ASSEMBLY STANDING COMMITTEE
COMMITTEE OF THE WHOLE
THE CITY AND BOROUGH OF JUNEAU, ALASKA

August 9, 2018, 5:15 PM.
Assembly Chambers - Municipal Building

Immediately following 5pm Special Assembly Meeting; Assembly Work Session - No Public Comment

I. ROLL CALL

Deputy Mayor Jerry Nankervis called the meeting to order at 5:15 p.m.

Assemblymembers Present: Ken Koelsch, Mary Becker, Rob Edwardson, Maria Gladziszewski, Norton Gregory, Loren Jones, Jesse Kiehl, Jerry Nankervis, and Beth Weldon.

Assemblymembers Absent: None.

Staff present: City Manager Rorie Watt, Deputy Manager Mila Cosgrove, Municipal Attorney Amy Mead, Municipal Clerk Beth McEwen, Finance Director Bob Bartholomew; Chief Housing Officer Scott Ciambor; Housing/Homelessness Coordinator Irene Gallion

II. APPROVAL OF AGENDA

No changes, approved as presented.

III. APPROVAL OF MINUTES

A. July 11, 2018 Assembly Committee of the Whole Minutes

MOTION by Ms. Becker to approve the minutes of the July 11, 2018 Assembly Committee of the Whole Meeting. *Hearing no objection, the minutes were approved.*

IV. AGENDA TOPICS

A. Housing/Incentives Update

Chief Housing Officer Scott Ciambor gave a presentation regarding housing development within the borough and the most commonly requested incentives to encourage further development. Mr. Ciambor's memo in the packet included the following with respect to historical grant/loan programs as well as recommendations regarding incentivize housing development:

1) CBJ Accessory Apartment Grant program: $6,000 grants to individual homeowners that add an accessory apartment to their property.

2) Mobile Home Loan Down Payment Assistance: 1% loans to individuals, up to $10,000, for down payments on mobile homes for residents making $96,800 or less (120% AMI or below). Partnership with True North FCU.

3) Juneau Affordable Housing Fund: 2010 recommendations in place that include 5% of funds eligible for no interest loans and a limitation of $150,000 for maximum loan to for-profit, non-profit, housing authorities for housing projects targeting residents between 0% 0 120% AMI. Eligible uses for funds are capital or rental and ownership property, non-profit capacity building, supportive

services, and operating expenses.

The staff recommendations for further incentives included the following:
A. Revise and update the Juneau Affordable Housing Fund to meet current demands and run all housing grant and loan requests through the fund process.

B. Develop tax abatement proposals for 1) multi-family apartments (Borough-wide) and 2) Downtown development where costs are more substantial

C. Determine in what scenarios CBJ land can be disposed of at less than fair market value for the development of housing, and develop proposed policies to:
a) meet affordability goals in multi-family projects by decreasing development costs, or
b) stabilize long-term single-family home affordability by contributing to community land trust type organizations or public housing authorities.
c) Target areas (Downtown) where multiple resources are necessary to help facilitate housing development due to high costs, older building rehabilitation.

Assemblymembers asked Mr. Ciambor a variety of questions ranging from the annual application process, which previous projects were incentivized, and the various application processes with respect to involvement by the Assembly, Planning Commission, the Affordable Housing Fund and staff.

Mr. Ciambor then answered a serious of questions pertaining to the potentials for tax abatement programs and how those might be put into place locally due to the state statutes that may or may not limit what local municipalities are permitted to do. Mr. Ciambor explained that the recent SB100 allowed municipalities to determine how, when and where it chooses to enact tax abatement code changes.

Mr. Watt explained that the Assembly will need to give staff some policy direction before they can make any progress to bring something back to the Assembly with potential code change language to be worked on.

Assemblymembers and staff discussed the conditions upon which land can be sold or transferred at less than fair market value. Assemblymembers asked that someone from the Law Department be present the next time they discuss these matters so they can get some of those types of legal questions answered. Members expressed a desire to have staff bring back information about which plots of land might be identified for potential disposal using the Comprehensive Plan and the Land Use Maps as areas for development focal points.

It was decided to discuss the policy decisions regarding Tax Abatement at a future COW meeting.

MOTION by Ms. Gladziszewski to request a resolution be drafted regarding the Affordable Housing Fund as contained in Mr. Ciambor's memo to be brought back to a future COW for further consideration. *Hearing no objection, the motion carried.*

Mr. Watt asked for one wrap-up request regarding housing incentives has to do with the Eagle Rock Ventures option to purchase the Second and Franklin lot. They presented information at an Assembly Finance or COW earlier this spring and they are track if CBJ would be doing anything with respect to incentives. At that meeting, the Assembly provided for a three-month extension to the purchase and sale agreement and that three-months was coming up on August 18, 2018. Eagle Rock Ventures would like to continue to have the option and would like to follow-along with CBJ. They are not currently doing anything until CBJ decides what it will be doing with respect to incentives. The property is continuing to be used for parking. Mr. Watt said he would like to keep them engaged and he said he would like to extend their purchase and sale agreement until the first of the year. He said that since there had been prior Assembly action on this matter, he felt this was an appropriate time to bring this back to them again for direction.

Mr. Jones noted his objection to an extension and stated that the reasons for his objection has to do with the fact that there is not currently any incentives in place and that it may be some time before incentives could be decided upon and enacted by the Assembly. Quite a bit of additional discussion took place with the pros and cons of extending the purchase and sales agreement deadline to the end of the year. The Manager said that if this were continued to January 1, 2019, it would be likely they would be back at this same spot needing to have another extension on the deadline. Mr. Ciambor also answered a series of question about the types of development and the rates that housing in that location. Mr. Watt said that he feels there is a disconnect between the rents that can be charged and the cost of construction in Juneau for any urban high-density development.

MOTION by Mr. Koelsch to extend the Eagle Rock Ventures contract to December 31, 2018. He spoke against the motion.

Mr. Koelsch explained that this has already been extended and doesn't see us having the ability to be in a different position at the end of the year. The history of that lot was that it was purchased for parking and they tore down a perfectly good building to construct a parking lot there and he feels it is time to go back and have the lot as is. He said we turned down some other people who didn't have as good of a proposal as Eagle Rock and he said he should give others a chance.

Additional discussion took place regarding flat parking as it currently is and what it was initially designed to be which was multi-leveled parking.

Roll Call
Ayes: Becker, Edwardson, Gladziszewski, Kiehl
Nays: Gregory, Jones, Nankervis, and Koelsch
Motion failed 4:4.

B. **Juneau Economic Plan Update**

Ms. Cosgrove provided an overview on the progress made so far with respect to the Juneau Economic Plan (JEP) assignments to staff.

The packet contained an update memo from Ms. Cosgrove along with a spreadsheet showing the Assembly the implementation steps taken so far with respect to the plan. She noted that the Assembly and community partners have made significant progress with respect to the Juneau Economic Plan. She noted that the grey boxes of the matrix in the packet show those items that have been added since the last Assembly update.

Some of the highlights that are notable included:

- Infrastructure: The pilot extension of N. Douglas Highway Road construction is completed and it is almost all the way out to Middle Creek.
- CIPs (Capital Improvement Projects): N. Douglas Crossing and a new City Hall Concept CIPs have been established.
- There has been a lot of work on the Auke Bay Marine Station which has been proceeding apace.
- Lots of work in revitalizing the Downtown, the area planning efforts Blueprint Downtown are getting ready to launch.
- The Assembly made progress with DBA (Downtown Business Association) by investing in their projects and staffing.
- Front and Franklin Street were completed.
- The Assembly is considering the Archipelago lot and those pieces are moving forward.
- Mr. Ciambor updated us some on housing but she also wanted to note the success of the first phase of Housing First "Forget-Me-Not Manner" in terms of providing housing for our vulnerable citizens.
- Peterson Hill is moving forward and that should open up some other housing areas as well.

In terms of building on our strengths, we are continuing to work on those things that are good for us. The Assembly has done some good work on the Mining Ordinance. The University continues to look at maritime issues and she had an opportunity to work with the University in Anchorage and the local campus is looking to see how they can continue to build from an educational standpoint on things such as tourism and the maritime industry.

She said that with respect to the Senior Economy, the Assembly has provided some additional funding for Juneau Commission on Aging (JCOA) support. They have brought themselves back together and they are starting to make good progress on some of the initiatives that had been stalled out from the JEP. The Assembly has also been talking about senior housing and assisted living and moving in that direction.

Funding for pre-K is involved with the potential funding of Best Starts as well as some capitol complex issues. She said that overall, it has been a fairly busy period and there is a lot going on. Sometime it feels like these initiatives take quite awhile to come to fruition but that is pretty typical for the way things are relating to Economic Development. It is a big picture, long term play.

She mentioned that last time there were going to try to come up with some milestones/ metrics and she is hoping that during the next report, she will be able to provide some numbers to go with those.

Mr. Jones noted that the Front/Franklin Street projects aren't quite completed as they still need to put in street lights on Front which would happen in September or October. He also noted that starting August 15, they will be tearing up the intersection of Franklin and Front to go up to Second Street to in front of the Baranof Hotel so that will become a construction zone again August 15 through October.

Members asked about the North Douglas Pioneer Road and the sign showing the project was to be completed June 2018 but that there was still the "Keep Out/Do Not Enter" signs up. Mr. Watt explained that the construction is complete but that the contractor is still hauling a few logs out of there so there is still some work being done on the site so they have not taken down the sign. He said it should be open in the next couple of weeks.

Mayor Koelsch asked if there was any word on progress towards getting a NOAA vessel home-ported in Juneau. Ms. Cosgrove said that conversation is ongoing between a variety of different groups of people but she doesn't have any specifics to report. Mr. Watt said that while they don't know any specific timelines as to when a decision would be made, CBJ did host a number of NOAA employee/decision makers and showed them what we have and the opportunities available to NOAA should they decide to home-port a vessel here.

C. **Housing First - Phase II**

Mr. Watt provided information to the Assembly both in the packet and in the red folder items. He said a letter dated June 24, 2018 from the Housing First Collaborative with some information on the success of Housing First Phase I. That letter identifies a grant opportunity from Alaska Housing Finance Corporation (AHFC) in the amount of $2.8 Million in Capital and $1.8 Million in operating funds for Housing First, Phase II project. At that time, they had estimated a $7 Million facility was potentially possible to finance through a successful acquisition of that $2.8 M grant and $4.2 M of bridge funding from the city. He said that he has several conversations about this as had a number of Assemblymembers. He said the packet contained a memo from him expressing his lack of enthusiasm for the idea of a bridge loan from CBJ. He said the group have heard the comments from individual Assemblymembers and from him and they brought back a reduced proposal bringing down the cost to just shy of $6 Million and in doing that, reducing the number of beds from 45 to 32. They have adjusted their ask of the City to not include any loan dollars but to bump their grant request up to $1.8 Million.

Members of the Housing First Board Bruce Denton, Mariya Lovishchuk, and Doug Harris were present and said they weren't prepared to make a presentation but were available to answer questions.

Assemblymembers asked questions and had discussions about the various funding sources available to Housing First as well as what CBJ funding sources might be available and how that correlated with the timing issues for the grant application to AHFC. Mr. Denton explained that they are looking for "gap funding" as they have to be able to demonstrate that they have commitments for 75% of the budget balance beyond what they expect to receive back from the grant. Ms. Lovishchuck said that in addition to the 75% commitment, they also need to demonstrate within the grant that they have a fiscal plan so AHFC needs to understand that if they grant Housing First the money, when they have funding sources outlined, when those funds will be available. Mr. Jones asked if CBJ was to provide $1.8 M, where the remaining funds are anticipated to come from. Ms. Lovishchuck said they anticipate being able to get commitments for the remaining funds from sources such as the Alaska Mental Health Trust and the Juneau Community Foundation.

Ms. Gladziszewski went over the contributions from the City for the first phase (36% of the total when the original ask was 20%). She said they are now they are asking for basically, 30% of the total for the second phase. Mr. Denton said for this Phase II, they initially asked for $1.5M grant plus a bridge loan guarantee to a $1.8M grant only without any bridge loan.

Ms. Gladziszewski said that the project has gotten downsized and $1M cheaper but the request went up by $300,000.

Additional questioning took place regarding the memo in the packet from Bartlett Regional Hospital about the impact of Housing First Phase I and that while there has been dramatic reduction in the number of visits from the Housing First residents, the cost savings do not necessarily correlate since the cost of running the ER, Rainforest Recovery Center are still incurred whether they provide services to those particular individuals or not. Ms. Lovishchuck explained that by those persons not taking up ER and RRC services, that enables those staffing and physical beds to be utilized by others in the community who need those services.

Assemblymembers and Housing First board members discussed in greater detail the pros and cons of the first phase of Housing First with board members answering a number of questions by the Assembly. Mr. Harris spoke to the work of the JAMHI clinic at Forget-Me-Not Manor that provides services to a wide range of community members, not just residents of Housing first.

Assemblymembers asked Mr. Watt what the appropriate action would be at this stage. Mr. Watt suggested that if the Assembly wished to provide grant funding to Phase II of the project, the appropriate steps would be to request an appropriating ordinance in a specific amount to be introduced, at the August 20 meeting and set for public hearing at the September 17 meeting. That is the only path of scheduled meetings before the grant application deadline. He said they would also be looking to the Assembly to decide on a fund source for that funding. Ms. Gladziszewski asked what the possible fund sources are. Mr. Watt explained that for this dollar amount, he would suggest they would be going back to the [General] Fund Balance as the best option.

MOTION by Ms. Gladziszewski to request an Appropriating Ordinance be prepared for $1.8 Million to come from the [General] Fund Balance to be introduced on August 20 and set for Public Hearing on September 17.

Mr. Jones suggested the funding source might come from several options such as part of the Housing Fund, the Sales Tax Fund Balance, and he asked that Finance staff might look at a package of several different options on where the funding might come from. Ms. Gladziszewski said she would be willing to consider alternative fund balances. Mr. Bartholomew said there are approximately 4 to 5 funds that might have money drawn from for this appropriation. They would include: Tobacco Tax, Sales Tax, General Government Fund. He said the Housing Fund is on the list but there is not much there and they are trying to grow that. He said he would be looking at the updated estimates for those funds and then putting together a combination out of those three.

Additional discussion took place regarding potential funding sources.

AMENDMENT by Ms. Gladziszewski to have Finance staff identify a funding package to include Tobacco Tax, Sales Tax, and General Fund Fund Balance sources.

Hearing no objection, the Amendment passed.

AMENDED MOTION to prepare an Appropriating Ordinance for $1.8 Million to come from the Tobacco Tax, Sales Tax, and General Fund Fund Balance as determined by the Finance Director.

Members discussed the timing of this and other financial requests and it was a big ask and this is a timely issue due to the grant deadlines. The Mayor asked that the other pending items that were brought up during the budget cycle that were postponed. Mr. Kiehl noted that a number of those items were scheduled for the next Assembly Finance Committee and that there would be other additional meetings to discuss them.

Mr. Nankervis said he is not going to object at this time but he may object when this does come before them for approval as there are so many financial requests coming to the Assembly all at this time.

Hearing no objections, the motion as amended passed.

V. ADJOURNMENT

There being no further business to come before the Assembly COW, the meeting was adjourned at 7:29p.m.

Respectfully Submitted,
Beth McEwen, MMC
Municipal Clerk