



Overview of Proposed Ordinance Temporarily Exempting Certain Types of Economic Property from Property Taxes Development

An economic development property tax exemption as allowed under AS 29.45.050 (m) aims to support the following goals of the 2021 Comprehensive Plan, Plan Valdez:

- **Goal 2.2** - Encourage redevelopment and new development.
 - “Finding ways to streamline, facilitate and incentivize development will help to generate higher quality development, new investment in under-performing properties and aging buildings, and new construction.”
 - “Create an incentive program for the infill and redevelopment of properties already served by public water and sewer.”
- **Goal 2.3** - Promote, protect, and build quality housing.
 - “Quality housing is housing that meets community needs including a range of incomes, housing types, and locations; and is built with longevity in mind”
 - “Identify and adopt strategic housing investment areas.”
 - “Develop housing-directed incentive programs.”

2 key areas to include in the construction of the ordinance:

- 1) Improvements to property located in the downtown area:
 - a. Goal: Revitalize the downtown area and spur new economic activity.
 - b. Tied to town center place type
 - c. Longer time frame (10 years)
 - d. Encouraging mixed use development, increase in multifamily housing and in-fill
 - e. Including new construction and major renovation (at least 25% increase in assessed value of improvements)
- 2) Encouraging housing development in residential areas:
 - a. Goal: Increase the availability of residential units.
 - b. Tied to the New Town Neighborhood place type
 - c. Shorter time frame (3 years)
 - d. Encouraging in-fill and housing development where public utilities already exist
 - e. Specific to the creation of new housing units

Program Requirements

- Allowed for improvements completed after August 13, 2024 (effective date of state law)
- Exemption amount is the difference between the assessed value of improvements before construction and the assessed value of improvements after the project is completed.
- Definition of “economic development” is taken from state law
- Exemption conveys with property for the allowable timeframe
- Exemption is granted only after the project is completed and a certificate of occupancy or certificate of completion is issued

- Economic development property remains taxable at the full assessed value until a certificate of occupancy or certificate of completion has been issued and the initial exemption application has been approved.
- Application deadline is January 15th and initial application requires:
 - A statement from the property owner regarding how the improvements to the property support economic development in Valdez.
 - Proof that all required permits for the proposed improvements have been issued.
 - An acknowledgment that the property owner is required to comply with all applicable local, state and federal laws.
 - A certificate of occupancy or certificate of completion from the community development department issued after August 13, 2024.
 - An acknowledgement by the applicant that the property will be fully taxable when no longer eligible for exemption under this section.
- Once granted, an application is required each year of the exemption to ensure continued compliance with code and tracking of properties
 - If an annual application is not submitted the property owner forfeits the exemption for that tax year but can reapply the next year