POSITION PAPER | LEGISLATIVE AFFAIRS COMMITTEE

AO 2026-89(S): Tax Incentives for First Time Home Buyers

Proposed Anchorage Municipal Code Chapter 12.110

Ordinance	AO 2026-89(S), enacting AMC Chapter 12.110, Tax Incentives for First Time Home Buyers
Sponsor	Chair of the Assembly at the request of Mayor Suzanne LaFrance; prepared by the Department of Law
Public hearing	Regular Assembly Meeting, Tuesday, September 15, 2026
Text reviewed	AO 2026-89(S) substitute draft and draft Assembly Memorandum, reviewed September 11, 2026; AO 2026-89 as introduced June 23, 2026
LAC priority tier	Tier 2: property tax and assessment (analysis and position development)
Recommended position	Support, with amendments
Status	Draft for Board approval. Not an adopted AMBA position until approved by the Board and signed by the President.

1. Recommended Position

The Alaska Mortgage Bankers Association supports AO 2026-89(S) and asks the Assembly to amend it so the exemption can be counted when a first-time buyer qualifies for a mortgage.

As drafted, the exemption becomes final only after the home has been sold. Under standard agency underwriting, a buyer's lender is unlikely to be able to count it at closing, so the buyer would generally qualify at the full property tax and receive the savings afterward. The ordinance would lower the cost of owning a new starter home without much changing who can qualify to buy one.

Six amendments are essential: a pre-closing eligibility determination; a stated formula for the exempt amount; a consistent price cap; a three-year first-time buyer test; an occupancy-based definition of "residential unit"; and a recapture provision that cannot place a lien ahead of a recorded mortgage. Seven further amendments are recommended. All are listed in Section 5.

2. What the Ordinance Does

AO 2026-89(S) creates a ten-year property tax exemption, covering both the municipal and school district shares allowed by state law, for newly constructed homes purchased by first-time buyers as their primary residence.[1] The builder applies to the Municipal Assessor before the Certificate of

[1] Municipality of Anchorage, AO No. 2026-89(S), "An Ordinance of the Anchorage Assembly Enacting Anchorage Municipal Code Chapter 12.110, Tax Incentives for First Time Home Buyers" (substitute draft; reading date blank; copy reviewed by AMBA September 11, 2026). Section references are to proposed AMC 12.110.

Occupancy is issued, receives provisional approval, and receives final approval after construction is complete and the sale price and buyer eligibility have been documented.[2]

Provision	AO 2026-89(S)
Eligible homes	New construction; sold to a first-time buyer; owned and occupied as the buyer's primary residence (§12.110.015B)
Price cap	Sale price at or below 120% of the most recent annual average assessed value of a single-family home (§12.110.015B.1.c). At the 2026 average of $496,746, the cap is $596,095.[3]
Exempt amount	Taxes attributable to the newly constructed portion, determined spatially (§12.110.040B), and "assessed value of qualifying real property" exempt up to the most recent average (§12.110.040B.1)
Duration	Ten consecutive years beginning January 1 of the first full calendar year after final approval; no proration (§§12.110.045, .050B)
Transfer	Runs with the parcel and transfers once, from the applicant to a first-time buyer (§12.110.050B)
Termination	Three consecutive missed annual reports (due March 15), or a final determination of code noncompliance (§§12.110.050, .070)
Penalty	Violations of §12.110.015B may be penalized under AMC 1.60, including three times the value of the exemption received (§12.110.015C)
Service areas	Property in a service area with an elected board that objects by resolution within 60 days of the effective date is ineligible (§12.110.015A.3; Section 4)
Sunset	Applications accepted until 5:00 p.m., August 31, 2031 (§12.110.020D)

Changes from the introduced version

According to the Administration's draft memorandum, the substitute's principal change is a "soft" price cap. The introduced version required a sale price at or below the average assessed value. The substitute raises eligibility to 120 percent of that value but exempts value only up to the average, so a home selling above the average may still qualify, with the increment above the average taxable.[4] The stated purpose is to remove a price "cliff" that could disqualify a home over a small cost overrun.[5] The substitute also adds the service area objection provision and a corresponding notice section.[6]

[2] *Id.*

[3] Municipality of Anchorage, AO No. 2026-89 (for reading June 23, 2026), with AM No. 402-2026 and Summary of Economic Effects, https://www.muni.org/Departments/Assembly/SiteAssets/Pages/Meetings-Worksessions/AO%202026-89.pdf.

[4] Office of the Mayor, draft Assembly Memorandum for AO 2026-89(S), No. AM XXX-2026 (unsigned template; reviewed by AMBA September 11, 2026).

[5] *Id.*

[6] AO 2026-89(S), supra note 1.

3. Background and Context

The ordinance implements the Mayor's goal of building or rehabilitating 10,000 homes in ten years and cites a 40 percent increase in the average sales listing price from 2020 to 2025.[7] The Administration reported the average assessed value of a single-family home at $496,746 under the 2026 valuation report and new construction averaging more than $650,000;[8] its July 17 worksession presentation put new construction at about $750,000.[9]

The Administration's case for the ordinance is expressly a financing case. Its July 17 presentation lists four ways the tax break helps housing get built: easier sale or pre-sale of units, more purchasing power for the buyer through a lower monthly payment, help for the buyer in obtaining financing, and an incentive for builders to produce less expensive homes.[10] Those are claims about the mortgage transaction, and they are the claims this paper tests.

The ordinance comes before an Assembly that has asked for an audit of tax-exempt property. Property Appraisal data reported in June showed more than $15 billion in exempt value, about 25 percent of the assessed base.[11] AMBA takes no position on municipal fiscal policy. It notes that the ordinance contains a 2031 application sunset, annual reporting to the Assembly, a price cap, and an exemption tied to new construction, and that the fiscal note accompanying the introduced version was prepared for the original 100 percent cap.[12]

4. Industry Impact Analysis

Finding 1. As drafted, the exemption is unlikely to be countable when the buyer qualifies.

Fannie Mae's underwriting rules show what a lender needs. For purchase and construction transactions, the lender must estimate real estate taxes using the value of the land and all new improvements. The lender may qualify the borrower at a reduced tax amount when there is a tax abatement on the subject property that will last at least five years from the note date. Taxes may not be reduced when relief has only been sought and not approved.[13]

The rule therefore distinguishes three situations. An approved abatement lasting at least five years may be used at the reduced amount. An abatement under which taxes rise during the term must be qualified at the taxes due at the end of the fifth year. A reduction that is pending and not yet approved may not be used.[14]

Under AO 2026-89(S), final approval depends on buyer and transaction information, the sale price and the owner's first-time buyer status, that the ordinance does not require the Assessor to verify

---

[7] *Id.*

[8] AO 2026-89 and AM 402-2026, supra note 3.

[9] N. Klouda, Policy Director, Office of the Mayor, "Property Tax Incentives for Housing: AO 2026-89 and AO 2026-93," Anchorage Assembly worksession presentation, July 17, 2026, https://www.muni.org/Departments/Assembly/SiteAssets/Pages/Meetings-Worksessions/Proposed%20AOs%20Housing%20Worksession%20Presentation%2007172026.pdf.

[10] *Id.*

[11] B. Biondini, "Anchorage Mayor LaFrance proposes new housing development tax breaks," Anchorage Daily News, June 17, 2026, https://www.adn.com/alaska-news/anchorage/2026/06/17/anchorage-mayor-lafrance-proposes-new-housing-development-tax-breaks/.

[12] AO 2026-89 and AM 402-2026, supra note 3.

[13] Fannie Mae Single-Family Selling Guide B3-6-03, Monthly Housing Expense for the Subject Property (12/16/2020), "Calculating Monthly Real Estate Tax Payment," https://selling-guide.fanniemae.com/sel/b3-6-03/monthly-housing-expense-subject-property.

[14] *Id.*

and approve before closing, and the ten-year term begins January 1 of the first full calendar year after final approval.[15] On the note date, the only approval in existence is a provisional approval issued to the builder. A buyer at that point most resembles the third situation, and the likely underwriting result is qualification at the full estimated tax. Treatment under FHA, VA, AHFC, and portfolio programs should be confirmed separately; this paper relies on Fannie Mae's published rule because it is the most specific.

Illustration: what the exemption is worth to a first-time buyer	Amount
Sale price of a new starter home	$475,000
Assessed value attributable to the new structure (illustrative)	$375,000
2026 Tax District 1 rate: 9.40 mills general government (preliminary) plus 6.32 mills school district (2025 rate)[16]	15.72 mills
Annual tax exempted	about $5,895
Monthly escrow reduction	about $491
Illustrative principal-and-interest capacity of $491 per month at 6.5%, 30-year fixed, before other underwriting factors	about $77,700
Share of $8,000 gross monthly household income	about 6.1 points of DTI

If the lender can count that $491, it can decide whether a first-time buyer qualifies. If it cannot, the buyer receives the savings as a lower escrow payment after the fact, and the ordinance does not expand the pool of buyers who can purchase these homes. Actual qualifying amounts depend on each borrower's income, debts, loan program, rate, mortgage insurance, and reserves. The timing rule compounds the problem. Because the start date is tied to final approval rather than the buyer's closing, a delay in final approval delays the first year of relief even after the buyer has purchased and moved in; under the text, a final approval issued in early January rather than late December moves the first exempt year back a full year, and the exemption is not prorated.[17]

Amendment A. Direct the Assessor to issue a buyer-level eligibility determination before closing, based on the signed purchase agreement, the builder's provisional approval, and the buyer's affidavit. The determination should state the exempt amount (Amendment B), the start date, and the termination conditions. Begin the exemption January 1 following the buyer's closing rather than following final approval. A determination of this kind is the documentation an underwriter needs to treat the exemption as in effect on the note date.

Finding 2. The ordinance does not state a clear enough formula for a lender to determine the exempt amount.

Section 12.110.040B limits the exemption to taxes "attributable only to the newly constructed qualifying portion" of the unit, determined on a spatial basis. That excludes land, which the

---

[15] AO 2026-89(S), supra note 1.

[16] Municipality of Anchorage, 2026 Approved General Government Operating Budget, Appendix G, "Property Tax Rate Trends," Tax District 1 (2026 general government rate 9.40 mills, preliminary; school district rate 6.320 mills for 2025, 2026 rate to be set in spring), https://www.muni.org/Departments/budget/operatingBudget/2026%20GGOB/2026%20Approved/Web%202026%20-%20Appendix%20G.pdf.

[17] AO 2026-89(S), supra note 1.

Administration's July 17 presentation confirms remains taxable.[18] New §12.110.040B.1 then exempts the assessed value of "qualifying real property" up to the most recent average assessed value.[19] Real property ordinarily includes land. The draft memorandum describes the program in the second way: value up to the average is exempt and only the increment above it is taxable.[20]

Example: $575,000 home; $120,000 land; $455,000 new structure	Reading 1: new construction only (§12.110.040B)	Reading 2: real property up to average (§12.110.040B.1)
Exempt value	$455,000	$496,746
Taxable value	$120,000 (land)	$78,254
Annual tax at 15.72 mills	about $1,886	about $1,230

The readings produce different tax bills, and the lender needs a single figure to calculate the qualifying payment. Two further gaps affect underwriting. First, "most recent" is not tied to a date, so the ceiling may reset every year of the ten. Fannie Mae requires that where abated taxes rise during the abatement term, the borrower be qualified at the taxes due at the end of the fifth year,[21] which a floating ceiling makes difficult to project. Second, eligibility is tested against sale price while the exemption is measured against assessed value, and the two rarely match on the first assessment of a new home.

Amendment B. State the exempt amount as a formula: the lesser of (i) the assessed value of the newly constructed residential improvements and (ii) the average assessed value in effect on the date of provisional approval, fixed for the ten-year term. State expressly whether land is included. Either answer works for lenders if it is written down.

Finding 3. The substitute draft appears to contain inconsistent references to the price cap.

Section 12.110.015B.1.c sets eligibility at 120 percent of the average. Section 12.110.030A.2.b still requires the builder to acknowledge, as a condition of provisional approval, that units qualify "if and only if" the sale price is at or below the average itself. The final recital still describes the 100 percent cap and says "whichever is greater" without naming a second figure.[22] A builder who relies on the acknowledgment it signs will price to the wrong number.

AMBA supports the soft cap. In new construction, the final price commonly moves between contract and closing because of change orders, options, and lot premiums. Under a hard cap paired with a pre-closing determination, a late price change could void a buyer's eligibility days before closing and force a re-underwrite. Under the soft cap, a price that creeps upward changes the exempt amount, not eligibility.

[18] July 17, 2026 worksession presentation, supra note 9.

[19] AO 2026-89(S), supra note 1.

[20] Draft AM for AO 2026-89(S), supra note 4.

[21] Fannie Mae Selling Guide B3-6-03, supra note 13.

[22] AO 2026-89(S), supra note 1.

Amendment C. Conform §12.110.030A.2.b and the recital to the 120 percent standard and strike "whichever is greater." **Amendment M** (Section 5) addresses when the cap is measured and what "sale price" includes.

Finding 4. The first-time buyer definition is imported from Section 8 and uses a seven-year test.

The definition in §12.110.080 is taken nearly word for word from HUD's Housing Choice Voucher homeownership rule, which defines a first-time homeowner by ownership during the three years before commencement of homeownership assistance.[23] The ordinance changes three years to seven, keeps the phrase "commencement of homeownership assistance," which has no defined meaning in a tax exemption, and defines "family" by reference to the Section 8 family definition at 24 C.F.R. §5.403.[24] The single parent and displaced homemaker cross-reference is carried over from the federal rule; counsel should confirm the intended citation.

The loan programs that define a first-time buyer use a three-year test. Fannie Mae defines a first-time homebuyer by the absence of an ownership interest in residential property during the three-year period preceding purchase.[25] HUD applies a three-year test for FHA purposes.[26] AHFC defines a first-time homebuyer as someone who has not owned a primary residence in the last three years.[27] The Uniform Residential Loan Application asks every borrower who will occupy the property whether they have had an ownership interest in another property in the last three years.[28]

A seven-year test means the same buyer, on the same closing, can be a first-time buyer for AHFC and not for the Municipality. It also asks the builder to document a seven-year history, while the standard loan application asks about three.

Amendment D. Adopt a three-year lookback that matches the loan application question, applied to the purchasers on title and their spouses. Keep the single-parent and displaced-homemaker inclusion. Accept a buyer affidavit signed at closing as evidence. Delete the Section 8 terms.

Finding 5. The "residential unit" definition describes a rental.

Section 12.110.080 defines a residential unit as a dwelling unit "leased or rented to the same person or persons for 30 or more consecutive days."[29] An owner-occupied home is neither leased nor rented. The definition appears inconsistent with the ordinance's owner-occupancy requirement and could be read to exclude the very owner-occupied homes the program is intended to cover. The companion ordinance, AO 2026-93, uses "occupied by" in the same definition.[30]

---

[23] 24 C.F.R. § 982.4 (Housing Choice Voucher program definitions, "first-time homeowner"), https://www.ecfr.gov/current/title-24/subtitle-B/chapter-IX/part-982/subpart-A/section-982.4.

[24] AO 2026-89(S), supra note 1.

[25] Fannie Mae Single-Family Selling Guide E-3-06, Acronyms and Glossary of Defined Terms: F ("first-time homebuyer"), https://selling-guide.fanniemae.com/sel/e-3-06/acronyms-and-glossary-defined-terms-f.

[26] U.S. Department of Housing and Urban Development, FHA FAQ, "How does HUD define a First-Time Homebuyer?," https://answers.hud.gov/FHA/s/article/How-does-HUD-define-a-first-time-homebuyer.

[27] Alaska Housing Finance Corporation, "First-Time Homebuyer Loans," https://www.ahfc.us/buy/loan-programs/first-time-loans.

[28] Uniform Residential Loan Application, Freddie Mac Form 65 / Fannie Mae Form 1003 (effective 1/2021), Section 5a, Declaration A, https://singlefamily.fanniemae.com/media/7896/display.

[29] AO 2026-89(S), supra note 1.

[30] Municipality of Anchorage, AO No. 2026-93 (for reading June 23, 2026), "Enacting Anchorage Municipal Code Chapter 12.100, Tax Incentives for Mixed Use Multi Unit Housing," with AM No. 415-2026 and Summary of Economic Effects, https://www.muni.org/Departments/Assembly/SiteAssets/Pages/Meetings-Worksessions/AO%202026-93.pdf.

Amendment E. Use the AO 2026-93 wording.

Finding 6. Recapture could place a lien ahead of the first mortgage.

Section 12.110.015C allows penalties of up to three times the exemption for violations of §12.110.015B, which includes the buyer's first-time status and owner occupancy.[31] The ordinance does not say who pays or whether the amount attaches to the property. Under Alaska law, property taxes with penalty and interest are a lien upon the property assessed that is prior and paramount to all other liens.[32] Whether that priority would reach a recapture is a legal classification question. Tax liens arise only through specific legislative authorization,[33] and a penalty assessed under AMC 1.60 may not qualify. If a recapture were treated as a property-tax obligation subject to AS 29.45.300(b), however, it could carry priority over a recorded first mortgage. The ordinance should foreclose that reading rather than leave it to litigation.

The secondary market has addressed this category of risk directly. Fannie Mae will not purchase a loan secured by a property with an outstanding PACE obligation that has lien priority over the first mortgage, noting that the uniform security instruments prohibit liens senior to the mortgage.[34] A municipal recapture mechanism with the same priority would raise the same concern.

Amendment F. Limit recapture to the taxes actually exempted, plus interest, assessed against the person who made the false certification. Reserve the treble penalty for knowing fraud. Bar recapture from a later good-faith purchaser or mortgagee, and provide that no recapture has priority over a recorded mortgage. Make termination prospective except in cases of fraud.

Finding 7. The service area opt-out is broader than the state authority it cites.

As amended in 2024, AS 29.45.050(m) allows a municipality to apply an economic development exemption to taxes levied for special services in a service area supervised by an elected board, unless that board objects by resolution within 60 days after the effective date of the ordinance.[35] The statute speaks specifically to those service-area taxes. Section 12.110.015A.3, by contrast, makes property in an objecting service area ineligible for the incentive altogether, including the areawide and school district shares.[36] The ordinance should state whether an objection affects only the service-area taxes the statute addresses or eliminates eligibility for the entire exemption.

For builders and lenders, the practical problem is certainty. If the ordinance passes on September 15, eligibility by location will not be settled until mid-November, and nothing requires the Municipality to publish which service areas objected.

---

[31] AO 2026-89(S), supra note 1.

[32] AS 29.45.300(b), as published in the 2011 Alaska Statutes, https://law.justia.com/codes/alaska/2011/title29/chapter29-45/sec-29-45-300/. Current text should be confirmed before filing.

[33] Memorandum Decision, Case No. 09-00623 (Bankr. D. Alaska Jan. 10, 2012) (discussing municipal tax liens and stating that tax liens arise only through specific legislative authorization), https://www.akb.uscourts.gov/sites/akb/files/01-10-12%2009-00623.pdf.

[34] Fannie Mae Single-Family Selling Guide B5-3.4-01, Property Assessed Clean Energy Loans (10/08/2025), https://selling-guide.fanniemae.com/sel/b5-3.4-01/property-assessed-clean-energy-loans.

[35] AS 29.45.050(m) (2025), as compiled at https://law.justia.com/codes/alaska/title-29/chapter-45/article-1/section-29-45-050/ (unofficial compilation). The elected service area board objection procedure derives from 2024 legislation; see HCS CSSB 77(FIN), 33rd Legislature, https://www.akleg.gov/basis/Bill/Text/33?Hsid=SB0077E.

[36] AO 2026-89(S), supra note 1.

Amendment G. Limit the effect of an objection to the objecting service area's levy. Require the Assessor to publish the list of objecting service areas within ten days after the 60-day window closes. Provide that a provisional approval issued before an objection is unaffected by it.

Finding 8. Transfer, termination, and disclosure rules leave the next owner, the title company, and the servicer without answers.

- **Transfer.** The exemption transfers once, from the applicant to the first-time buyer.[37] The ordinance is silent on what happens when that buyer sells in year four, refinances, deeds the home into a revocable trust, adds a spouse to title, divorces, or dies. The companion ordinance, AO 2026-93, lets its exemption run with the land to any later owner.[38]
- **Termination.** The exemption terminates automatically after three consecutive missed annual reports, and the report may call for "detailed financial records regarding the design, construction, and operation" of the unit.[39] When an exemption drops off without notice, the servicer's next escrow analysis shows a shortage and a first-time buyer's payment rises.
- **Disclosure.** Nothing requires the exemption to be recorded, displayed in the parcel record, or disclosed to the buyer. Title examiners, appraisers, and a later buyer's lender have no reliable way to learn its terms. Appraisers must identify the legal attributes of a property relevant to the assignment,[40] and they work from the Assessor's public parcel record far more often than from recorded instruments. The Municipality already publishes parcel-level assessed value, exemption, and classification data through the Property Appraisal Division's Property Information Search,[41] so the terms of a Chapter 12.110 exemption can be shown in a system these parties already use. The expiration date matters for servicing as well: it tells a servicer when to plan for the escrow step-up in year eleven and tells a later buyer what payment to expect.
- **Occupancy.** Owner occupancy is required through the first exempt year.[42] The ordinance does not say whether conversion to a long-term rental in years two through ten ends the exemption.
- **Other exemptions.** Filing under Chapter 12.110 automatically terminates "any existing tax exemption application or designation," and property with an exemption under an "other similar provision of Title 12" is excluded.[43] The text should confirm that the ordinary owner-occupied residential, senior citizen, and disabled veteran exemptions are not affected.

Amendments H through L (Section 5) address each point.

Finding 9. The Assembly Memorandum does not match the ordinance text.

The draft memorandum cites sections "12.100.015A.3," "12.100.015B.1.c," and "12.100.040B.1," which are AO 2026-93 section numbers; the matching provisions in this ordinance are numbered

---

[37] *Id.*

[38] AO 2026-93 and AM 415-2026, supra note 30.

[39] AO 2026-89(S), supra note 1.

[40] Appraisal Standards Board, Uniform Standards of Professional Appraisal Practice, Standards Rule 1-2(e) (identification of the characteristics of the property relevant to the assignment, including its legal attributes).

[41] Municipality of Anchorage, Property Appraisal Division, Property Information Search, https://www.muni.org/pages/propertyinformation.aspx (parcel-level assessed value, exemption, classification, and tax information).

[42] AO 2026-89(S), supra note 1.

[43] *Id.*

12.110. It places the service area notice in Section 5, where the substitute text has it in Section 4. It also describes a Section 3 amending AMC 12.35 to allow a deteriorated-property exemption to transfer to an owner-occupant.[44] No such section appears in the substitute text, where Section 3 is the referendum notice and there is no Section 2.[45] The Assembly should confirm which text is before it, and AMBA reserves comment on any AMC 12.35 amendment until the text is available.

5. Recommended Amendments

	Section	Amendment	Priority
A	12.110.030 to .045	Pre-closing buyer eligibility determination issued by the Assessor on the purchase agreement, provisional approval, and buyer affidavit; exemption begins January 1 following the buyer's closing	Essential
B	12.110.040B, B.1	Exempt amount stated as the lesser of the assessed value of the new residential improvements or the average in effect at provisional approval, fixed for the term; state whether land is included	Essential
C	12.110.030A.2.b; recital	Conform the builder acknowledgment and recital to the 120% cap; strike "whichever is greater"	Essential
D	12.110.080	Three-year first-time buyer test matching URLA Section 5a; purchasers on title and spouses; keep single-parent and displaced-homemaker inclusion; buyer affidavit; delete Section 8 terms	Essential
E	12.110.080	"Residential unit" defined by occupancy, as in AO 2026-93	Essential
F	12.110.015C	Recapture limited to exempted taxes plus interest, against the certifying party; treble penalty for knowing fraud only; no priority over a recorded mortgage; no recapture from good-faith successors; prospective termination	Essential
G	12.110.015A.3	Objection limited to the objecting service area's levy; list of objecting areas published within 10 days; prior provisional approvals protected	Recommended
H	12.110.050B	State whether the exemption ends on sale; list non-sale transfers that do not end it (refinance, revocable trust, adding or removing a spouse, divorce decree, death or total disability of an owner)	Recommended
I	New section	Recorded notice of exemption; exemption status, annual exempt amount, start date, expiration date, and transferability displayed in the public parcel record; one-page buyer disclosure before the purchase agreement is signed	Recommended
J	12.110.050A, .070A	One-page owner certification in place of the builder-style report; written notice and 60-day cure before termination	Recommended
K	12.110.015A.1	Confirm that residential, senior citizen, and disabled veteran exemptions are unaffected	Recommended
L	12.110.015B.1.d	State the occupancy requirement for years two through ten	Recommended

[44] Draft AM for AO 2026-89(S), supra note 4.

[45] AO 2026-89(S), supra note 1.

	Section	Amendment	Priority
M	12.110.015B.1.c	Lock the cap figure at provisional approval; define sale price as the contract sales price on the Closing Disclosure and state the treatment of concessions and upgrades	Recommended
N	Record	Confirm the operative text and reconcile the Assembly Memorandum (Finding 9)	Before vote

6. Questions for Assembly Counsel

1. **Scope of “economic development property.”** The current compiled text of AS 29.45.050(m) authorizes exemptions of economic development property “for a designated period,” with no fixed maximum term, and does not contain the definition of that term that appeared in earlier versions, which keyed eligibility to use in a trade or business.[46,47] Earlier legislation proposed a replacement definition tied to significant capital investment that expands the tax base.[48] Counsel should identify the operative definition, if any, and confirm on the record that newly constructed owner-occupied homes fall within it. A lender relies on an exemption for at least five years from the note date,[49] so certainty on authority bears directly on the buyer’s payment.
2. **Lien status of penalties.** Whether a penalty assessed under AMC 1.60 for a violation of §12.110.015B is collectible as a property tax lien with the priority described in AS 29.45.300(b).[50]
3. **AMC 12.35 amendment.** Whether the transfer provision described in the memorandum exists, and if so, whether it applies to exemptions only or also to tax deferrals, which AS 29.45.050(o) makes a lien on the property for each year deferred.[51]
4. **Federal cross-reference.** The intended citation for the definitions of single parent and displaced homemaker in §12.110.080.

[46]AS 29.45.050(m) (as amended 2024), supra note 35.

[47]AS 29.45.050(m) as it read through 2016, including its former definition of “economic development property,” https://law.onecle.com/alaska/title-29/29.45.050.html. This definition does not appear in the 2025 compilation.

[48]HB 156, 30th Legislature (proposed amendment to AS 29.45.050(m), including language keyed to significant capital investment that expands the tax base), https://www.akleg.gov/basis/Bill/Text/30?Hsid=HB0156A.

[49]Fannie Mae Selling Guide B3-6-03, supra note 13.

[50]AS 29.45.300(b), supra note 32.

[51]AS 29.45.050(o) (2025), as compiled at https://law.justia.com/codes/alaska/title-29/chapter-45/article-1/section-29-45-050/ (unofficial compilation).

Appendix A. Statement for the Record

To: Anchorage Assembly, assembly@anchorageak.gov

Re: AO 2026-89(S), Tax Incentives for First Time Home Buyers

Date: September 15, 2026

Chair Brawley and members of the Assembly:

The Alaska Mortgage Bankers Association represents the lenders, banks, credit unions, title companies, mortgage insurers, and appraisers who close home loans in Anchorage. AMBA supports AO 2026-89(S) and asks for amendments so the exemption can be counted when a first-time buyer qualifies for a mortgage.

We appreciate the soft price cap in the substitute. New-construction prices change between contract and closing, and a hard cap could have disqualified a buyer over a change order.

The larger issue remains. The exemption becomes final only after the home has sold. At closing, the buyer's lender has a provisional approval issued to the builder and conditioned on facts no one has yet verified. Under Fannie Mae's rules, a lender may count a tax abatement that is in effect on the note date but not a reduction that is still pending. The buyer will therefore likely qualify at the full tax and receive the savings later. On a new home in this program's price range, the exemption can be worth several hundred dollars a month, often the margin between qualifying and not. A short eligibility determination from the Assessor, issued before closing, would let the incentive do what the Administration intends.

We also ask the Assembly to:

1. State the exempt amount as a formula, including whether land is exempt; Sections 12.110.040B and 12.110.040B.1 currently point in different directions.
2. Conform the price cap throughout; Section 12.110.015 says 120 percent and Section 12.110.030 still says 100 percent.
3. Use the three-year first-time buyer test that Fannie Mae, FHA, AHFC, and the standard loan application already use, in place of a seven-year definition adapted from the Section 8 voucher rule.
4. Correct the definition of "residential unit," which describes a rented unit.
5. Assess any recapture against the person who made a false certification, and ensure it cannot become a lien ahead of a recorded mortgage.
6. Limit any service area objection to that service area's levy, and publish the list of objecting areas.
7. Record a notice of each exemption and show its status, annual amount, start date, expiration date, and transferability in the public parcel record, so appraisers, lenders, and later buyers can find it. Give buyers a one-page disclosure, and state what happens on resale, refinance, transfer to a trust, divorce, death, or disability.

Finally, the Assembly Memorandum for the substitute describes an amendment to AMC 12.35 that does not appear in the ordinance text. We ask that the record confirm which version is before the Assembly.

A detailed amendment list is available on request. AMBA’s Legislative Affairs Committee is available to work with the Administration and Assembly counsel on language.

Benjamin Reynolds, President, Alaska Mortgage Bankers Association