



KENAI PENINSULA BOROUGH

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**DAVE CAREY
BOROUGH MAYOR**

TO: Milli Martin, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: David R. Carey, Borough Mayor *DK Carey*
Colette Thompson, Borough Attorney *CT*

FROM: *SB*
Scott Bloom, Assistant Borough Attorney

DATE: March 25, 2009

SUBJECT: Ordinance 2009-22, Cooperative Agreement with Kenaitze/Salamatof Tribally Designated Housing Entity

The Kenaitze/Salamatof Tribally Designated Housing Entity (TDHE) has requested the Borough enter into a Cooperative Agreement to accept payments in lieu of real property taxes for a fourplex operated by the Kenaitze/Salamatof TDHE in exchange for a commitment to continue to provide borough services as are provided to other similarly situated properties. The Kenaitze/Salamatof TDHE is a joint venture between the federally recognized Indian tribal governments of the Kenaitze Indian Tribe and Salamatof Tribal Council (aka "Village of Salamatof"). The purpose of the Kenaitze/Salamatof TDHE is primarily to provide safe and affordable housing for low and moderate income Alaskan Native and American Indian Families. Using funds from the Native American Housing Assistance and Self-Determination Act (NAHASDA) and an Indian Housing Block Grant (IHGB) through the U.S. Department of Housing and Urban Development, the Kenaitze/Salamatof TDHE purchased a fourplex in Nikiski to provide housing to Alaskan Native and American Indian families who have income levels qualifying under NAHASDA, provide proof of Alaska Native or American Indian decent, and undergo a criminal background check.

A cooperative agreement between a local municipality and TDHE for payments in lieu of taxes is authorized by section 101(c) and (d) of NAHASDA and 25 U.S.C. Sec. 411. The relevant provisions of federal law require recipients of IHGB funding to enter into such a cooperative agreement with taxing authorities or make a good faith attempt to acquire an agreement; however, it does not appear that the borough is required to enter into the same by other federal, state, or local law. The Kenaitze/Salamatof TDHE is not one of the Regional

Native Housing Authorities recognized by the state legislature under AS 18.55.996 and accorded corresponding special tax treatment.

Under federal law the payments in lieu of taxes may be an amount equal to the greater of \$150 per dwelling unit or 10 percent of the difference between the shelter rent and the utility cost, or a lesser amount as agreed to. The Kenaitze/Salamatof TDHE Board has approved a \$150 per unit (\$600 total) payment in lieu of taxes. In 2008 the property was assessed at \$206,100 with a tax liability of \$2267.10. The Kenaitze/Salamatof TDHE states that funds saved through the cooperative agreement will be reinvested back into the housing program to continue to provide needed services.

On February 5, 2009, the Kenaitze/ Salamatof TDHE Board approved the attached Cooperative Agreement.

Your consideration is appreciated.