



# City of Homer

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## Memorandum 21-174

TO: Mayor Castner and Homer City Council  
THROUGH: Rob Dumouchel, City Manager  
FROM: Julie Engebretsen, Deputy City Planner & Special Projects Coordinator  
DATE: October 7, 2021  
SUBJECT: Kachemak Drive Lots

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### **Background**

Council may recall that the Borough has two tax foreclosure properties on Kachemak Drive. In August, Council had the opportunity to retain the lands for a public purpose. The two properties available to the city had combined special assessments of nearly \$73,000, and the Council determined the City did not wish to retain the lots. The information from the City Manager's Report of August 4, 2021, is included below.

### **Current Situation**

Staff was contacted in October by the Borough, to double check that the city understood that due to the foreclosure process, **all** assessments would be voided. The city would never receive any payments, because the foreclosure process 'wipes clean' any liens against the property. The combined water, sewer and natural gas assessments are nearly \$73,000 total for the two lots. At this point, staff contacted the City Attorney on what options the City has.

In discussions with the City Attorney, an analysis of the City's approach to delinquent special assessments is important. Preliminary steps in this regard are underway and should include an analysis of City code, AS 29.45. (Municipal Taxation) and AS 29 46 (Special Assessments).

A potential approach is for the Kenai Borough to include delinquent special assessments in its tax foreclosure process. Another approach is for the City to foreclose on delinquent special assessments which follows the same process as the collection of delinquent property tax. Some municipalities combine the collection of delinquent property and special assessments in the same judicial foreclosure action.

Both of the options above require a court filing. The Borough still owns the properties, and the Assembly is scheduled to make a decision to dispose of the lands at the end of October. The City could choose to retain the lands. This would allow the City pursue legal options to collect the special assessments and avoid involving either the Borough or a future private land owner in those proceedings.

### **Recommendations:**

1. Request the Kenai Peninsula Borough to convey these lands to the City for a public purpose.
2. As time allows, continue to work with the attorney on any court filings needed to collect payment on these assessments, without the Kenia Peninsula Borough as the intermediary.

8/4/2021 City Manager's Report Excerpt, and minutes:

The Kenai Peninsula Borough is offering tax foreclosed properties to cities, if the lands can be used for a public purpose. There are two lots within Homer City limits that are available, located on Kachemak Drive. The City would be responsible for back property taxes and fees of approximately \$3,000. The two lots are fairly wet and have unpaid water, sewer and natural gas assessments of approximately \$73,000 (\$36,000 per lot). These lots are about half an acre in size, with tax assessed values of about \$8,700.

The value for the city is that the northern lot (28-A) is part of a road connection shown in the Transportation Plan that would serve the area for an expanded boatyard and mixed use industrial area. This lot does have a road easement already, but it's possible that additional right of way will be necessary. The southern lot (28-D) has less value for the city, although mitigation or storm water management could be a use. Staff will further research whether a roadway is practical on the northern lot. If it is, staff intends to notify the Borough that the City would like to acquire the northern lot only for public roadway purposes, and will bring an ordinance to the City Council for the Borough's back taxes and fees. If Council would like to go a different direction or discuss the opportunity further, the issue can be placed on the next agenda. Formal response is due to the Borough by August 30th.

Minutes excerpt: Councilmembers Venuti, Aderhold, and Lord commented in response to the Borough tax foreclosed properties in the City and that they don't see any value in requesting conveyance of those properties.

Legal Descriptions:

17909003

T 6S R 13W SEC 14 SEWARD MERIDIAN HM 0630311 SUBDIVISION OF LOT 27 & 28 SEC 14 T6S R13W LOT 28A

17909004

T 6S R 13W SEC 14 SEWARD MERIDIAN HM 0630311 SUBDIVISION OF LOT 27 & 28 SEC 14 T6S R13W LOT 28D

