35 residential units on the property;
36
37 6. *Increase in assessed value.* Information supporting a conclusion
38 that the proposed new construction will result in an increased
39 assessed value for the property;
40
41 7. *Incentive-specific information.*
42
43 a. *Commitment to workforce housing.* For applicants seeking a
44 tax incentive for workforce-housing residential units located in
45 a transit-supportive development corridor, a commitment that
46 at least 40% of the residential units on the property will qualify
47 as workforce-housing residential units for at least 8 years.

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b. *Commitment to affordability.* For applicants seeking a tax incentive for affordable-housing residential units located in a transit-supportive development corridor, a commitment that at least 40% of the residential units on the property will be affordable for at least 12 years.

8. *Acknowledgement of liability.* An acknowledgement by the applicant that the residential units will be taxable if and when the residential units are no longer eligible for tax exemption under this chapter; and

9. *Other information.* Other information as may be required by the chief fiscal officer.

C. *Deadline for applications.* Applications for an exemption under this chapter shall only be accepted before 5:00 p.m. February 29, 2024.

12.70.030 Provisional approval.

A. The chief fiscal officer, or the chief fiscal officer's designee, shall provisionally approve an application for tax exemption if:

1. *Complete application.* The applicant submitted a complete application prescribed by the Municipality; and

2. *Minimum units; incentive-specific requirements.* The applicant acknowledges that in order to receive final approval under AMC 12.70.040 its development must:

a. Satisfy the minimum-residential-units requirement by resulting in not less than 20 residential units in accordance with the plans and drawings submitted with its application; and

b. Satisfy incentive-specific requirements, defined as follows:

i. *Workforce housing.* For applicants seeking a tax incentive for workforce-housing residential units located in a transit-supportive development corridor, at least 40% of the residential units on the property must be workforce-housing residential unit.

iii. *Affordability.* For applicants seeking a tax incentive for affordable-housing residential units located in a transit-supportive development corridor, at least

40% of the residential units on the property must be
affordable.

**12.70.040 Final approval upon completion of construction; magnitude;
duration; recording.**

A. *Final approval of exemption.* The chief fiscal officer, or the chief fiscal officer's designee, shall finally approve an application for tax exemption if:

1. The applicant satisfies the minimum-residential-units requirement by completing construction of residential units in accordance with the plans and drawings submitted with its application 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;

2. The development will, in the determination of the chief fiscal officer, or the chief fiscal officer's designee, increase the assessed value of the property on which the housing-development project is located; and

3. The development satisfies incentive-specific requirements, and the applicant has submitted sufficient documentation, such as paperwork issued by or submitted to the United States Department of Housing and Urban Development that the development satisfies incentive-specific requirements.

a. *Workforce housing.* For applicants seeking a tax incentive for workforce-housing residential units located in a transit-supportive development corridor, at least 20 residential units are being offered for rent on the property after construction, and at least 40% of the residential units on the property are being offered as workforce-housing residential units.

b. *Affordability.* For applicants seeking a tax incentive for affordable-housing residential units located in a transit-supportive development corridor, at least 20 residential units are being offered for rent on the property after construction, and at least 40% of the residential units on the property are being offered as affordable-housing residential units.

B. *Magnitude of exemption.* The taxes eligible for exemption under this chapter for newly constructed residential units are determined on a

1 spatial basis, as follows:
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3 The square footage of all newly constructed residential units
4 (whether or not the unit is a workforce-house or affordable-
5 housing unit) shall be divided by the square footage of all
6 structures on the property, then multiplied by the assessed value
7 of all improvements on the property and by the mill rate applicable
8 to the property.
9

10 C. *Duration of tax exemption.* Tax exemptions approved under this section
11 shall be for a period of consecutive years beginning on January 1 of the
12 first full calendar year after final approval of the application, as follows:
13

14 1. For approved projects satisfying the workforce-housing
15 requirement of subsection A.3.a.: 8 years.
16

17 2. For approved projects satisfying the affordable-housing
18 requirement of subsection A.3.b.: 12 years.
19

20 D. *Recording of exemption.* The chief fiscal officer, or the chief fiscal
21 officer's designee, shall memorialize the terms of an exemption granted
22 under this chapter in a memorandum recorded in the Anchorage
23 Recording District and kept on file in the Treasury Division of the
24 Municipal Finance Department.
25

26 **12.70.050 Termination of exemption upon reduction of residential units
27 below minimum or failure to meet incentive-specific
28 requirements..**
29

30 A. An exemption granted under this chapter shall terminate immediately if
31 and when:
32

33 1. The number of residential units on the property is less than 20; or
34

35 2. The development no longer meets incentive-specific
36 requirements.
37

38 **12.70.060 Appeals.**
39

40 Any decision of the chief fiscal officer or the chief fiscal officer's designee under
41 this AMC chapter 12.70 may be reviewed by the Office of Administrative
42 Hearings in accordance with AMC chapter 3.60.
43

44 **12.70.070 Annual reports of owners; Assembly notification.**
45

46 A. *Annual compliance and status report.* Not later than March 15 of each
47 year, the owner of the property for which an exemption has been granted,

1 shall file with the chief fiscal officer, or the chief fiscal officer's designee,
2 a report including:

- 3 1. *Occupancy.* A statement of occupancy and vacancy of the
4 residential units for the prior twelve (12) months;
- 5
6 2. *Residential units remain as described.* A certification that the
7 newly constructed residential units described in the application
8 continue to exist and have not been converted to a non-residential
9 use;
- 10
11 4. *Incentive-specific requirements.* A certification that the
12 development continues to satisfy incentive-specific requirements,
13 with supporting data, such as documentation received by or
14 submitted to the United States Department of Housing and Urban
15 Development.
- 16
17 5. *Further changes.* A description of physical changes or other
18 improvements constructed since the last report or, on first report,
19 since the filing of the application; and
- 20
21 6. *Additional information.* Any additional information requested by
22 the chief fiscal officer or designee.

23
24 B. *Annual reports to the Assembly.* The chief fiscal officer, or the chief fiscal
25 officer's designee, shall transmit annual reports to the Assembly in an
26 Assembly Information Memorandum that contains:

- 27
28 1. *Annual reports of property owners.* Copies of annual compliance
29 and status reports submitted by property owners in accordance
30 with AMC 12.70.070A.
- 31
32 2. *Annual report of exempted taxes.* A summary of the total taxes
33 exempted for each property that has been granted a tax
34 exemption under this chapter.
- 35
36 3. *Annual report of applications and status.* A summary list of each
37 complete application for an exemption under this chapter received
38 by the chief fiscal officer or designee, the status (rejected,
39 provisional approval, or final approval), number of units proposed,
40 under construction and completed, and the parcel address or
41 description of location.

42
43 **12.70.900 Definitions.**

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45 In this chapter:

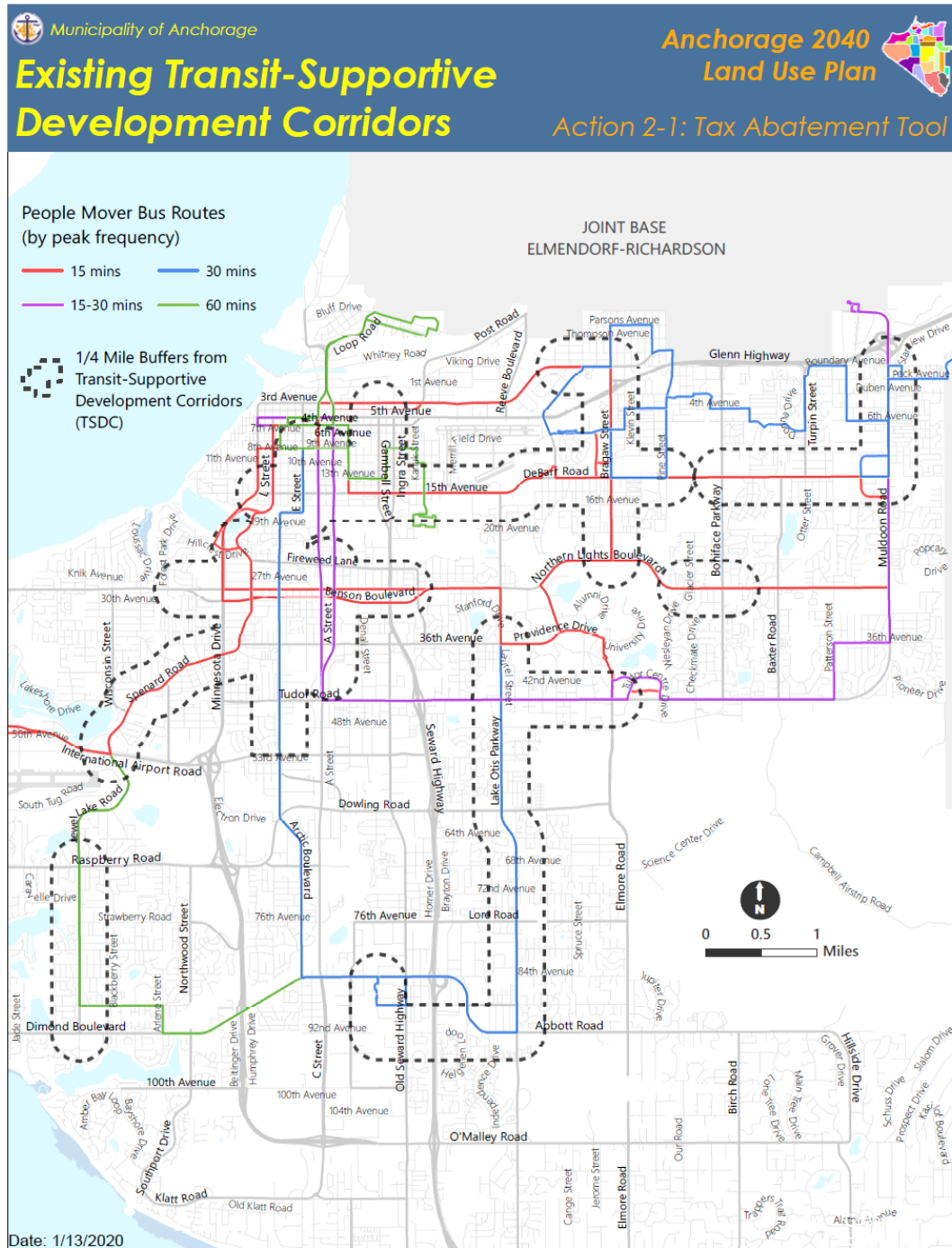
46
47 "*Affordable-housing residential unit*" means a residential unit offered for rent that

1 does not exceed 80% of the HUD Fair Market Rent for Anchorage, Alaska.

2
3 "*Construction*" has the same meaning set forth in AMC 21.15.040.

4
5 "*Residential unit*" means a dwelling unit as defined in AMC 21.15.040 which is
6 either owner-occupied or only leased for periods of at least one (1) month.

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8 "*Transit-supportive development corridor*" means those areas designated on the
9 current Anchorage Land-Use Map, substantially as depicted below:
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“Workforce-housing residential unit” means a residential unit offered for rent that does not exceed 120% of the HUD Fair Market Rent for Anchorage, Alaska.

Section 2. AMC 14.60.030 is hereby amended to read as follows (*the remainder of the section is not affected and therefore not set out*):

14.60.030 Fine Schedule

The fine schedule under this chapter is as follows:

Code Section	Offense	Penalty / fine
* * *	* * *	* * *
<u>12.70.070</u>	<u>Failure to File Annual Affordable Housing Tax Exemption Report</u>	<u>10% of Taxes Exempted in the Prior Year</u>
* * *	* * *	* * *

Section 3. This ordinance shall be effective immediately upon passage and approval by the Assembly.

PASSED AND APPROVED by the Anchorage Assembly this _____ day of _____, 2020.

Chair

ATTEST:

Municipal Clerk

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