

The Honorable Senator Click Bishop
Chair, Senate Community & Regional Affairs Committee
State Capitol Room 111
Juneau, AK 99801



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March 27, 2015

Honorable Senator Bishop:

On behalf of Anchorage Downtown Partnership, Ltd. – a nonprofit community organization created by the business and property owners of downtown Anchorage – I write to you today in support of SB 87.

In our community, there is increasing need to rehabilitate, renovate, demolish, remove, or redevelop deteriorated buildings and properties. Though we are a relatively young municipality, much of our existing building inventory is reaching the end of its usable life and/or the property is not being utilized to its full potential. When combined with the lack of buildable land left in Anchorage, a severe housing shortage for our growing population, and the high costs associated with redevelopment, it becomes clear that a tool is needed for municipalities to encourage innovative redevelopment in their most blighted areas – including parts of downtown Anchorage.

Currently, AS 29.45.050(o) authorizes participating municipalities to incentivize redevelopment of deteriorated commercial or multi-family residential properties through partial or total tax abatement or deferral. However, these incentives are underutilized because of shortcomings with the statute. SB 87 will correct those shortcomings.

For example, AS 29.45.050(o) limits the property tax abatement or deferral to “multi-unit residential property with at least eight residential units,” and does not allow for the incentive to apply to a property or properties with the *potential* to build eight units or more. In other words, it does not allow a municipality to incentivize the redevelopment of an underutilized and deteriorated property that has the potential for greater utility.

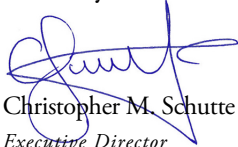
SB 87 will modify AS 29.45.050(o) to allow a municipality to offer tax incentives to projects that satisfy the eight-unit requirement either at the time of application for exemption/deferral *or* at the time of the completion of the project for which an exemption or deferral is requested. This preserves the statutory intention that this tool only applicable to larger development projects that have broad community impacts.

SB 87 also will modify AS 29.45.050(o) to clarify that a municipality may offer tax incentives to a single entity that owns multiple residential properties within a deteriorated area *only if* the collective properties will satisfy the statute's eight-unit minimum, providing municipalities greater flexibility to craft incentives for larger redevelopment projects that meet their specific goals.

Passage of SB 87 will empower municipalities to address blight and deterioration in a locally-controlled manner through optional tax abatement and deferral. The changes proposed in this legislation will go a long way toward making it easier for participating municipalities to incentivize the redevelopment of deteriorated and underutilized properties, encourages much needed multi-family residential development in Anchorage, and provides opportunities for the private sector to pursue denser mixed-use development.

I strongly support the passage of SB 87 and thank you for your service to our state.

Sincerely,



Christopher M. Schutte

Executive Director

Anchorage Downtown Partnership, Ltd.

CC: Senator Bert Stedman
Senator Lyman Hoffman
Senator Anna McKinnon
Senator Dennis Egan
Senator Kevin Meyer