ASSEMBLY STANDING COMMITTEE
LANDS AND RESOURCES COMMITTEE
THE CITY AND BOROUGH OF JUNEAU, ALASKA

August 10, 2020, 5:00 PM.

Zoom Webinar/Virtual Meeting Only

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I. ROLL CALL

II. APPROVAL OF AGENDA

III. APPROVAL OF MINUTES

A. June 22, 2020 Draft Minutes

IV. PUBLIC PARTICIPATION

(Not to exceed a total of 10 minutes nor more than 2 minutes for any individual).

V. AGENDA TOPICS

A. Upstairs Downtown Housing Inventory, Downtown Parking & Tax Abatement

VI. STAFF REPORTS

A. Taku Terrace Request to Purchase City Property Update (verbal)

B. Water Quality Update (verbal)

VII. COMMITTEE MEMBER / LIAISON COMMENTS AND QUESTIONS

VIII. ADJOURNMENT

ADA accommodations available upon request: Please contact the Clerk's office 36 hours prior to any meeting so arrangements can be made for closed captioning or sign language interpreter services depending on the meeting format. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: city.clerk@juneau.org

ASSEMBLY STANDING COMMITTEE MINUTES
LANDS AND RESOURCES COMMITTEE
THE CITY AND BOROUGH OF JUNEAU, ALASKA
June 22, 2020, 5:00 P.M.
City Hall, Assembly Chambers, Zoom Webinar Meeting

I. ROLL CALL

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

Members Present: Chair Rob Edwardson, Alicia Hughes-Skandijs, Greg Smith, Carole Triem

Members Absent: None

Liaisons Present: Chris Mertl, Parks and Recreation; Chris Dimond, Docks and Harbors

Liaisons Absent: Michael LeVine, Planning Commission

Other Assembly Members Present: Loren Jones

Some Members of the Public Present: Taku Terrace Homeowners Association members

Staff Present: Dan Bleidorn, Lands Manager; Roxie Duckworth, Lands & Resources Specialist; Teresa Bowen, Assistant Attorney

II. APPROVAL OF AGENDA

Mr. Bleidorn added a staff report item to the agenda. The agenda was approved.

III. APPROVAL OF MINUTES

The June 1, 2020 Draft Minutes were approved.

IV. PUBLIC PARTICIPATION

None

V. AGENDA TOPICS

A. Taku Terrace Association Request to Purchase City Property

Mr. Bleidorn discussed this item. Taku Terrace is located at 1220 Glacier Avenue and the total square footage for this property is .63 acres. The land below the condos is owned by the City and has been leased to the condo association since 1970. There is no road frontage to the condos on Glacier Avenue but there is a long existing easement agreement to allow for access. There are 35 condo units. The lease is for 90 years with forty years left. One of the clauses in the lease states that the rent is to be evaluated every ten years and "the rental for any ten (10) year period shall not exceed by more than 20% of the amount paid during the immediately prior ten (10) year period." Currently Taku Terrace's lease rate is $296.38 per month. Because of the 20% cap on the lease rate, this lease is not currently at fair market value. The last assessment of this property is from 2000 and determined that the fair market value for the lease would have been $1,852.50 per month.

On May 21, 2020, the Lands Office received a request from Taku Terrace Association declaring that there is interested in acquiring the property from the City. Private financing on the condominiums has become problematic because Taku Terrace Association does not own the land that the condominiums are built on. This property was listed in the 2016 Land Management Plan as "retain" which will need to be updated prior to a disposal of this property. If the Lands Committee provides a positive motion to work with the original proposer, the next step in the process will be to have this request reviewed by the Planning Commission. The Planning Commission will evaluate for conformity with existing plans, including the Land Management Plan and provide a recommendation to the Assembly.

Bringing this to the Lands Committee for discussion is the first step in the process. The Assembly would decide to retain the property, work with the original proposer, or open it up for competition. Because Taku Terrace owns the building on top of the land, it makes sense to work with them on this proposal. The application has been reviewed by Lands staff and deemed complete and a Planning Commission review has been started due to the large file for this property and the uniqueness of this situation. After a Planning Commission meeting, it will go to the Assembly as new business and back to Lands prior to an ordinance being drafted, if this proposal has been approved along the way.

Ms. Hughes-Skandijs asked what the status of this property was in the adopted Land Management plan. Mr. Bleidorn replied that there was an oversight in the 2016 plan with the thought that this property was to be retained due to the long-standing lease and there was no proposals to purchase the property at that time. Part of the Planning Commission and Staff review is to look at this detail to make sure it makes sense to make the change from retain to dispose.

Mr. Mertl asked if the property is the entire property that the condominiums are on, Mr. Bleidorn confirmed. Mr. Mertl asked if there are any legal complications with the easement going through the adjacent piece of property that may cause future issue. Mr. Bleidorn replied that he has not found any complications through his research and that this is one area that will be addressed through the Planning Commission.

Chair Edwardson asked Mr. Bleidorn to explain leases in regards to land rights. Mr. Bleidorn replied that this agreement is written as a lease with a 90-year lease with nine, ten-year terms, but when that lease expires, it could get complicated with the ownership of the building when the land reverts back to the City. Part of this request is to ensure the future of the condo association is secure. Chair Edwardson commented that he was referring to a land right, if you imagine all of the rights that exists in land as a bundle of sticks. The City is not giving up just the right of occupancy with the lease, we are not just letting someone live there we are giving up legal rights they get a good portion, maybe half of that bundle of sticks is rights. If the City does not approve this then it will stay a lease for the next forty years. It is binding agreement that surrenders certain rights to the lessee.

A motion of support to the Assembly to work with the original proposer (Taku Terrace Association) for the disposal of a fraction of U.S. Survey 655; passed.

VI. STAFF REPORTS

A. Juneau Home Building Program Update

Mr. Bleidorn highlighted the success that the Home Build Program has had in Juneau. Mr. Bleidorn had recently spoken with Tamara Rowcroft, the executive director at Alaska Housing Development Corporation, about the progress she has made with the Juneau Home Build program. She has been working with Juneau high schools on a property that was sold to her organization from the City. Ms. Rowcroft was pleased to announce that the first house through this project has been completed and she is working on closing on the house, as it has been sold. Mr. Bleidorn wanted to update the Lands Committee, as this committee has been an advocate for this project in getting this property to the housing trust. This is the first of seven houses they plan on building. She has had delays with the COVID pandemic and working with the school district, with a previous goal of building one house per school year and that has changed a little. The Jackie Street lot that was sold to the housing trust in 2017 was about fifty percent of fair market value with the requirement that they build the houses with the home build program. The housing trust puts these in a 99-year land lease, for affordability. This great program provides a lot of training to the students that participate.

VII. COMMITTEE MEMBER / LIAISON COMMENTS AND QUESTIONS

No Liaison reports provided.

VIII. ADJOURNMENT

Chair Edwardson adjourned the meeting at 5:18PM.

MEMORANDUM

CITY AND BOROUGH OF JUNEAU
ALASKA'S CAPITAL CITY
HOUSING PROGRAM
155 S. Seward St. Juneau, Alaska 99801
Scott.Ciambor@juneau.org
Voice (907) 586-0220
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Date: August 10, 2020
TO: Lands Committee
CC: Public Works & Facilities Committee
FROM:
Jill Maclean, Director, Community Development Department, AICP
Scott Ciambor, Chief Housing Officer

Re: Upstairs Downtown Housing Inventory, Downtown Parking & Tax Abatement

Dear Lands Committee:

The goal of encouraging more development – both residential and commercial - in downtown has been a long-standing priority, most recently identified in the Juneau Economic Development Plan and the Housing Action Plan, and is currently under discussion in Blueprint Downtown Juneau.

Upstairs Downtown Housing Inventory
At the March 2, 2020 Lands Committee meeting, CBJ staff presented the Upstairs Downtown Housing Inventory Story Map to visualize the challenges to residential and commercial development in the downtown.

Key points from the Upstairs Downtown Housing Inventory Story Map exercise include:

- Only 181 housing units in the study area;
  - 37 short-term rentals currently registered on AirBNB/VRBO; total employee assisted housing (seasonal rentals for employees) is unknown;
- Study area has the characteristics of a business district: 100 business/government use building vs. 37 residential Creating a downtown mainly populated 9am to 5pm;
- Age demographics in downtown housing are 18-49 (2010 census).
- Zero housing units developed in the study area since 2017;
- Age and condition of the buildings are a pro and a con - expensive to rehabilitate or convert to housing, providing character and maybe Historic Tax Credit grant eligible;
- 79% of the properties are locally owned; and
- Significant barriers to development include hazard zones, parking regulations and management.

Municipal Tools to Bridge the Financing Gap and Promote Downtown Development
Municipalities have numerous tools to encourage development. Each of following are listed in either the Juneau Economic Development Plan or the Housing Action Plan.

- Parking
  - Lower / zero parking requirements
  - Eliminate fee-in-lieu payments
  - Cover costs of parking

- Downtown Tax Abatement
- Grant Programs
  - Juneau Affordable Housing Fund
  - Upstairs Downtown Grant Program (eligibility: units of new development, code compliance)
- Loans
- Provide Land for Development

Repeatedly, property owners and developers have expressed that it is cost prohibitive to develop downtown and create additional housing downtown or commercial developments, unless one of more of the previous incentives are implemented and, in the case of parking, eliminated.

A partial list of housing incentive requests was gathered for the August 9, 2018 COW meeting. (Attachment A: Housing Incentives request 2016-2018)

Downtown Parking Regulations

Although it may not be apparent at first glance, many of the 2020 Assembly Goals revolve around land use. Land use codes, including parking regulations, can either be tools for development—or challenges. Either way, they shape our community. In a place such as Juneau, where costs to development are high and construction is complicated due to climate and terrain, the CBJ should eliminate the obstacles that it has control of, while balancing the needs of surrounding neighborhoods, to revitalize and incentivize a seven-day a week, year-long vibrant downtown.

Many communities recognize that parking should be market driven with the belief that a developer will not intentionally set their development up for failure by not providing enough parking. If the necessary land is not available for their needs, they will choose another location. Developers opting for downtown development seek out opportunities that are supported by a walkable, vibrant, pedestrian-friendly areas that are not vehicle-centric.

Parking regulations in downtown are contrary to many adopted plans—yet it is one area that CBJ has complete control of. A majority of downtown was developed prior to the automobile, and the Parking 1 (PD1), Parking 2 (PD2) and Fee-in-Lieu Districts (FIL) were created to off-set the requirement of providing off-street parking recognizing that it was not possible without demolishing many buildings. Without relief, many buildings would sit vacant. As time as shown, the relief provided is not enough for infill development and expansions. Further, these districts are inequitable—changes in use are not required to pay FIL or provide parking; yet a new development and expansions are required to.

Since Fee-in-Lieu was adopted in October 2006, only 4 developments have been required to pay for a total of $175,904. Yet, how many changes of use or expansions within a building have occurred in these 14 years that have not provided parking for intensified uses?

CBJ has complete control of parking—and the ability to make change easily.

Downtown Housing Tax Abatement
A 2020 Assembly Goal is to "develop downtown housing incentives including tax abatement".

Since the passage of Alaska SB 100 that gave municipalities the option to provide tax exemption or deferral for economic development property in 2017, the Assembly has discussed utilizing this tool on numerous occasions as it pertains to housing development.

Initial research on the application of SB100 and Housing Tax Exemption program was provided to the Assembly Finance Committee on April 18, 2018. A table of examples from Washington State, Oregon ,and New York were included.

Property Tax Abatement for Senior Housing
At the April 29, 2019 , May 20, 2019, and June 10, 2019 COW meeting, essential terms for tax abatement that would meet a variety of housing needs was discussed. (Downtown, senior, and workforce housing) This led to the introduction and passage of Ordinance 2019-23, An Ordinance Providing for a Property Tax Abatement Program to Incentivize the Development of Assisted Living for Senior Citizens.

Anchorage Tax Incentives for Housing – January 2019
The municipality of Anchorage put into place Ord. No. 2019-12 to incentivize housing development for projects. A summary of the program including description of units created is included in a separate memo in this packet.

Draft language for a CBJ Downtown Housing Tax Abatement Program
The Lands Committee requested draft ordinance language for a Downtown Housing Tax Abatement program at the March 02, 2020 meeting. Terms in the draft ordinance are similar to the Anchorage program. (New units over four, time period of 12 years, tax exemption that applies to building/not the land).

MEMORANDUM

CITY AND BOROUGH OF JUNEAU
ALASKA'S CAPITAL CITY
HOUSING PROGRAM

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Date: August 10, 2020
TO: Lands Committee
CC: Public Works & Facilities Committee
FROM:
Jill Maclean, Director, Community Development Department
Scott Ciambor, Chief Housing Officer

Re: Anchorage Downtown Tax Abatement Program Update

Dear Committee of the Whole:

In January 2019 the Municipality of Anchorage passed an ordinance to incentivize downtown housing development through tax abatement. The ordinance authorizes property tax exemptions for construction of new residential units, provided a minimum of four, in the Central Business District.

These are the results of the program as of August 1, 2020:

Several applications were approved in 2019-2020:
- Conversion of one floor in a 3-story commercial office building (9 units);
- New construction mixed-use apartment building (18 units);
- New construction condos and townhomes, multi-year/multi-phase (24 units); and
- New construction condos and townhomes, multi-year/multi-phase (8 units)

Several projects were initiated before the deadline and did not receive the tax abatement;
- New construction mixed-use, mixed-income apartment building (50 units)
- Renovation of former hotel into apartments (27 units)

At least two projects are expecting to use the incentive in 2020 but have been delayed by COVID:
- New construction mixed-use hotel/apartment building (27 units); and
- Public-private project (one floor of heated garage parking with three to four floors of residential housing above) that will result in 39-52 market rate studio apartments.