ASSEMBLY STANDING COMMITTEE MINUTES
LANDS AND RESOURCES COMMITTEE
THE CITY AND BOROUGH OF JUNEAU, ALASKA
MINUTES
April 8, 2019, 5:00 P.M.
City Hall, Assembly Chambers

I. ROLL CALL

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

Members Present: Chair Mary Becker, Michelle Hale, Alicia Hughes-Skandijs

Members Absent: Maria Gladziszewski

Liaisons Present: Chris Mertl, Parks & Recreation; Paul Voelckers, Planning Commission

Liaisons Absent: Weston Eiler, Docks and Harbors

Other Assembly Members Present: Beth Weldon, Mayor; Loren Jones; Rob Edwardson

Some Members of the Public Present: Don Gouchtel, Charles Murphy, KINY Radio Reporter

Staff Present: Greg Chaney, Lands Manager; Dan Bleidorn, Deputy Lands Manager; Roxie Duckworth, Lands & Resources Specialist; Scott Ciambor, Chief Housing Officer; Rorie Watt, City Manager; Jill Maclean, Community Development Director: Bob Bartholomew, Finance Director; Jeff Rogers, Finance Director

II. APPROVAL OF AGENDA

Hearing no objections, the agenda was approved as presented.

III. APPROVAL OF MINUTES

A. March 18, 2019 Draft Minutes

Chair Becker and Ms. Hale had submitted comments for changes and the March 18, 2019 minutes were approved as amended.

IV. PUBLIC PARTICIPATION

There was no public participation on non-agenda items**.**

V. AGENDA TOPICS

A. Vertical Bridge Cell Tower Lease

Mr. Bleidorn introduced an application from Vertical Bridge Holdings LLC requesting to lease City property on Crazy Horse Drive to put up a 150’ monopole tower about 350’ from the Food Bank. On this same site is an existing 150’ monopole tower owned by the FAA, as part of their wind management system. The new tower will accommodate multiple cellular carriers. The facility will provide needed cellular, data, and E911 services to the area and contain cellular ground equipment and backup generators.

Vertical Bridge will have the ability to co-locate on this tower with revenue sharing for any subleases on the tower. The property has been disturbed in the past by Public Works, with berms being created in which Vertical Bridge will utilized as access roads and will include them in their lease. The next step for this lease would be to go to the Assembly for authority to work with the original applicant, Vertical Bridge, and then apply for a use permit through CDD. This will take a few months before it comes back to the Assembly as a lease application if it passes all of these steps.

Mr. Mertl inquired if this was industrial property. Mr. Bleidorn deferred to Ms. Maclean for confirmation.

Ms. Hale moved to support the recommendation, that the Lands Committee (LC) adopt a motion of support to the Assembly to work with Vertical Bridge Holdings LLC towards the lease of City Property contingent on a Planning Commission recommendation. Unanimous approval of the motion.

B. Aurora Arms

Mr. Chaney noted that staff was directed to look at a piece of property near Aurora Arms condominiums to determine if this was suitable for residential housing. This area is outside of mapped hazard zones, with the only safe access is through Glacier Highway.

Aurora Arms condominiums were built before the current D5 single-family zoning district was adopted for this neighborhood. If this lot was zoned for D18 multifamily development, the Aurora Arms property is too small to accommodate the 18 units, which are on the lot. Since the property is out of conformance with zoning, financing sales of the units has become impossible. City code has not changed but the financing rules have. This means that the units must be owner financed or cash sales are required. In order to remedy this situation, the Condominium Association is extremely interested in bringing their property into conformance with zoning.

Lands staff has been discussing options with the Association and have come up with a potential method for the condominium lot to be expanded to one acre while providing access to City property uphill. This concept would provide enough property to allow the condominiums to be in compliance if the property was rezoned to a D18 density. The Lands Division and the Condo Association have agreed that land exchange would be the preferred method to accomplish accomplishing the goals of making the condominiums more compliant while providing access to CBJ's land. The trade would entail exchanging 0.4 acres of CBJ property uphill from Aurora Arms for the vacant lot that the Association owns and provide for overflow parking.

Lands staff has been working with CBJ Engineering to develop conceptual plans for an access road through this vacant lot. Based on this preliminary work, it appears that a road could be built that would meet CBJ standards and have a maximum grade of 10%.

This future development would be similar to the Blueberry Hills subdivision and would open up development for single-family residential homes on a hillside.

This area is ULDR – urban low-density residency, and to stay low density residential, per the Land Management Plan. The motivations for both parties would be more property for Aurora Arms and access to the hill for the CBJ.

Basic components of proposed trade are:

- CBJ would trade 0.4 acres of upland property for the 0.22-acre vacant lot located at 1870 Glacier Highway.
- CBJ Lands would pay for a lot line adjustment that will be needed for the property trade.
- Property values will be established by appraisal. Cost of the appraisal to be paid by CBJ. If the value of the property received by CBJ is higher, the difference would be made up by a cash payment.
- CBJ intends to build a road above the Aurora Arms Condominiums to access CBJ property. Aurora Arms Condominium Association will continue to park on the vacant lot until CBJ develops the site.
- When CBJ builds the proposed access road, CBJ will build a similar parking lot above the condominiums alongside the new road.

Aurora Arms was concerned about overflow parking; they could continue to use the lot for parking until CBJ built the road. CBJ Eng. Dept. mentioned that the contractor would have to build an alternative parking lot while building the road, which Aurora Arms could use, this as their alternative parking lot after road is complete.

Lands taff recommends that the Lands Committee direct staff continuing to investigate options to purchase the lot located at 1870 Glacier Highway to provide access to eight acres of CBJ owned residentially zoned property outside of the mapped hazard zone.

Ms. Hughes-Skandijs questioned the hazard studies, how old were they and if a new study is in the works. Mr. Chaney replied that anew studies are in the progress. Ms. Hughes-Skandijs asked if the 40 residential unit estimate is at maximum density. Mr. Cheney said yes and with the formula of 8-acres and 5-units per acre, with some houses could have accessory apartments. Acting Chair Gladziszewski asked about theoretical condominiums, and if this was zoned D18, could you put up other condominiums? Mr. Chaney said yes, but that would be dependent on a zone change for the area.

Mr. Voelckers asked about the two financing issues Aurora Arms is having regarding density and other inappropriate zoning. Mr. Chaney replied that they are part of the same issue. Mr. Voelckers commented that to correct the issue to have traditional financing, it would require a zone change and it cannot stay D5 to be conforming and has to be a minimum of 2 acres for zone change. Mr. Chaney replied that you could gather neighborhood support to apply for a zone change, or put input into the comprehensive plan. The Assembly could also direct the zone change.

Chair Becker move to adopt a motion of support for Lands Staff to draft a formal land trade agreement as outlined in this memo for review by the Lands Committee and full Assembly. Motion passed.

C. Senior Housing Assisted Living Proposal

Acting Chair Gladziszewski commented that the next step for the Senior Housing Assisting Living proposal should be to move this issue before the Committee of the Whole (COW) to allow for more people to review and comment.

Mr. Ciambor provided a follow up from the March 18, 2019 LC meeting discussing potential options for the Assisting Living proposal. Assisted living is a niche in the housing market that would need additional support. This support could come from CBJ in three different ways (land, tax abatement, and/or grants). Staff believes that the Assembly will require a competitive process before relinquishing public funds to support development by a for-profit developer. Based on this logic, Staff recommends that the Assembly consider an approach as follows:

1. Land Purchase. Securing the site will allow for a competitive process. If a competitive process is unavailing, or senior housing ceases to be a goal, the Assembly could dispose of the property in the future.

2. Tax Abatement. A complex topic but an incentive noted to consider in the Housing Action Plan for 1) senior housing, 2) workforce housing, and 3) housing in downtown.

The Assembly could chose to enact tax abatement for housing, including perhaps, a phased approach that would consider abatement only for senior housing projects (low-income senior housing, assisted living, and nursing care/skilled nursing). There are many resources on how municipalities approach the use of a tax abatement incentive.

3. Competitive Process. After completing steps 1 and 2, the Assembly could consider a competitive process for disposal of the land to a senior housing for profit developer.

Due to the costs and expense, another incentive is likely necessary, a targeted tax abatement for senior housing. The lot size is approximately 2.39 acres and zoned light industrial. The purchase and sales agreement is currently assigned to Torrey Pines development/Bayshire Senior Living for $1,519,000, with Bayshire willing to relinquish their option for CBJ to proceed. An appraisal was conducted in 2016 and Staff would need to have recommendation from the Assembly to proceed with an updated one. The City, per CBJ Code §53.04.020, allows for acquisition of real property by purchase or eminent domain at a price the manager determines does not exceed fair market value.

The question about the condition of the Mendenhall River came up at the last meeting. SCSSI and Marathon Development have provided an engineering study about the flow of the Mendenhall River, including an environmental study assessment from two years ago. The conclusion from these studies is that it was recommended that erosion risk could be mitigated by taking steps to secure the site and to monitor the river.

Staff recommended an updated appraisal, a motion to recommend funds from Fund Balance for property purchase, and to forward this issue to the Assembly or COW for action of further discussion.

Mr. Voelckers asked if Mr. Pusich (Mark Pusich, R&M Engineering) established an order of magnitude for the mitigation. Mr. Ciambor replied that the engineering study gave two options, with one at half-million and the other was closer to a million dollars.

Chair Becker asked how to ensure that the reinforcements are made on the property for the project. Mr. Ciambor replied that Marathon Development had included that in their proforma and would not proceed if thought were too risky, same as Bayshire. Language should be included to address this in the bid process.

Ms. Hale inquired if the LC forwards this to COW, could Mr. Pusich be asked to speak, Mr. Ciambor confirmed. Ms. Hale commented that the recommendation to use funds from funds balance might be premature, but to be forwarded the issue to the COW for review and then forward on to the Assembly. Acting Chair Gladziszewski confirmed with Ms. Hale that this issue could move to the COW in May and sit on the pending list until we the Assembly was ready to vote. Ms. Hughes-Skandijs moved that the LC to forward this issue to the COW for further discussion, motion approved unanimous consent.

Mr. Ciambor included one more component to the land purchase for senior housing, the tax abatement portion. This is an informational item to look for direction about a concrete tax abatement program for senior housing in the future and to consider in the Housing Action Plan for tax abatement for senior housing, workforce housing, and housing downtown. The key questions to consider putting a policy in place are:

1. Types of housing eligible, such as multi-family, low-income/special needs, and senior
2. Targeted area for tax abatement, including specific neighborhoods, areas targeted for economic development, and the entire municipality

3. Length of tax abatement, a range between 0 to 25 years
4. Tax exemption coverage for new residential and both land and residential
5. Affordability requirement, this could include requiring a certain percentage of units to be affordable in order to qualify for the tax exemption

The Local Housing Solutions (website) is a great resource for this project. The City of Anchorage passed their downtown tax abatement ordinance that was chosen to fit a targeted community problem.

Staff recommends that the LC consider the next steps for tax abatement for housing discussion, specific to seniors and to draft a starting proposal so that the Assembly can begin formulating policy decisions.

Ms. Hale commented that this issue can be big and complex, and advocated that the LC to direct staff or take to COW to look at tax abatements specifically for senior housing and this could be a good pilot project to build from for other projects.

Chair Becker inquired about finances with this project. Mr. Ciambor replied that the Assembly would direct staff to do an analysis for a 5-year projection on what a senior housing project would look like. Staff could look into data from other communities that would include the effects of tax abatement on revenue, property assessments, and construction benefits in the community. This data would come back to LC or COW.

Ms. Hale commented that another element to consider would be benefits to the community, such as jobs, financial benefits, and seniors staying in the community. Mr. Ciambor commented that the primary goal of tax abatement is to get the housing unit in the community, and then the tertiary benefits would come afterward.

Ms. Hale moved that an outline of a tax abatement proposal orientated toward senior housing to be provided at the same COW meeting as the Senior Housing Assisted Living Proposal in order for the issue to be reviewed in its entirety. Motion approved.

VI. STAFF REPORTS

No Staff Reports were presented.

VII. COMMITTEE MEMBER / LIASION COMMENTS AND QUESTIONS

No Committee Reports were presented.

VIII. ADJOURNMENT

Acting Chair Gladziszewski adjourned the meeting at 5:47PM.