

Introduced by:

Mayor

Date:

05/17/16

Action:

Failed to Adopt

Vote:

1 Yes, 8 No, 0 Absent

**KENAI PENINSULA BOROUGH
RESOLUTION 2016-030**

**A RESOLUTION AUTHORIZING THE ASSESSOR TO ASSESS GATEWAY
APARTMENTS AND HARBOR RIDGE APARTMENTS, LOW-INCOME HOUSING
TAX CREDIT (LIHTC) PROJECTS, BASED ON RESTRICTED RENTS WITHOUT
CONSIDERATION OF THE VALUE OF THE TAX CREDITS**

WHEREAS, Gateway Apartments and Harbor Ridge Apartments are low-income housing tax credit properties recognized and approved pursuant to 26 U.S.C. § 42; and

WHEREAS, Alaska Statute 29.45.110(d), which governs the assessment of low-income housing tax credit properties, distinguishes between properties that qualified for the low-income housing tax credit before of January 1, 2001, and those properties that qualified on or after January 1, 2001; and

WHEREAS, AS 29.45.110(d), provides that properties that qualified for the low-income housing tax credit before January 1, 2001, (hereinafter "Pre-2001 Properties") shall be assessed based on the actual income derived from the property without adjustment based on the value of the tax credits, which can result in a value that is less than the traditional "full and true value;" and

WHEREAS, AS 29.45.110(d), provides that properties that qualified for the low-income housing tax credit on or after January 1, 2001, (hereinafter "Post-2001 Properties") shall be assessed the same as the Pre-2001 Properties, unless the assembly, by ordinance, exempts such property from that mandatory assessment requirement; and

WHEREAS, on December 16, 2003, the assembly enacted Ordinance 2003-43, which exempts the Post-2001 Properties from the Pre-2001 Property mandatory assessment requirements and authorizes the Borough Assessor to assess the properties at either full and true value or based on the actual income derived from the property without adjustment based on the value of tax credits; and

WHEREAS, Ordinance 2003-43, codified at KPB 5.12.085, had the effect of designating "full and true value" as the default assessment methodology for Post-2001 Properties, unless the property owner applies for and the assembly adopts the "actual income" assessment methodology for the subject property; and

WHEREAS, Gateway Apartments and Harbor Ridge Apartments qualified under 26 U.S.C. § 42 after January 1, 2001, and thus are Post-2001 Properties subject to assessment at "full and true value" unless the property owner applies for and the assembly adopts the "actual income" assessment methodology; and

WHEREAS, in accordance with KPB 5.12.085(C) when a property owner seeks to secure assessment based upon actual income derived from the property (as opposed to full and true value), the property owner must submit an application to the assessor requesting that valuation method, and the assessor must forward that application to the assembly by resolution for determination of the assessment manner; and

WHEREAS, North Star Management, LLC, the manager of Gateway Apartments and Harbor Ridge Apartments, filed timely applications by May 15, 2016, with the Assessor to value the property based on actual income derived from the property, and the project has been verified by Alaska Housing Finance Corporation to be a low-income housing tax credit project under 26 U.S.C. § 42 qualifying after January 1, 2001; and

WHEREAS, the financial information relating to these properties is as follows:

PROJECT NAME	2015 FULL VALUE	2015 RESTRICTED RENT VALUE (ESTIMATE 75%)
GATEWAY APARTMENTS 1810 PHOENIX RD, SEWARD PARCEL NO. 14502317	1,805,200	1,353,900
HARBOR RIDGE APARTMENTS 4047 MAIN ST, HOMER PARCEL NO. 17531024	1,792,700	1,344,525

WHEREAS, that in accordance with AS 29.45.110(d), the Kenai Peninsula Borough Assembly finds that valuing these projects that qualify for a low-income housing tax credit on or after January 1, 2001, based on the actual income derived from the property without considering the value of the tax credits, best serves the interests of the borough by potentially increasing the availability of such housing;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. The assembly authorizes the assessor to value the Gateway Apartments and Harbor Ridge Apartments based on the actual income derived from the property without adjustment based on the amount of any federal income tax credit given for the property.

SECTION 2. In accordance with AS 29.45.110(d), the Kenai Peninsula Borough Assembly finds that valuing these properties that qualify for a low-income housing tax credit on or after January 1, 2001, based on the actual income derived from the property without consideration of the value of the tax credits, best serves the interests of the borough by potentially increasing the affordability and availability of such housing.

SECTION 3. That this resolution takes effect immediately upon its adoption.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 17TH DAY OF MAY, 2016.

Blaine Gilman, Assembly President

ATTEST:

Johni Blankenship, MMC, Borough Clerk

Yes: Welles
No: Bagley, Cooper, Dunne, Holmdahl, Johnson, Knopp, Ogle, Gilman
Absent: None