ASSEMBLY STANDING COMMITTEE MINUTES
LANDS HOUSING AND ECONOMIC DVELOPMENT COMMITTEE
THE CITY AND BOROUGH OF JUNEAU, ALASKA
February 1, 2021, 5:00 P.M.
Zoom Webinar Meeting

I. ROLL CALL

Chair Gladziszewski called the meeting to order at 5:00pm.

Members Present: Chair Maria Gladziszewski, Wade Bryson, Alicia Hughes-Skandijs, Greg Smith

Members Absent: none

Liaisons Present: Chris Mertl, Parks and Recreation

Liaisons Absent: Dan Hickok Planning Commission, Chris Dimond, Docks and Harbors

Other Assembly Members Present: Mayor Beth Weldon, Loren Jones, Carol Triem

Some Members of the Public Present: Kevin Benson, BRH Chief Financial Officer; Kenny Solomon-Gross, Bartlett Regional Hospital Board; KTOO Representative

Staff Present: Dan Bleidorn, Lands Manager; Roxie Duckworth, Lands & Resources Specialist; Scott Ciambor, Chief Housing Officer ; Jill Maclean, CDD Director; Rorie Watt, City Manager; Beth McEwen, City Clerk; Alix Pierce, CDD Planning Manager; Jeff Rogers, Finance Director

II. APPROVAL OF AGENDA

Agenda was approved as presented.

III. APPROVAL OF MINUTES

January 11, 2021 Draft Minutes were approved as presented.

IV. PUBLIC PARTICIPATION

Those participating via telephone can press *9 or those that are participating on Zoom can use the “raise their hand” function to participate. No public participation.

V. AGENDA TOPICS

A. 3225 Hospital Drive Acquisition Request

Mr. Bleidorn discussed this request. The Division of Lands and Resources, the Engineering Department, and Bartlett Regional Hospital (BRH) having been working together to evaluate the acquisition of 3225 Hospital Drive. This property includes a 14,220 square foot building on a 20,372 square foot lot. Bartlett Surgical and Specialty Clinic occupies approximately half of the space in that building and pays $181,000 in rent annually. The remaining space is leased to United Human Services and a Urology Office for $180,513 per year.

The evaluation includes an inspection by a City Architect and resulted in a facilities Condition Survey report. The executive summary from this report is attached. BRH also hired Southeast Real Estate Inspections to complete an engineering inspection with the final report is due to be completed in the next few days. The city hired Julie Dinneen Company to provide a market value appraisal for the property, which is $3,100,000.

BRH Board of Directors provided a motion to approve the Finance Committee a recommendation to enter into an agreement to purchase the property located at 3225 Hospital Drive, for $2 Million, contingent on the engineer's report. When the engineer's report comes in, the Executive Committee will review findings. Motion unanimously approved. There is a discrepancy in price and the building representative said that the owners declined the initial offer of $2 million, which came in before the appraisal and they are looking at a price closer to $2.5 million, which may mean this will have to go back to the Hospital Board for an amended motion. Lands has been working with the City Attorney, City Manager and BRH to move this forward if this ends up being the case. City code that is followed for acquisitions if 53.04.020 (a) and (b).

Mr. Bryson asked about the price discrepancy and why does BRH want to make this purchase. Mr. Bleidorn replied that prior to the Land Office working on this acquisitions there was verbal communication between BRH and the homeowners with a dollar value initially thrown out at $2 million and $2.5 million was later discussed and the owners said anything less than that they would try their hand in the open market. As far as continued use, currently BRH leases about half of the property and as the other leases expire, they plan to use the additional space. Mr. Bleidorn invited BRH representatives to speak. Kenny Solomon-Gross from the Hospital Board deferred to Kevin Benson of BRH. Mr. Benson noted that BRH has grown over the years, are busting at the seams to find space for services, and are currently leasing a little over half of the building. Looking forward, this facility may provide additional space to house departments that are displaced through renovations.

Mr. Smith asked if BRH would use their funds to acquire the building and would be on the line for any improvements to the building. Mr. Benson confirmed.

Motion of support to the Assembly for the acquisition of 3225 Hospital Drive by a price the manager determines does not exceed fair market value passed.

B. Juneau Affordable Housing Fund

Mr. Ciambor discussed this item that includes an updated JAHF program description, guidelines and the JAHF anticipated applicants for funding. The JAHF is a 2021 Assembly goal and includes the Housing Action Plan, the Juneau Economic Development Plan and is funded from the 2018 Prop 1, which authorized to extend the temporary 1% area wide sales tax that was effective October 1, 2018 and consisted of a period of 5 years. The JAHF is needed to address the significant and longstanding housing challenges in Juneau. It is estimated that to achieve significant catch-up goals of 66 units of new construction per year and 25 preserved, $3.6M HTF dollars would be needed annually. 95% of the work for the development of the JAHF has been completed with input provided from the Assembly, AHC, local stakeholders, national experts, statewide partners and other municipal housing fund administers. In 2018, the COW incorporated goals of the Housing Action Plan, raised the grant and loan limit to up to $50,000/unit and clarified the affordability requirements for for-profit developers, as well as updated the timeline and scoresheet.

The March 2, 2020 COW update includes adding a priority point for downtown housing in the scoring matrix, adding staff plus two members of the public with housing development, commercial/residential real estate, or banking experience in the review committee, and to expend the $525,400 for a July 1, 2020 competitive funding round. The JAHF anticipated projects and partners included the eligibility for the AFH with eligibility ranges from very low income to those with a significant income but still a need for affordable housing, and matching state and federal grants. These entities including the housing authorities, housing trust, various tax credit projects in the community and the affordable housing projects that target special needs populations. These entities typically seek out 7 – 9 funding sources to put a housing project together with the JAHF as an additional funding source. Entities in the 0 – 80% AMI realm would typically apply for grants whereas private and for-profit entities would apply for loans with an affordability agreement. Developing affordable housing in the state and federal match zone is difficult and can take 3 to 5 years to put all of the funding sources together.

The current fund balance for the JAHF is $1,413,000 with an expected increase to $1,717,000 on July 1, 2021. An additional $400,000 from the Temporary Sales Tax will be available on July 1, 2022 (FY23). $100,000 of those additional funds is allocated for the CBJ Accessory Apartment Grant. This is the last scheduled contribution to the fund. CBJ's housing programs include the CBJ Mobile Home Loan Down Payment Assistance program, the CBJ Accessory Apartment Incentive Grant program, the Updated Juneau Affordable Housing Fund program, and the recently considered Tax Abatement for Housing Development program.

Chair Gladziszewski noted that the items in the packet have not been modified since the COW had asked for them last year and there are two new areas that will be added because of the recent committee discussions. In Appendix C, the scoresheet on page 22 of the packet, box 2, a bullet will be added that says "Downtown Housing." On page 19 in the packet there will be an item that mentions the Review Committee and who will be on that committee, someone from the Housing Office, probably 2 people from CDD, Finance, and/or Lands and 2 public people.

Mr. Smith asked if we expect people to come back with ideas for loans and grants. Mr. Ciambor replied that the applications are expected to be wide ranged, anything from 0 to 120% AMI income and they could be capital projects, for-profit developers with multi-family projects, additional rental assistance programs, or community land trust. Some of these projects are already in the works; from transitional housing to family home enter programs.

Mr. Bryson noticed that this proposal did not include any single family incentives on the buyers side and asked if there was any way to expand the mobile home program and that we need help individual families get into housing and maybe expand this program to condominiums to use that $10,000 towards that. Putting families in houses is the strongest economic development we can do, it solidifies the school base and keeps families here permanent. Chair Gladziszewski asked Mr. Bryson to discuss this with Mr. Ciambor after the meeting and that we could bring this item back to the next meeting in order to get this AHF off the ground.

Ms. Hughes-Skandijs asked how much money from the funds we used so far and for what. Mr. Ciambor replied that in 2008 there was $400,000 in a HUD loan program that went out to developers and came back in to start the Housing Fund. In 2012, there was a legislative request in funding that resulted in $90,000 going into the fund from the State of Alaska and then there was the $2 million in 2018 that has gone into the fund. The pilot program for the accessory apartment grant program was about $72,000 and then $96,000. $100,000 has been set aside for the mobile home loan program. There has been about four to five loans a year with some of that money coming back into the fund. In 2008, there was an application grant for predevelopment funds for about $13,000.

Mr. Smith asked what the remaining funds might be used for or what will come next. Mr. Ciambor replied that the goal would be to preserve the nexus of fund for a funding round in the following year. There is a big list of partners consistently working on affordable housing and could target the fund to aid in developing their projects. The goal would be to establish the program to get it into a routine as a consistent amount of funding. Chair Gladziszewski commented that she recalled there was a push to allocate more in the first round with the concern this would be the first time we have allocated funds and the thought to have a smaller amount and make sure the process is done correctly.

Mr. Mertl commented that this is one of the many tools in the tool chest and wanted clarity on the word mobile home, and wondered if CBJ still uses that word and if the politically correct word is instead manufactured home. Ms. Maclean replied that the three terms, manufactured, mobile and module were all slightly different terms, some pertaining to State of Alaska housing regulations and others Federal HUD regulations. The City does use them and they are not interchangeable. Mobiles homes are not allow to be constructed anymore but one of the reasons in calling this the mobile home grant was to replace the existing, and sometimes dated mobile homes that are in need of replacement. Mr. Ciambor commented that there had been conversations at the start of the program on whether or not to keep the name and a program partner at that time suggested keeping the name but we could change the name if needed.

Chair Gladziszewski had a question about the different documents presented and when did we decide this fund would be used for all programs. Mr. Ciambor replied that going back to 2008 and looking at the models throughout the country, the concept that most programs typically focused on was 0 – 80% AMI to get housing dollars to those with the lowest income. What ended up happening in the time period leading up the to the Housing Action Plan, consultants said that the housing need in the community is more substantial and not only just for the extreme low income or special needs projects but extends into workforce housing. It was suggested at that, time to use funds for loans for for-profits that may or may not had been able to develop or may have not put together affordable housing projects. By extending the fund, it meets the goals of the HAP to allow for more activity in housing projects. Chair Gladziszewski responded by repeating, what she heard, that our housing need is so great it is needed in all of the sectors. Mr. Ciambor replied that many sectors down south can have private developers meet the housing needs but that is not the case here and is difficult for private developers.

Mr. Smith asked if there is evaluation criteria to ensure that the money that is given away to projects actually needs the incentives. Mr. Ciambor replied that that is one of the key reasons to have a competitive process, the Assembly defines the goals and with the program description and guidelines, it spells out the criteria to have access to the funds. The application process is quite extensive and asks for a lot of information that allows for the review committee to compare projects against each other. There is also a key piece in the 0 – 80% going after State dollars, a term called leverage, which is how much is leveraged, how much of the City's money is used going into the project. Mr. Smith asked about the amount, if the fund for some reason is not replenished then if this is not the right amount. Chair Gladziszewski commented that is a discussion for the Committee and that her thought was that we need to get some money on the street to see what happens and evaluate those results with possibly tweaking the criteria to allow for other projects to go forward. Mr. Smith, looking at the funds, thought we could do possibly three offerings of the same size. Mr. Ciambor replied that it was debated by the Affordable Housing Commission on how to keep the money in the fund. A reverse thought on how to make the fund more effective would be how to get money out the door into projects. One thought would be to consider where the next round of funding will be coming from and what does that look like. We have already been able to get money from sales tax and the State of Alaska with other opportunities to explore. Once we get through a funding round, we can review the process of what was and wasn't funded.

A motion of support to the Assembly to appropriate $700,000 from the JAHF in a competitive funding round for July 1, 2021, passed.

VI. STAFF REPORTS

A. Housing Action Plan Update

Mr. Ciambor discussed this item as a continuation from the last meeting. The HAP can be viewed as a working document going forward. Short-term activities include implementing downtown tax abatement, addressing downtown parking, implementing the JAHF and develop strategies to increase the fund. The Pederson Hill land disposal strategy is also a short-term activity, which may include Community Land Trust and options for Pederson Hill disposal and other properties along with evaluating and addressing barriers to homeownership.

Medium-term HAP activities include developing an Upstairs Downtown loan program for rehabilitation and code compliance upgrades, strategies for short-term rental units and the impact on the housing stock, as well as inclusionary zoning, an RFP for the 2nd and Franklin parking lot, and a preservation strategy for existing affordable housing. Ongoing activities include the Housing Data and HAP updates, project lists and reporting mechanism for the housing officer, and small area/neighborhood plans.

Chair Gladziszewski would add to the list a review of Title 49 to look at barriers to development. The Committee would like an update on that issue and to have a list to check what has been done and to see what still needs to be accomplished, these would be ongoing pieces of the HAP. Addressing the Committee, Chair Gladziszewski asked to look at the different activities, such as the short and medium-term, to decide which things we would like to discuss. With our meetings only an hour, we only have time for a substantial discussion of one or two items.

Mr. Smith commented that he would like to focus on preserving the existing affordable housing, short-term rentals, and to look at ways to encourage property owners with extra space to turn that into housing or also called the Upstairs, Downtown loan program.

Ms. Hughes-Skandijs commented that she is also interested in looking at the Upstairs, Downtown loan program, as well as downtown parking and trying to get downtown going. She is also interested in addressing barriers to homeownership.

Mr. Bryson commented he is interested in addressing barriers to homeownership and wondered if $10,000 is enough to put first time buyers into homeownership or if that is not even close to enough to address this issue. One issue he has noticed is that creating low-income housing may not fix the issue if rent is already expensive and if those individuals are already struggling with paying rent, they may not be able to pay into a mortgage. Having Ms. Maclean to come back to the Committee to discuss Title 49 and City codes and what causes houses to be more expensive and more costly. Rather than addressing the entire Title 49 but to look at a few things that could be real action items that could be tweaked or explored further; a few real concrete things that drive up costs of housing that the Assembly could decide if they are necessary.

Chair Gladziszewski noted these ideas may not be ready to be addressed at the next meeting but allows staff to get prepared for the next couple of meetings. Topics include the Upstairs, Downtown loan program, addressing barriers to homeownership, whatever we can do regarding regulations and Title 49, and an update on what is happening on Pederson Hill.

Mr. Mertl commented that he agrees with everyone about trying to manage and keep developing costs reasonable but also wanted to add that we also need to make sure we don't super simplify and loose our sense of place as a community and by bringing some of these development opportunities to our community, they make Juneau a unique place to develop.

VII. COMMITTEE MEMBER / LIAISON COMMENTS AND QUESTIONS

No comments or questions.

VIII. ADJOURNMENT

Chair Gladziszewski adjourned the meeting at 5:55 PM.