

## Technical Amendments to AS § 29.45.050(o)

### Optional Municipal Property Tax Incentives for Redevelopment of Deteriorated Properties

AS § 29.45.050(o) gives municipalities the option of offering property tax incentives for the rehabilitation, renovation, demolition, removal, or redevelopment of deteriorated properties. The statute is designed to provide municipalities the flexibility to craft tax abatement agreements with developers that best meet the community's objectives. While the statute provides optional waiver or deferral of property taxes under specific circumstances, it does not require municipalities to provide such incentives and requires the passage of an ordinance to implement them. This is an important tool for municipalities to encourage economic development that allows not only for revitalization but ultimately an increase in the municipal tax base.



Anchorage's Mountain View Neighborhood

Because the statute is optional, it allows for individual municipalities to make determinations regarding its use within the framework of their applicable ordinances, allowing for innovation and the encouragement of creative development solutions. Minor clarifications to the statute would make this an even more effective and nimble tool without implementing any new requirements.

First, under the current statute, a residential property is not eligible to receive optional property tax abatement from a municipality unless it is a "commercial property not used for residential purposes" or a "multi-unit residential property with at least eight residential units[.]" The



Mountain View, Post-Redevelopment

Legislature should clarify that this requirement may be satisfied either at the time of application for exemption or at the time of the completion of the project for which an exemption is requested. This maintains the intended applicability of the statute to larger development projects that have broader community impacts while recognizing that those impacts are often likely to be felt after a project is completed.

Second, the Legislature should amend the statute to clarify that when a single entity owns multiple residential properties within a designated deteriorated area,

those properties can collectively be considered a "deteriorated property" for purposes of meeting the statute's eight-unit minimum for residential multi-family properties. This clarification provides greater flexibility to municipalities to craft incentives for development projects that meet their specific goals.