

ASSEMBLY STANDING COMMITTEE MINUTES
LANDS HOUSING AND ECONOMIC DEVELOPMENT COMMITTEE
THE CITY AND BOROUGH OF JUNEAU, ALASKA
November 29, 2021, 5:00 P.M.

I. CALL TO ORDER

II. LAND ACKNOWLEDGEMENT

III. ROLL CALL - Chair Hale called the meeting to order at 5:02 pm.

Members Present: Chair Michelle Hale, Greg Smith, Wade Bryson, Wáahlaal Gíidaak

Members Absent: none

Liaisons Present: Chris Mertl, Parks and Recreation

Liaisons Absent: Dan Hickok Planning Commission; Lacey Derr, Docks and Harbors

Other Assembly Members Present

Some Members of the Public Present: Noah Molnar, Secon; Mariya Lovishchuk, Glory Hall executive director; KINY News of the North

Staff Present: Dan Bleidorn, Lands Manager; Roxie Duckworth, Lands & Resources Specialist; Jill Maclean, CDD Director; Scott Ciambor, Chief Housing Officer

IV. APPROVAL OF AGENDA – The agenda was approved as presented.

V. APPROVAL OF MINUTES - November 1, 2021 Draft Minutes were approved as presented.

VI. PUBLIC PARTICIPATION - No public participation.

VII. AGENDA TOPICS

A. Hidden Valley Easement Request

Mr. Bleidorn discussed this topic. Mr. Smith asked with easements, does the applicant pay fair market value or if there is an easement price. Mr. Bleidorn replied that the code states that fair market value as determined by the City Manager. In some cases, appraisals are done for these requests. This is a small, insignificant easement and I think we will probably come to some agreement with Secon. There is also some value to the City in accessing other property through something similar to this in the same area. On the PowerPoint slides, the area in the red is the easement that they are asking for, and the long, skinny line area is the existing easement; they are asking just cutting a corner to access their property. Secon is going to work with the Corps of Engineers and they have some permitting already processed.

Mr. Mertl asked what City department manages the area that this easement would cross. Mr. Bleidorn replied that it is managed by Lands & Resources.

Chair Hale asked to confirm if this area is Lemon Creek and about the map in the presentation, what the different purple markings were. Mr. Bleidorn replied that it is Lemon Creek and it would allow Secon to cross the creek more efficiently than they do now. Mr. Bleidorn invited Mr. Molnar from Secon to speak.

Mr. Molnar commented that they have approval from the Army Corp of Engineers for the road design and a verbal agreement from the State of Alaska Fish and Game. They prefer this to the route Secon would have to take if the easement was not approved. It will have a lesser impact on the Coho that spawn up there. The purple lines on the inside, is the actual road and the darker blue lines, towards the outside, are the edge of what will be disturbed.

Motion passed that the Lands, Housing and Economic Development Committee forward a motion of support to the Assembly for granting an access easement through City property to Secon Inc.

B. Juneau Affordable Housing Fund – 2021 Funding Recommendations.

Mr. Ciambor discussed this topic.

Ms. Lovishchuk the Glory Hall project and for the Committee to reconsider. Assembly recommendations in development of affordable housing downtown has been an Assembly priority for many years. Affordable housing downtown is vital to health and well-being of our city. The general economic development and the comprehensive plans both described bulk housing downtown as a top priority, as do the Blueprint Downtown discussions. There is a severe shortage of affordable housing in United States, and the shortage is particularly acute in Juneau. Our project is not recommended for funding and our application was denied primarily for three reasons: the project is in a severe avalanche zone, the timeline is too ambitious, and other funding has not been secured. According to the 1987 maps, the project is located in the severe avalanche zone. According to the new Tetra Tech maps, the project is not located in a severe avalanche zone. The Glory Hall is working on obtaining civil engineer evidence that this project is not in an avalanche zone, as permitted by Title 49, 49.70.300 (4). We expect to present this information to CDD or on appeal to the Planning Commission.

Ms. Lovishchuk continued that they dispute the density increase considering that our building was permitted to house over 53 people, and we are trying to build apartments for 14. There is nothing wrong with ambitious timelines as the new Glory Hall building was completed in less than nine months. It would have been completed faster if the Glory Hall was able to secure a conditional use permit before late fall, forcing our contractor to contend with extreme temperatures and other hazards. Much of preliminary work has been accomplished on the 247 S. Franklin conversion project and the design is very close to being completed with contractors in place and ready to proceed. Other funding not secured but considered in order to secure this funding are the Rasmussen Foundation and Alaska Mental Health Trust. The Juneau Affordable Housing Trust Fund would provide the match, allowing the Glory Hall to secure additional funding for the project. The strategy of initial CBJ investment to secure other funds, worked marvelously in the construction of both phases of Housing First and the new Glory Hall projects. Additionally, there was no language requiring a 20% match in the Juneau Affordable Trust Fund application. I urge you to recommend this project for the funding with the following conditions: 1) Glory Hall will receive the funds only if necessary permits or security before March 2022; 2) the Glory Hall will receive the funds only upon securing other funds listed in our application. If there a chance to convert the downtown building into affordable housing, funding is needed now not next year if the project is to move forward. The Glory Hall has repeatedly demonstrated their ability to successfully execute capital projects, important to the community.

Mr. Bryson asked if at the completion of this project, the Glory Hall would own a residential apartment building in the downtown waterfront commercial district, if that the final outcome of this project. Ms. Lovishchuk replied that was correct. The Glory Hall already manages 64 apartments in the Lemon Creek area, and are qualified to match an additional seven apartments because we have property owner and the capability. Mr. Bryson asked if the additional properties and the rents that is collected, would seven more rental units help the bottom line, will more rental revenue offset some of your costs and could the City help your organization by helping re-outfit the building that the Glory Hall owns outright. Ms. Lovishchuk replied that the Glory Hall as able to develop a conservative operating performance with the apartment rentals, the generous vacancy rate calculation, and renting out the bottom floor for some purposes again the for very low rental calculation. The Glory Hall will end up with not a significant amount of profit, but certainly profit, which would help our operation. Sustainability is definitely something about the Glory Hall is trying to work toward, especially in the time of unknown grant cycles and State budgets. When the Glory Hall board made the decision to pursue this avenue, we did not take into account with the building with help or other operations, in addition to providing housing to people

downtown that would in turn make housing elsewhere less desirable areas available for our clients that could have a hard time finding housing.

Wáahlaal Gídaak asked if there was any conversations with Rasmussen or the Alaska Mental Health Trust if you were not able to come up with a match for CBJ. Ms. Lovishchuk replied that they have had preliminary discussion with all of those organizations. The Trust was supportive and has contributed \$30,000, which is what we were able to fund our preliminary engineering and architectural studies. We have also spoken to several substantial private donors who are the customarily go to for capital projects like those that these and they have express their support. That is the first major chunk of funds that are needed for all of the other applications, but we do have a very specific metric parameter.

Mr. Smith noted that he is a board member of the Glory Hall and has spoken with the City Attorney in the past about speaking or discussing potential projects that would impact the Glory Hall. His concern is about the severe avalanche zone and that Ms. Lovishchuk does not think will be a problem, and that the new Tetra Tech maps show it not in a severe zone. I am interested in trying to work on those hazard preventions or the prohibitions on construction due to due to hazard designations. If those do not change, why don't you feel like that is a significant hurdle for building this project. Ms. Lovishchuk replied that the Assembly has not approved the new maps from Tetra Tech, and there is doubt about the timeframe for their approval, due to the fact that many folks in our community, particularly those who live in those areas are opposed to the new maps with our project. This does not make the Tetra Tech maps any less accurate. We know the Glory Hall is not in a severe avalanche zone. Stantec Engineering and Architecture is our firm for development and design. I have had several conversations with them, but neither Mr. Denton, the political board member, or the architect are here so I am not going to try to explain the technical aspects of the mass wasting and how we do not think it is dangerous for our project. The reason why we cannot proceed is because the old maps show the Glory Hall in a severe avalanche zone and the new maps do not. We are working on a study that demonstrates that this particular parcel, not just the entire S. Franklin Street, is not in an avalanche zone, which is what CDD asked us to do. We believe it will be successful, because the Tetra Tech maps already exist.

Mr. Smith asked about the current hazard maps and if a building or property owner in a severe avalanche hazard zone could petition to get out of that and what are reasonable ways so that they could construct new units in a current hazard zone. Ms. Maclean replied that the code does allow property owners to hire their own civil engineer and sort "engineer their way" around being in the hazard zone. I want to clarify that Ms. Lovishchuk is correct, that under the proposed Tetra Tech maps, the Glory Hall's downtown location on Franklin Street, it's not in a severe avalanche zone under the proposed maps with the caveats that we don't know what's going to happen as we move forward with this process. The proposed maps could be adopted, or they may never be adopted. If they are adopted, will this Assembly and CBJ adopt new regulations or keep the same regulations, or have no regulations at all and just say that the proposed maps are there for public information and you go at your own risk. It is difficult to say that adoption of the new maps will make a difference for downtown properties at this time. Unless the new maps take you completely out of both zones, in which case we can safely say, then it would be that they would not have any regulations associated with them. To your first question, Mr. Smith, yes, there is a way to hire civil engineer and potentially engineer your way out of the situation.

Mr. Bryson commented that he was glad to hear the different perspectives and was wondering why the Glory Hall project was not recommended for funding. He thought the Committee should reconsider, or have staff reconsider their decision, because when broken down, the \$350,000 at seven units, we are getting at 50,000 a unit. If a developer other than the Glory Hall renovates that building, it means that a wealthy developer has to buy the and renovate it. That would put the cost of the project above \$5

million for seven apartments plus a retail rental space. If a private landlord and building developer come in, it is going to be an expensive project. It will make rent prohibitive because they would have to recover their costs if the Glory Hall cannot make this work as a residential rental, then that means a private developer has to turn it into a residential development and that is where the big bucks come in. I would hesitate to say that this might fall under systemic racism if we purposely make a building go up in rent because we do not want it to be part of this organization. The other thing that I wanted to address was the fast track nature of the program. Residential rental is not a government function and so with residential rentals you decide you want to buy the property and the only thing that holds you back is the length of financing. This is a similar situation, they have the financing piece to put in place, and they were able to come up with the idea of wanting to turn it into rentals. We are in the business of housing people, and we have a paid-for-building that we could renovate through funds. It is a natural progression as the Glory Hall graduates people; they have a building that has residential rental space for them. If we use the maps that are being proposed, that puts them out of the severe zone and they could have a higher score, then we could get affordable housing downtown. Any other path makes this so expensive that no one would be able to afford to do it, and that is the issue we have run into, nobody can afford to build downtown. We have an opportunity to develop downtown for a very small cost, and we should support the Glory Hall on this matter.

Wáahlaal Gíidaak noted she was inclined to lean towards A question to Ms. Lovishchuk, I thought I heard you say that there may be not potential to move on next year, is that correct. Ms. Lovishchuk replied that the Glory Hall board has decided to pursue two options, at the same time, option number one is to sell the building and option number two is to do all of this with these units. The problem of not pursuing this project right away is that, as the building sits it just becomes a liability, we can rent it out for a short term. Construction could start at any time but we do not want to impede the construction in any way and the chances are very high, but if you have had to wait for another year of funding, the choice to sell the building would just become a lot more desirable as the building depreciates in property as it sits there. We are using it for overflow because our shelters are full, but because of staffing concerns is just it is very difficult to do that indefinitely.

Mr. Mertl asked about the facility potentially being located in a severe hazard zone and if the Glory Hall is able to say they are not in a hazard zone, do they think the committee then would give it a thumbs up and recommend it for funding. Mr. Ciambor replied that he wanted to make sure that it is clear to the committee that the Glory Hall was highly favorable in the initial scoring with the review committee. They wanted to see all of the projects done and felt as if they met the qualifications and it became a combination of comparing projects and then the added information of being in a severe hazard zone that affected the overall recommendation. Prior to that understanding there was a favorable idea for many of the ideas that Ms. Lovishchuk mentioned. Even though the timeline is quick and they have had success with various funders in the past, there was just a little bit of pause and question on whether it was going to be completed as quickly as stated. I think you are correct if the hazard map issue were not, the Glory Hall would likely have been recommended.

Mr. Mertl asked Ms. Lovishchuk and Ms. Maclean how quickly they anticipate getting an independent review of hazard lands and when that is done, to Ms. Maclean, how long does that process take. Ms. Lovishchuk replied that their timeline is two to three weeks. Ms. Maclean replied that that she has not been through the process of reviewing civil engineer's report, but thought it would be similar to a conditional use permit. Depending on the completeness of the application, CDD should be able to get it to the Planning Commission in about six to eight weeks, depending on how it hits their calendar.

Chair Hale appreciated the detailed discussion and the Committee's work. She noted that on the middle of the page 11 of the packet, those three projects total \$300,000. The Glory Hall project totals \$350,000 and we have \$700,000 available, with the understanding that the Committee has also recommended to continue to work with the Gastineau Lodge Apartments project. She also note that there is more funding in the Affordable Housing Fund than the \$700,000 if the Assembly did choose to go above that amount. She recommended that that the Committee look at that Glory Hall project because that fits within that \$700,000. The Committee could look at this with the additional information that we have learned tonight about having an engineer look at whether the severe hazard zone applies and provide their recommendation.

Mr. Bryson amended the motion to include the Glory Hall project. Mr. Smith objected for a question. If Mr. Bryson totals were \$650,000 from the Affordable Housing Fund, and are you anticipating appropriating more funds should that Gastineau Lodge Apartments project come back up. Mr. Bryson replied that from his understanding that there was substantial more in the Affordable Housing Fund and if another project came up, he would want us to discuss it. He was moving these forward as the \$650,000 of the \$700,000 that we appropriated for this year. It seemed like the right number and this will get us actual affordable housing in the middle of downtown, that is why he is in favor of the project.

Mr. Smith made a motion to amend Mr. Bryson's motion to forward this to the Committee of the Whole instead of the Assembly for approval or discussion. No objections, motion passes.

No objections to Mr. Bryson's motion.

Amended Motion passed that the Lands, Housing and Economic Development Committee adopt the Juneau Affordable Housing Fund review committee recommendations and forward the following funding requests to the Committee of the Whole for approval: AWARE Cordova Street project for \$150,000; St. Vincent DePaul Channelview project for \$50,000; St. Vincent DePaul Teal Street project for \$100,000; and the Glory Hall 247 N. Franklin project for \$350,000.

VIII. STAFF REPORTS

CBJ Christmas Tree Policy

Mr. Bleidorn discussed this item and noted that next year staff would be working on changing the Christmas tree harvesting date to an earlier one, November 15. Mr. Mertl asked if the area for Christmas tree cutting is the same as last year. Mr. Bleidorn confirmed.

IX. COMMITTEE MEMBER/LIAISON COMMENTS AND QUESTIONS - None

X. STANDING COMMITTEE TOPICS

- A. Status of Housing Initiatives
- B. Status of Title 49

XI. NEXT MEETING DATE – December 20, 2021

XII. SUPPLEMENTAL MATERIALS – RED FOLER ITEM: JUNEAU AFFORDABLE HOUSING FUND HAZARD MAP and PRESENTATION

- A. Juneau Affordable Housing Fund Hazard Map
- B. Juneau Affordable Housing Fund Presentation

XIII. ADJOURNMENT - Chair Hale adjourned the meeting at 5:57 PM.