

OFFICE OF THE MAYOR

Telephone: (907) 586-5240; Facsimile: (907) 586-5385
Mayor@ci.juneau.ak.us

March 2, 2015

Representative Cathy Muñoz
Alaska House of Representatives
State Capitol, Room 501
Juneau, AK 99801

Dear Representative Muñoz:

On behalf of the City and Borough of Juneau Borough Assembly, I wish to extend our support regarding changes to AS 29.45.041 as it pertains to tax deferral of certain subdivision property.

The Assembly Lands Committee and the Juneau Affordable Housing Commission reviewed requests brought forth from the Southeast Alaska Building Industry Association and the Alaska State Home Building Association requesting changing the tax deferral law to a tax abatement law. Assemblymember Kiehl, as the Lands Committee Chair, brought this request forward to the Assembly, and the Assembly, at its February 23, 2015 meeting, recommended forwarding a letter of support to your office.

As you are aware, affordable housing is one of the Assembly's stated goals. If legislation you are introducing regarding AS 29.45.041 helps create an incentive for builders within our community to develop more affordable housing that seems like a win-win for everyone in our community.

Thank you for moving this legislation forward, and for your dedicated service to the citizens of Juneau.

Sincerely,

A handwritten signature in black ink, appearing to read "Merrill Sanford", is written over a faint, larger version of the same signature.

Merrill Sanford
Mayor

cc: Senator Dennis Egan
Representative Sam Kito III
Borough Assembly
Affordable Housing Commission

CITY OF UNALASKA
P.O. Box 610
Unalaska, AK 99685-0610
(907) 581-1251 Fax (907) 581-4469



March 17, 2015

Representative Cathy Munoz
Alaska House of Representatives
State Capitol, Room 501
Juneau, AK 99801

RE: HB 146

Dear Representative Munoz:

On behalf of the City of Unalaska, I wish to extend our support regarding changes to AS 29.45.041 as it pertains to tax exemption/deferral of certain subdivision property.

HB 146 would give municipalities the flexibility to abate increases in property taxes on subdivided parcels until a lot is sold or a city grants a building permit for that piece of property. It would allow local governments to adopt optional abatement for all or a portion of a subdivided portion. It would let a municipality decide the terms of paying the tax abatement and when those payments would be due.

The purpose of the bill is to encourage land development for more housing and let local governments decide whether property tax abatement will benefit them. This is an important issue in Unalaska and would help us address our ongoing housing shortage.

I urge the legislature to pass this bill.

Sincerely,


Mayor Shirley Marquardt
City of Unalaska

Juneau Affordable Housing Commission

2015 Commissioners

Tamara Rowcroft, Chair
 Mandy O'Neal Cole, Vice Chair
 Norton Gregory
 Russ McDougal
 Honey Bee Anderson
 Wayne Coogan
 Justin Shearer
 Margaret O'Neal

February 04, 2015


Jesse Kiehl, Chair
 Lands and Resources Committee
 City and Borough of Juneau
 155 S. Seward Street
 Juneau, AK 99801

Re: Subdivision Tax Deferral vs. Abatement

Dear Mr. Kiehl and the Lands and Resources Committee,

The Juneau Affordable Housing Commission (AHC) supports the concept of subdivision tax abatement as an incentive for the development of affordable housing in our community. At our April 01, 2014 meeting we passed a unanimous motion to ask the City of Borough of Juneau to support state legislation that would change the current tax deferral law to a tax abatement law. This concept is supported by the local Southeast Alaska Building Industry Association (SEABIA)

We are asking the Lands and Resources committee to support this concept and move it forward for review and approval by the Assembly.

Sincerely,

 Tamara Rowcroft, Chair
 Juneau Affordable Housing Commission



ALASKA ASSOCIATION OF REALTORS, INC.
4205 Minnesota Drive Anchorage, Alaska 99503
Telephone (907) 563-7133 Fax (907) 561-1779
www.alaskarealtors.com

March 26, 2015

Representative Cathy Muñoz
State Capitol Room 501
Juneau AK, 99801

Ref: HB 146 "Municipal tax exemption for certain subdivided property"

Dear Representative Muñoz:

HB 146 was reviewed by the Alaska Association of REALTORS® Legislative Issues Committee today and received unanimous support for adoption by the Alaska Legislature. This bill clarifies the language in a previous statute adopted in 2012. With this passage of HB 146, municipalities will have the authority to exempt property taxes to be levied on certain subdivided property. This legislation will help hold down development costs in a multi-lot subdivision and increase the availability of housing for Alaskans across the State.

Sincerely,

A handwritten signature in cursive script that reads 'Errol Champion'.

Errol Champion
Chairman, Legislative Issues Committee
Alaska Association of REALTORS®





Southeast Alaska Building Industry Association

9085 Glacier Hwy., Ste. 202 • Juneau AK 99801 • (907) 463-5774 • Fax (907) 463-5821
E-mail: seabia@gci.net • Web site: www.seabia.com

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February 4, 2015

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The Honorable Mayor Sanford
Assembly Members
City and Borough of Juneau
155 S. Seward Street
Juneau, AK 99801

Dear Mayor and Assembly Members:

I am writing to ask for your support for a legislative change to AS 29.45.051 pertaining to tax deferral for certain subdivision property.

Representative Munoz introduced legislation to defer increased property tax on newly created subdivisions for a period of five years or until sold. This legislation was at the request of members of the Southeast Alaska Building Industry Association (SEABIA) and the Juneau Affordable Housing Commission as well as the Alaska State Home Building Association (ASHBA). Representative Munoz was well aware of the housing issues facing Juneau as she is a past Chairwomen of the Juneau Affordable Housing Commission. The legislation passed and was put into law locally the following year with City Ordinance #2013-20(b).

Since passage of the property tax deferral legislation and local acceptance of it few builders/developers have used the deferral. Reports from these people to Representative Munoz' office have stated that the incentive is not enough for the work to take advantage of a deferral given that the added tax liability created when subdividing raw land is still owed. Developer's experience across the state has shown that lots created have been lost due to unpaid property taxes given the ups and downs of the state economy.

A tax exemption of the increased tax amount due when creating additional lots will put more buildable lots on to the real-estate market. This exemption will not affect local government revenue as it is an exemption of only the increase in value of the property. The tax amount on a property would remain the same until the new lots for a period of five years or until lots are sold. It is the belief of ASHBA, SEABIA and members of the Juneau Affordable Housing Commission that the exemption will in fact create additional property tax income. As new lots become available homes will be built, thus increasing the purchased/developed lots value 100 fold.

The proposed change from a deferral to an exemption was brought to the attention of the Affordable Housing Commission and the Mayor almost a year ago, with SEABIA's understanding that a letter of support would be sent from the Mayor to Representative Munoz last spring. At this time, it is our understanding that Representative Munoz is waiting on a signed letter from the mayor. With support

Mayor Sanford and Assembly Members

2/4/2015

from the Mayor, Representative Munoz is in a position to facilitate introduction of legislation for the proposed change to AS 29.45.041.

Time is of essence on this matter as the legislative session is underway and time is short for introduction of legislation.

We appreciate your support on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Stopher", with a long horizontal line extending to the right.

Greg Stopher
President

Southeast Alaska Building Industry Association

cc: Representative Cathy Munoz
CBJ Affordable Housing Commission
Alaska State Home Building Association
SEABIA Board of Directors



**Alaska State
Home Building Association**

March 15, 2015

Representative Cathy Muñoz
Alaska House of Representatives
State Capitol, Room 501
Juneau, AK 99801

Dear Representative Muñoz:

On behalf of the members of the Alaska State Home Building Association, I would like to express our support for HB146 regarding newly subdivided properties.

Our state association is made up of six local homebuilder associations that include Kenai Peninsula, Interior Alaska, Matsu, Anchorage, Northern Southeast and Southern Southeast.

Building affordable housing in Alaska is our most formidable challenge with the few building materials available locally, high costs of land development, increasing regulatory codes and the cost of extending infrastructure like roads and utilities.

Alaska is the 4th most expensive state to live in; mostly due to housing costs. The median list price of homes in the state is \$252,000. Homes cost more in Juneau (where the median is around \$315,000) than in Kenai (where the median sits at around \$200,000).

This legislation could provide some relief for the tremendous risk and cost of land development and will directly impact the end cost of a development lot, and the final cost of a new home.

Thank you for introducing this legislation and for your dedicated service to Alaskan citizens.

Sincerely,

Chuck Homan, President
Alaska State Home Building Association

P.O. Box 91444 • Anchorage, Alaska 99509
Phone (907) 644-4190 • FAX (888) 732-1401
Website: www.buildersofalaska.com
E-mail: alaskastatehomebuildingassoc@gmail.com

Russell McDougal
Mac's Design & Construction
P.O. Box 32335
Juneau, AK 99803

February 4, 2015

To: Mayor Merrill Sanford
City and Borough of Juneau Assembly Members

Re: Support of Land Development Tax Deferral Change to Exemption

The City and Borough of Juneau (CBJ) residents are suffering from a housing shortage. The 2008 CBJ Comprehensive Plan documents the following:

- Insufficient supply of housing to provide residents adequate choice in housing size, location and price.
- Many residents live in overcrowded and/or unsafe and unsanitary conditions.
- Many households are paying more than 30% of their household income for shelter.

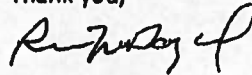
Providing affordable housing has been a top priority for the CBJ for quite some time.

I am writing in regard to AS 29.45.051 tax deferral for certain subdivision property. The Alaska Legislature passed this statutory change in response to builders across the state through the Alaska State Home Building Association (ASHBA), including the local Southeast Alaska Building Association (SEABIA) here in Juneau. In response to the building community, the City and Borough of Juneau passed a city ordinance, #2013-20(b) on the 19th of August 2013 to implement the tax deferral program.

This tax deferral was adopted to help construction contractors develop and make available more property in the borough to meet the housing needs in our area, including affordable housing. However, the deferral law has not provided the incentive hoped for in the original legislation.

The Juneau Affordable Housing Commission and the ASHBA are asking the City and Borough of Juneau to support a change to AS 29.45.051 for a tax exemption in order to provide land owners and developers the kind of incentive they need to build more subdivisions. By writing a letter of support of this legislative change to our local delegation, we can build a better capital city.

Thank you,



Russ McDougal
Owner, Mac's Design & Construction
Member, Juneau Affordable Housing Commission
Builder Director, ASHBA & SEABIA

From: Ryan Strong [<mailto:RStrong@FNBAAlaska.com>]

Sent: Tuesday, March 24, 2015 7:49 AM

To: 'representative.laura.reinbold@akleg.gov'; Rep. Cathy Tilton; Rep. Cathy Munoz

Subject: HB 146

Dear Rep. Reinbold,

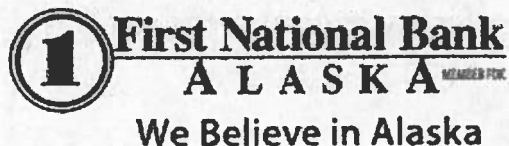
My name is Ryan Strong, and I am one of your constituents from Eagle River. I work as a banker and serve on the state board of the Alaska home building association.

Please support HB146, an Act creating an option for local governments to encourage land development through tax policy. As a local option, HB146 is a tool for local governments to use at their discretion. It can be used in areas where development costs are high and hinder opportunities to expand housing opportunities.

Sincerely,

Ryan Strong | Senior Vice President

Mortgage Lending Director NMLS #814006



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