

Introduced by: Borough Manager  
Requested by: Borough Assessor  
Drafted by: Borough Assessor  
Introduced: 04/19/2012  
Amended: 05/03/2012  
Public Hearing: 05/03/2012  
Adopted: 05/03/2012

**KODIAK ISLAND BOROUGH  
ORDINANCE NO. FY2012-20**

**AN ORDINANCE OF THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH  
AMENDING TITLE 3 REVENUE AND FINANCE, CHAPTER 3.35 REAL PROPERTY  
TAX BY ADDING SECTION 3.35.085 METHOD OF DETERMINING  
THE ASSESSED VALUE OF PROPERTY THAT QUALIFIES  
FOR A LOW-INCOME HOUSING UNDER 26 USC 42**

**WHEREAS**, according to Alaska Statute 29.45.110(d), the Kodiak Island Borough Assessor is required to value low-income housing tax credit projects existing as of January 1, 2001, the effective date of the legislation, based on the actual income derived from the property, which can result in a value that is less than the full and true value required by Alaska Statute 29.45.110(a); and

**WHEREAS**, these projects must be qualified and recognized under the United States Tax Code 26 USC. 42; and

**WHEREAS**, AS 29.45.110(d) requires the borough assembly to determine by ordinance whether the projects that qualify on or after January 1, 2001, shall be assessed based on the actual income which is from restricted rents versus market rents; and

**WHEREAS**, to date there are no low-income housing projects in the Kodiak Island Borough receiving the benefit of the restricted rent income approach to value; and

**WHEREAS**, Fir Terrace Apartments located at 2610 Mill Bay Road, containing sixty (60) units total has applied for consideration under AS 29.45.110(d)(2); and

**WHEREAS**, in accordance with AS 29.45.110(d)(2), the Kodiak Island Borough Assembly finds that properties that first qualify for the low-income housing tax credit exemption after January 1, 2001 may be exempt from the full and true value requirement under AS 29.45.110(a)(d)(1) method of assessment and may be assessed based on the actual income derived from the property without adjustment based on the amount of any federal income tax credit using the full and true value requirement under AS 29.45.110(a) or may be assessed based on the actual income derived from the property without adjustment based on the amount of any federal income tax credit. The assembly shall determine on a parcel by parcel basis whether such property shall be valued at its full and true value or based on its restricted rents.

**NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH THAT:**

**Section 1:** This ordinance is of a general and permanent nature and shall become a part of the Kodiak Island Borough Code of Ordinances; and

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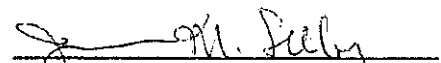
**Section 2:** That Kodiak Island Borough Code Title 3 *Revenue and Finance*, Chapter 3.35 *Real Property Tax* is hereby amended by adding Section 3.35.085 to read as follows:

**3.35.085. Method of determining the assessed value of property that qualifies for a low-income housing tax credit under 26 USC 42.**


- A. In accordance with AS 29.45.110(d) (1), the full and true value of all property within the Kodiak Island Borough that first qualifies for low-income housing tax credit under 26 USC 42 before January 1, 2001, shall be based on the actual income derived from the property and may not be adjusted based on the amount of any federal income tax credit for the property.
- B. Pursuant to AS 29.45.110(d)(2), the full and true value of all property within the Kodiak Island Borough that first qualifies for a low-income housing credit under 26 USC 42 on or after January 1, 2001, shall be exempt from the requirement that the value be based on the actual income derived from the property. For property that first qualifies for a low-income housing credit under 26 USC 42 on or after January 1, 2001, the assembly may determine, by parcel, whether the property shall be assessed based on AS 29.45.110(a) or on the basis of actual income derived from the property without adjustment based on the amount of any federal income tax credit given for the property. Once the manner of assessment of the property has been determined under this subparagraph, the assembly may not change the manner of assessment of that parcel of property if debt relating to the property incurred in conjunction with the property qualifying for the low-income housing tax credit remains outstanding.
- C. To secure an assessment based upon the actual income derived from the property under this section, an owner of property that qualifies for the low-income housing tax credit under 26 USC 42 shall apply to the assessor before May 15 of each year in which the assessment is desired. The property owner shall submit an application on forms prescribed by the assessor and shall include information that may reasonably be required by the assessor to determine the entitlement of the applicant and to assess the property under this subsection. All such applications shall be forwarded to the assembly for determination, by resolution, for a determination of the manner of assessment.

**ADOPTED BY THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH  
THIS THIRD DAY OF MAY 2012**

KODIAK ISLAND BOROUGH

  
Jerome M. Selby, Borough Mayor

ATTEST

  
Nova M. Javier, MMC, Borough Clerk