

1st Reading: May 9, 2022
2nd Reading: May 23, 2022

Presented By:
City Manager

Action Taken:
Yes ___
No ___
Abstain ___

ORDINANCE NO. O-22-05-03 (S)

AN ORDINANCE OF THE NOME CITY COUNCIL, NOME, ALASKA, AMENDING THE NOME CODE OF ORDINANCES, SECTION 17.20.020 TO PROVIDE FOR A PARTIAL TEMPORARY EXEMPTION FROM PROPERTY TAX FOR ECONOMIC DEVELOPMENT PROPERTY DEVELOPED FOR MULTI-UNIT RESIDENTIAL HOUSING.

WHEREAS, there is an increasing need to increase the supply of residential housing in the City; and

WHEREAS, there are a significant number of locations in the City suitable for creation of new residential dwelling units through construction of new buildings or renovation of existing buildings which could increase the supply of residential housing and ;

WHEREAS, it is in the public interest to provide an economic incentive for construction of new structures or renovation of existing structures in the form of a partial exemption from property taxation and;

WHEREAS, the construction of new or modifications of existing residential housing structures that will increase the number of long term rental dwelling units would be a significant capital investment that expands the tax base of the City and will generate significant property tax revenue after the exemption expires and;

WHEREAS such an exemption is authorized by Alaska Statute section 29.45.050(m) if adopted by ordinance .

THEREFORE, BE IT ORDAINED by the Nome City Council as follows:

Section 1. Classification: This is a Code ordinance.

Section 2. Amendment of NCO § 17.20.020(a). Section 17.20.020(a) of the Code of Ordinances of Nome, Alaska, is hereby amended by adding a new subsection to read as follows:

(12) Economic development property. The assessed value of Economic Development Property is, subject to subsection (a)(12)(a)-(d), partially exempt from taxation for the duration set out in subsection (a)(12)(c), beginning in the year following approval by the assessor, or the assessor's designee, of an application demonstrating that the eligibility criteria set out in subsection (a)(12)(a)

have been met.

a. Eligibility criteria. A property owner qualifying for the exemption set out in subsection (a)(12) shall:

- i. Have received all building and land use permits necessary to construct Economic Development Property; and
- ii. Submit a qualifying application to the assessor or the assessor's designee prior to beginning work to construct a new building or renovate an existing building.

b. Exclusions.

- i. Restoration, or construction of temporary or seasonal use structures does not create eligibility for this tax exemption.
- ii. Restoration or construction of owner-occupied structures does not create eligibility for this tax exemption.
- iii. Restoration or construction of long term rental structures not available for rent to the general public does not create eligibility for this tax exemption.
- iv. Restoration or construction of long term rental structures which will not increase the supply of rental residential housing which meets the requirements for an exception from sales tax under section 17.10.020(e) of this code does not create eligibility for this tax exemption

c. Duration of exemption. The tax exemption granted by this subsection shall be for fifteen years.

d. Amount of exemption. An exemption under this section only exempts;

- i. that portion of the amount of real property tax that exceeds the amount levied on other real property for the City's required local contribution to the Nome Public School District under AS 14.17.410 (b)(2);
- ii. the incremental increase in assessed value of the property as determined in the first tax year after issuance of a certificate of occupancy or conditional certificate of occupancy under section 5.10.060 of this code.

e. Taxes due if exemption expires or is revoked. An exemption granted under this subsection shall expire and taxes previously exempted shall become due and payable if:

- i. By the third December 31 following application approval, a certificate of occupancy or conditional certificate of occupancy under section 5.10.060 of this code, has not been issued for a restored or new building on the real property, constructed in accordance with all applicable building and land use permits and consisting of at least one residential dwelling units; or
- ii. A building or land use permit submitted with the application expires or is revoked and no restoration or replacement permit is obtained and a copy submitted to the assessor or the assessor's designee within 360 days; or
- iii. All units in a new or renovated building for which the application was granted are not being occupied as rental residential housing which meets the requirements for an exception from sales tax under section 17.10.020(e) of this code; or
- iv. The exemption is revoked.

f. Application procedure. Applicants for the tax exemption authorized in subsection (a)(12) shall apply no later than February 1st of each assessment year for which the exemption is sought, on a form specified by the assessor or the assessor's designee, containing:

- i. The legal description and parcel number designation of the real property for which the exemption is being sought,
- ii. The assessed value and age of all buildings on the real property, and the estimated value of each separate building when there are multiple buildings,
- iii. A copy of all building and land use permits obtained to renovate an existing building or construct a new building on the real property, and
- iv. A copy of all current leases of dwelling units on the property, and
- v. An agreement and acknowledgement that taxes exempted upon approval of the application will become due and payable if by the third December 31 following approval of the application, a certificate of occupancy or conditional certificate of occupancy, has not been issued for a restored or new building on the real property, constructed in accordance with all applicable building and land use permits, containing at least **one** residential unit which is being used as **rental residential housing which meets the requirements for an exception from sales tax under section 17.10.020(e) of this code.**
- vi. Such other information as the assessor may require.

f. Revocation of exemption. An exemption granted under this subsection may be revoked if, at any time during the exemption period, all dwelling units on the property for which the exemption was granted are no longer being used as **rental residential housing which meets the requirements for an exception from sales tax under section 17.10.020(e) of this code.**

g. Appeal of revocation or expiration. Section 17.20.050 applies to determinations an exemption has expired and to determinations revoking an exemption.

h. Definitions. For purposes of this exemption "Economic Development Property" means real or personal property, including developed property conveyed under 43 U.S.C. 1601 et seq. (Alaska Native Claims Settlement Act), for which a building permit has been issued for construction of one or more multi-unit residential structures containing a total of at least **one** dwelling units which demonstrates that the total cost to complete the project will exceed the current assessed value of the property.

Section 3. Effective Date. This ordinance becomes effective **immediately upon adoption**, unless repealed by Nome voters by referendum **however the earliest tax year for which a property may qualify for an exemption is the tax year commencing January 1, 2023.**

Section 4. Notice of Eligibility for Repeal by Referendum. Notwithstanding any other provision of law this ordinance is subject to repeal either before or after its effective date by a referendum approved by a majority of those voting on whether to repeal this ordinance.

APPROVED and SIGNED this 23rd day of May, 2022.

John Handeland
Mayor

ATTEST:

Bryant Hammond
City Clerk