ASSEMBLY STANDING COMMITTEE MINUTES
LANDS AND RESOURCES COMMITTEE
THE CITY AND BOROUGH OF JUNEAU, ALASKA
January 11, 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, Dan Hickok Planning Commission, Chris Dimond, Docks and Harbors

Liaisons Absent: none

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

Some Members of the Public Present: Dana Zigmund, Jeremy Hsiech

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

II. APPROVAL OF AGENDA

Agenda was approved as presented.

III. APPROVAL OF MINUTES

December 7, 2020 Draft Minutes were approved after change to the categories of Liaisons present and absent, all Liaisons were present.

IV. PUBLIC PARTICIPATION

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

V. AGENDA TOPICS

A. Downtown Tax Abatement

Scott Ciambor and Jill Maclean continued to discuss this item from the last meeting. The Downtown Housing Tax Abatement program is an Assembly goal for 2021 and is part of the Housing Action Plan and the Juneau Economic Development Plan. The plans include tax abatement as a tool for senior, workforce, and downtown housing. The Senior Assisted Living Housing Tax Abatement ordinance was passed in 2020, which included a 12-year abatement for projects creating 15 or more assisted living units. The ordinance language fits State law and allows municipalities to provide property tax exemptions to encourage economic development. The terms are modeled after the Anchorage Downtown Tax Abatement program and are added to the Senior Assisted Living Housing Tax Abatement ordinance. Key differences include a minimum of four new residential units and the targeted map area is the Fee-in-Lieu downtown map area. The Downtown Tax Abatement ordinance will include the annual reports of property owners utilizing tax abatement. Staff will report on the impact on taxes once the 12-year abatement period ends. Comments about tax abatement include costs, number of participants, and general issues with tax abatement in general. Tax abatement is not a one size fits all and will not solve the City's housing problems but encourages new units created for specific areas.

Projects that involve the renovation and rehabilitation of units must constitute an economic development to qualify. State language notes that the tax benefit enables a significant capital investment in physical infrastructures that expand the tax base and will generate property tax revenue after the exemption or abatement expires. A renovation project would only constitute economic development if the units were uninhabitable or condemnable and it is difficult to quantify the increased economic development value for rehabilitated or renovated projects. There had been CBJ Rehabilitation Loan programs in 1978 and 1998. This program could be similar to the Accessory Apartment Incentive Grant Program or model after other programs that have been setup throughout the country, such as the Pittsburgh's Downtown Upstairs Loan program. Examples are an Upper Floors Life Safety program where up to $100,000 loans for improvements and repairs or a Vacant Upper Floors program where up to $400,000 loans or 30% of total project costs would be applied to create upper floor residential units or commercial space. This would cover gap financing for parking, façade, environmental remediation, mechanical systems, LEED certification, roof repair, and soft costs among others.

Mr. Bryson asked what the significance would be if this were passed tonight and moved on to the Assembly. This is one tool, what would be a short list of other tools to help create downtown housing. Chair Gladziszewski commented that the Committee shouldn't get to in-depth on the other tools but to hear a list as to help determine if this topic should be moved forward. Mr. Bryson asked that if tax abatement were to be passed onto the Assembly how would that impact downtown development in the short term. Mr. Ciambor replied that downtown tax abatement would give all property owners a chance to give a second look at their properties for the development of housing. Some may be ready to go, and it may take a number of years for other projects to figure out how to utilize the incentive and it gives the City the opportunity to figure out what else is necessary for development. Other tools could be to make the Affordable Housing Fund available for grants or loans for projects in this area for affordable housing purposes and another would be CBJ property. This could be looking at public-private partnerships such as building out a package for the Second and Franklin lot, or other housing incentives with City resources. Chair Gladziszewski commented that it is a valid point to ask why we are starting with this tool and if this Committee is not comfortable with this as the first one then we should talk about the Housing Action Plan, which is scheduled for discussion. Ms. Maclean commented that she hopes that the Committee is comfortable moving this forward as it is a strong program that shows that Juneau means business as we are facing trying time with our economy. Housing is critical in keeping downtown active and the legislative here and this tool is a great program for downtown development. Moving this program forward would give staff the opportunity to look at other programs and tools to help existing property owners and give them opportunity to reinvest. Mr. Bryson commented that he saw this as the strongest first step the City could take as it lays out the groundwork for developers to decide where to go next with the best opportunities.

Mr. Smith asked about the case study and if someone puts in a residential apartment building would every space that does not have an office or lobby, not be subject to the taxes for 12 years. Mr. Ciambor replied that there would be significant capital investment that would expand the tax base that would generate property tax revenue after the abatement expires. The new residential square footage would be eligible for the tax abatement. Mr. Smith asked that in the ordinance the only thing that is added is under 69.10.023, (a) (2), the area defined is that in the parking district. Mr. Ciambor confirmed that was correct. Mr. Smith commented that he was in this Committee when senior housing was set up and wondering how 12-years was determined. Mr. Ciambor replied that the initial discussion looked at a variety of programs with many focusing on downtown cores and many of those were between 8 and 12 years. The Anchorage program that is similar to ours had settled on 12 years and we utilized that as the model.

Mr. Mertl commented that this topic has had 2 years of discussion in Lands and that it's a great program, but we have never heard any public comment in Lands and wanted to make sure that as this moves along there is a good public participation plan or education for outreach to be received positively. Chair Gladziszewski noted that is a good question as where this goes next.

Ms. Triem asked if there would be any research in the future about the number of years for a term so that we could have backup information. Chair Gladziszewski asked Mr. Ciambor to provide the Assembly a previously mentioned plan from Portland that was used to help in the creation of this plan and more about how 12-years was not randomly picked out of a hat. Mr. Ciambor confirmed he would and that there was previous memos to the Finance Committee with additional details on the length of time. Ms. Maclean commented that four units is the minimum that you can prove economic development value. Anything under four units is difficult to prove that they meet that threshold per State statue. The four units provides guidance for Assessors and that being in Juneau, development is difficult and 12-years is a practical approach.

Chair Gladziszewski circled back to Mr. Mertl's comments and wanted to know what outreach and meetings had been conducted with community developers. Mr. Ciambor replied that when tax abatement had started a lot of initial conversation took place with the Affordable Housing Commission and the previous Finance Director, Mr. Bartholomew, put together a task force that analyzed how to proceed with the new language in the State statute that had business and housing opportunities. He presented to the Finance Committee multiple times and had a community-planning process with tax abatement discussed with the public and contractors at those meetings as a strategy for encouraging housing growth.

Mr. Smith asked that even if units were uninhabitable or condemned, would they count under this ordinance. Mr. Ciambor replied that this ordinance is for new units only in the fee in-lieu district and does not include renovation units at this time.

Chair Gladziszewski asked about the example and the increased value of the property, if someone had an empty lot and built housing on it, what would be the tax abatement. Mr. Ciambor replied that it would be the additional residential squares footage of the new building, so all of the residential units of that building.

Mr. Smith asked if there is a reason that condemned units should not be included in the ordinance. Mr. Ciambor replied the Assessor's office, through this ordinance, is comfortable in taking the new square footage and assigning value, which can be abated, but once you get into a renovation project the value can be flexible and uncertain on how to gage that value. Approximating value would take work and it would be problematic to come up with a formula, and there are other tools that would be more appropriate for renovations.

Ms. Triem asked if it is a legal reason that we would abate the value of the building and not the land. Mr. Watt replied that the authorizing statue that was passed by the State a few legislative sessions ago would not allow tax abatement on the value of the existing land and only on the improvement.

Motion that the Lands Committee forward an ordinance to the Assembly providing a property tax abatement program to incentivize the development of housing in downtown Juneau as drafted. Motion passed unanimously.

VI. STAFF REPORTS

A. Housing Action Plan Update

Scott Ciambor discussed this item. The Housing Action Plan was put into place in 2017 and has had two different updates that can be found on the CBJ Housing Programs webpage. The Housing Action Plan includes 66 strategies over nine sections and lists an overall goal of developing 1,980 newly constructed units for all housing types by the 30-year mark (2017-2047), which is about 66 units per year. The City Plan overlaps many different departments, including Community Development, Finance, Lands and Resources, and the Housing Office. Some highlights include adopting a Housing Action Plan, which has been completed and prioritizing the Juneau Affordable Housing Fund, which is one of the tools along with tax abatement and land disposal that the Assembly can utilize for housing incentives or for development. There are other strategies listed in the plan. When this Housing Action Plan was the created, the focus was on workforce, affordable, senior, and young family housing, which is not completely comprehensive with other tools that could be used. Over the summer, there were many requests and dialogue for special needs housing and shelters that are not part of this plan but are activities that should be addressed.

Ms. Hughes-Skandijs commented that this plan is something that she hopes the Committee will pick a couple strategies and keeps them moving forward as housing is something that is languishing and this plans provides specific strategies that we should prioritize amongst ourselves and direct staff to work on. She also asked Mr. Ciambor what are we waiting on for the Housing Fund, as it felt we were on the verge to utilize and what do we need to do. Mr. Ciambor replied that the Juneau Affordable Housing fund was at the COW in March the week before COVID broke out with a timeline in place to do a funding round competition for July 1. The available amount for that round was $650,000 and the Committee asked to have an additional point in ranking criteria for downtown housing, which was incorporated, and guidance to have an additional public member as part of the review process. Once COVID hit, that was put on hold with a memo prepared for the Committee whenever the Assembly is ready. Chair Gladziszewski asked to have this at the next meeting and Mr. Ciambor confirmed.

Mr. Smith asked about the item on packet page 25, under Additional Strategies to Consider, creating list of possible participation of outside developers and funders and if there is money out there that people would invest in different communities. Mr. Ciambor replied that some areas of the Housing Aspect Plan are very specific and detailed and others are more aspirational looking at all areas to address the housing situation in Juneau. Discussions with developers revealed that the financing gap is a big barrier on those cases, with tax abatement one part of the solution for development. Developers may be local or external with interest in larger or niche projects. Mr. Bryson commented that for outside developers and funders there are all sorts of programs across the world that would loan money to build.

Mr. Bryson noted that he would like the Lands Committee to look at and address first time homeownership down payment assistance that looks at the working class individual that turns renters into homeowners. If we tackle the housing problem from both sides, not just getting the big projects built, but also putting families into homes they own, this would also have positive economic motion, as big projects. We can move the economy forward $10,000 at a time as well as $5,000,000 at a time. Mr. Bryson's request is to look at and help Juneau's working families become homeowners, which would stabilize our community, school districts and economy.

Chair Gladziszewski would like to see staff come up with some sort of matrix that explains what is easy, hard, costs money, etc., with all strategies to be considered to be pursued. We continue to hear about regulatory barriers to development and the Planning Commission and Planning Department are working on that issue. The Assembly as a body years ago was hoping that when the Housing Plan was brought to them a few years ago that all the Assembly had to do was change the laws but it has taken awhile for the Assembly to understand that it is not that simple and things like tax abatement and subsidies are necessary. When the authors of the report originally came to the Assembly, they said it would cost the City $50,000 per unit, which was a shock and has taken the Assembly a while to reconcile that information. The next steps would be for staff to provide to the Committee and along with Mr. Bryson's recommendation, what strategies are easy, hard, expensive, quick, or long-term items to move the ball forward. Mr. Ciambor commented that staff can put this together along with a summary of what programs exists in the community now and who is doing that work. Chair Gladziszewski also asked for an update on any regulatory items as they come along.

Ms. Hughes-Skandijs agreed with Mr. Bryson and she was interested in potential renovation projects and any information related to renovations.

B. Parking Fee in-Lieu (verbal update)

Jill Maclean briefly discussed this update. She wanted to let the Committee know that staff had been working with Title 49 in regards to this issue and there will be another meeting on January 28th with the hope that a draft ordinance will be passed on to the Planning Commission that would be discussed in February. The gist of the ordinance is that PD1, PD2 and fee in-lieu would be eliminated, and the fee in-lieu would become one area with everyone having the same reduction applied to them. The percentage has not been decided upon and is being worked out. Joint shared or joint use parking would improve parking available, such as if you are a bank with day parking you could share parking with a restaurant in the evening.

VII. COMMITTEE MEMBER / LIAISON COMMENTS AND QUESTIONS

No comments or questions.

VIII. ADJOURNMENT

Chair Gladziszewski adjourned the meeting at 5:53 PM. The next meeting is scheduled for February 1st, 2021.