

**PETERSBURG BOROUGH
ORDINANCE #2019-14**

**AN ORDINANCE TO PROVIDE FOR DETERMINING THE FULL AND TRUE VALUE OF A
PROPERTY THAT QUALIFIES FOR LOW-INCOME HOUSING TAX CREDITS UNDER 26
USC 42**

WHEREAS, the Petersburg Borough is in need of affordable housing options for its residents; and

WHEREAS, the Low-Income Housing Tax Credit (LIHTC) program under 26 USC 42 provides funding for development of rental housing at below-market rents; and

WHEREAS, under Alaska Statute 29.45.110(a) and PMC 4.24.100, real property with the Borough is generally assessed at its full and true value based upon the estimated price the property would bring under prevailing market conditions in a sale between a willing seller and a willing buyer; and

WHEREAS, under Alaska Statute 29.45.110(d), assessment of property that qualified for the LIHTC program prior to January 1, 2001 is based instead on the actual income derived from the property without adjustment for any federal income tax credit given for the property, to encourage the private sector to develop affordable housing projects within local communities; and

WHEREAS, under AS 29.45.110(d)(2), for properties qualifying for the LIHTC program on and after January 1, 2001, the Borough is required to determine by ordinance whether LIHTC property is to be assessed under the 'actual income' method, or the general provisions of A.S. 29.45.110(a), thus giving the borough assembly the option to determine, on a parcel-to-parcel basis, whether to assess qualified LIHTC projects based on actual income, which is from restricted rents derived from the property without adjustment for tax credits received, or by assessing the property on generally prevailing market conditions under AS 29.45.110(a).

THEREFORE, THE PETERSBURG BOROUGH ORDAINS, that Chapter 4.24 of the Petersburg Municipal Code be amended to include a new Section 4.24.105 to provide for a method of determining the full and true value of a property that qualifies for low-income housing tax credits under 26 USC 42.

Section 1. Classification: This ordinance is of a general and permanent nature and shall be codified in the Petersburg Municipal Code.

Section 2. Purpose: The purpose of this ordinance is to amend Chapter 4.24 of the Borough Code to add a new Section 4.24.105, to address assessment of low-income housing tax credit properties,

Section 3. Substantive Provisions: Chapter 4.24 of the Petersburg Borough Municipal Code is hereby amended by adding the following new section:

4.24.105. Method of determining the full and true 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 Petersburg Borough that first qualified 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 Borough that first qualifies for low-income housing tax credit under 26 USC 42 on or after January 1, 2001 shall be exempt from any requirement that the value be based on the actual income derived from the property. For such qualifying property, the assembly shall determine, by parcel, whether the assessment shall be made under PMC 4.24.100, , or on the basis of actual income derived from the property without adjustment for 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 property if debt relating to the property incurred in conjunction with the property's 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 (A) or (B) of this section, an owner of property that qualifies for the low- income housing 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. All such applications shall be forwarded to the assembly for determination, by resolution, of the manner of assessment.

Section 4. Severability: If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and the application to other persons or circumstances shall not be affected.

Section 5. Effective Date: This ordinance shall become effective immediately upon adoption.

Passed and approved by the Petersburg Borough Assembly, Petersburg, Alaska this ____ day of _____, 2019.

Mark Jensen, Mayor

ATTEST:

Debra K. Thompson, Borough Clerk

Adopted:
Noticed:
Effective: