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

February 9, 2015, 5:00 PM.
Assembly Chambers

I. ROLL CALL

Jesse Kiehl called the meeting to order at 5:00pm.
Members Present: Mary Becker; Jesse Kiehl; Jerry Nankervis
Members Absent: Kate Troll
Other Assembly Members Present: Mayor Sanford; Debbie White; Karen Crane; Loren Jones
Liaisons Present: Mike Peterson, Docks & Harbors Board; Bill Peters, Planning Commission
Liaisons Absent: Jeff Wilson, Parks & Recreation Advisory Committee
Staff Present: Greg Chaney, Lands Manager; Jessica Beck, Lands Specialist

II. APPROVAL OF AGENDA

Property Tax Abatement was removed from the agenda at this portion of the meeting. It was later reinstated by the Chair and the Remote Subdivision discussion was removed.

III. APPROVAL OF MINUTES

A. January 26, 2015

The minutes of the January 26, 2015 Lands Committee were approved.

IV. PUBLIC PARTICIPATION

Wayne Coogan: This is related to the (Honsinger Pond & Lemon Creek) gravel pit trade. In the trade there are appraisals. If we trade the gravel pit appraised at its current zoning with a piece of property at a different zoning. I'm assuming he received instructions for zoning as is in addition to prospective zoning, which is not in existence yet. It troubles me that were going to trade property for other property that's value is prospective. The party to the deal has control of the zoning. It seems very messy to me. The easiest way out would be to give the applicant his zoning and let him contribute to the economy with his zoning and take the gravel pit property and liquidate it for cash. If we follow the Economic Plan, it suggests to do just that. It says that you have an economy that is fragile here in Juneau and that we need to provide more industrial property. If we proceed with this land trade, we are ignoring the advice we paid for.

Dave Hanna: I'm here to speak on the same subject as Mr. Coogan - the proposed land trade. Mr. Hanna distributed a letter to all members of the Assembly. We have an issue in the face that we only have two immediately prospectively available large tracts of industrial land in this community and were looking at taking one of them out of circulation. That's one of the biggest impediments to business development in this town right now is lack of land that's available to be utilized. We're proposing to take it out of the tax base. Right now we're looking for more property tax. That is property that the City could sell for cash. They could take that land and put it out there for businesses we feel we're lacking in the community right now. There's a lot of opportunity for the City to capitalize on the property next to Costco. The fourth issue I want to talk about is the fairness. Why should we just turn this property over to somebody when it should be put out there for everybody to bid on. If the city thinks we need it for Airport use, we all saw how difficult it was to get it permitted to extend the runway 500 feet. Let's let Mr. Bicknell do the heavy lifting. He can get it permitted. He can get it developed. If you need a little bit of it for airport use, it would be far cheaper for him to go through this property than have the City go through the process. What's ironic is the fifth point in my letter. That's the fact that if any of you have lived here a long time, have watched that channel evolve over the years, it is an evolving process and relentless process. Many years ago that was bare sand. Then little islands formed out there. Now they have forests on them. The area that is where the fireweed are, just a few short years ago that was inundated by hightide. It no longer is. It has alders and spruce and they are indeed encroaching into that. In a few short years, the fireweed won't be there unless someone wants to go out there on their hands and knees and pluck every seedling from the ground every fall. What are we going to save? Not what we intended.

Gary Bowen: Thank you for your time. I own a 240 acre claim, opposite Secon's property in Hidden Valley and I plan to develop that land. I need road access to it. Secon is having problems with easements. I hope you can figure it out. I can't afford to chopper in equipment. I've got potential employees to help clear the land. The state has already told me I can sell the timber. I need road access.
Mr. Nankervis: Where in relation to the property that's in question. Are you talking about across the river?
Mr. Bohen: I own the mineral rights on the state land in the corner from Secon's property in Hidden Valley. 240 acres. I've had that for a number of years. It's going to work one way or another. I'll get investors and equipment. People need to go to work. They're tired of being in the soup line.

V. AGENDA TOPICS

A. North Franklin Parking Lot Proposal

Jesse Kiehl declared a conflict of interest and stepped down. Mary Becker took over as Chair for this agenda topic only.

Mr. Hamilton: I would just like to have some clarification on the statute of limitation on the proposal to buy the lot and it's been on the table for quite some time. I would like to know what the statute of limitation is. The parking lot is an economic generator for the community and that end of town. I really don't want to see that lost to the private sector. It's utilized by the local businesses there.

Joanie Waller: In June 2014 I testified to the Assembly asking for more public involvement on the change of the use of this property. I feel like in offering that up for the proposal for the group to build on, it was an automatic change of use. The local residents never had a say in changing it from a parking lot. I feel like just because there's housing shortfalls it doesn't mean that should take precedent over the parking shortfalls. I felt like from the get go, once it got locked up... actually the first time I found about it was from an appraiser. I would like to buy the driveway to the attached lot but I'm not sure what the process is or if I'm shutout from that process or have to buy it from the group.

Mr. Chaney: This has been going on for several months, maybe close to a year. The North Franklin Parking Lot is near the Baranof Hotel. It previously had JAMI and Colonial apartments. The City acquired the property and removed those and put in a parking lot to meet the parking demand. The property was appraised at approximately $500,000 on April 30th. Juneau Legacy Properties proposed to put in a multi-use building with apartments, retail space and parking. I've been working with Juneau Legacy Properties for the intermediate time. We've gone back and forth with potentially modified plans - they've looked at making the building higher, adding more apartments by making them smaller, and many things have been changing but they've come back to the original proposal. The big problem they've come up with is that they can't get financing if there's a reversion clause. Meaning if we sell the property to them, we can't have any control after that point. Lending institutions won't finance it because they don't want to give a loan on something we can take back. So, in a fee simple sale (without the reversion clause), the buyer can do what they want the next day after it's sold. That's why I've come back to get some direction, to see if fee simple sale, if that's appropriate. When I got direction from the Assembly, I was directed to get some kind of reversion clause so that we would get what we intended or it would return to us. "In His Hands" didn't build what we wanted and we (CBJ) ended up getting it back through tax foreclosure, but it wasn't a pleasant experience. That's my question to you. I've had many calls from neighbors and businesses who have expressed concerns that they didn't have enough opportunity to speak at the time of the proposal.
Mr. Nankervis: When you put out notice, why and what did it entail?
Mr. Chaney: Juneau Legacy Properties came to us and said they would like to put in a multiple-use structure. We went to the Assembly with the proposal. In title 53, we can either get permission to

negotiate directly or we can go out for proposals. The Assembly directed us to seek other proposals. We were given a 30 day time limit before we had to come back. We noticed it like a public hearing, and we probably should have noticed it like a land sale.
Mr. Nankervis: Did we have any other proposals?
Mr. Chaney: We had no other proposals. The Assembly reviewed the proposal and decided to move forward with entering into negotiations with Juneau Legacy Properties. We haven't been able to come up with a plan that works for everybody. The reversion clause is the final issue that hasn't been resolved. I don't feel comfortable selling it without a reversion clause. They can't get financing with one.
Mr. Nankervis: From the people who testified, what is the statute of limitations?
Mr. Chaney: "Statute of limitations" is not the right term, but how long does this go on before we have a cutoff date? There was no calendar set. We don't have a timeline. This is a good point to come back and ask for further direction.
Mr. Nankervis: Easement?
Mr. Chaney: It's interesting; we can see the property isn't a rectangle. It has a little ear that sticks out that provides parking for the adjacent property. Juneau Legacy Properties asked to buy the whole property and we never discussed that as a separate issue.
Mr. Nankervis: If it sold, would that issue reside with the new owner?
Mr. Chaney: We haven't sold it so that agreement could look however you want to.
Mr. Nankervis: Mr. Chaney is looking for some sort of direction and if memory serves me correct, we made that decision to the Committee of the Whole or the Assembly. We've gone from nine people having a say in that to two of us right now. I'm not comfortable making that decision as 50% of that decision. Could we wait until we have more people?
Mr. Chaney: If you want to wait for another meeting, that's your prerogative. Or, if you want to refer it to the Committee of the Whole.
Ms. Becker: Can you remind me what we said about the reversion clause?
Mr. Chaney: It wasn't that specific. I was directed to come up with an arrangement and bring it back for review. We're still negotiating.
Mr. Nankervis: If it went back to the Committee of the Whole, since we were all involved in it, I would be okay with that.
Ms. Becker: I would be okay with that. Unless the Mayor objects, I think this should go to the Committee of the Whole. And he said yes, so we'll do that.

B. Changing the Tax Deferral on Certain Subdivided Properties to a Tax Abatement

Mr. Chaney: This is a taxation issue. The Finance Director had some quick comments on this. He said the "CBJ is doing many things to assist with increasing housing units and affordable housing. I do not recommend we use property tax exemptions as proposed as a part of our housing action. We are just completing an effort to reduce current tax exemptions and it does not appear warranted to start creating them again. From a tax policy perspective exemptions are not an effective way to maintain the balance between what drives increased public service costs and workloads and who should pay. Housing is a priority and there are many ways to facilitate and support this. I would not recommend a tax exemption as proposed at this time."
Mr. Kiehl: We have all had the opportunity to review the letters in our packet. Is there discussion?
Mr. Nankervis: I think this is more appropriately at the Finance Committee.

Motion: Mr. Nankervis: I move we forward this to the Finance Committee for review.

Mr. Kiehl: Thank you. This falls within the Lands Committee topics. I'll take the opportunity to speak in favor of the proposal. This can be one piece in helping out. We're in short supply of measures to drive high density development. Our community is in need of high density development. I think the Lands Committee can make an appropriate recommendation to the Assembly. It would be a recommendation to the Assembly to make a recommendation to the Legislature.
Ms. Becker: I'm in favor of moving it forward because we did talk about this when they did a tax deferral. It's not that we won't ever get our taxes back. It's the first part of the improvements, it will wait until the property is sold and the property owner will pay the tax. The builder won't pay it. We'll

wait until the buyer buys it. I'm in favor of sending to the Assembly with a letter to send to the Legislature.

Motion: Mr. Nankervis: That was I left out in my first motion was to approve it and forward it to the full Assembly.
Hearing no objection, motion passes.

C. Housing First Request for $90,000 Grant from the Juneau Affordable Housing Fund

Mandy O'Neal Cole, representing the Affordable Housing Commission, said the Commission wrote a letter recommending a $90,000 grant from the Juneau Affordable Housing Fund for the Housing First project. At our February meeting, we heard from the Houisng First working group about their need for some predevelopment funding. They estimate $90,000 to be used for architectural services and enviromental testing. They are preparing a very competitive application for a Special Needs Housing Grant. That application requires additional architectual drawings, soil testing and some things that cost money. The working group doesn't have that cash on hand. Those services are to prepare a stronger grant. They came to us asking for that money as a grant. We have been talking about low interest or no interest loans which means they would pay it back at some time. This is not that case. This is a request for a grant. Their operations costs will be so high that they will need subsidy throughout the life of their project. We argued long and hard to see if this is something we could entertain because we want the money to be a revolving fund. We talked a lot about what the options are for Housing First. They have identified this as the most time sensitive option. We decided that this is something we want to recommend. We think projects that have repayment are the priority. The benefit of having a local housing fund is the ability to be flexible. There will be projects that we hope have repayment. We weighed the benefit to the community versus the loss of $90,000 that we couldn't recoup. We want the Housing Action Plan to come up with strategies to capitalize the Juneau Affordable Housing Fund. While there are projects that have repayment, there are other projects that can't afford to repay. We also noticed that the housing fund has grown. It has $545,000 today. That is from repayment of other loans. We were preliminarily approved by this committee for $75,000 for the Accessory Apartment Grant program. The Housing First $90,000 would leave us with $380,000 which is close to what we had in the fund in 2010. Since 2010 we've had 3 preliminary plans for the fund - two of which were withdrawn and one that was funded for predevelopment costs. While having a strategy for repayment is important, we are also really excited that 32 units will be resulted from this $90,000 investment. We are hoping to find ways to grow the fund, rather than just relying on repayment from borrowers.
Mr. Nankervis: What you're looking is going from $540,000 to $380,000 that is both non repayment funds.
Ms. O'Neal Cole: We're hoping to grow it, not just through repayment of loans. It's part of our Housing Action Plan. It could come up with strategies to capitalize the fund that we haven't thought of yet. We had $400,000 in 2010 and a $90,000 legislature appropriation. Those were the only sources thus far and we think there are other sources out there.
Mr. Nankervis: Are you under any obligation to disperse this money by a deadline?
Ms. O'Neal Cole: The $77,000 earmarked for the accessory apartment grant program did have a deadline, but we got it extended by 1 year. That money should be used first but we were able to ask for extensions and are under the impression that they will be given.
Mr. Kiehl: $75,000 for the Housing Action Plan, is before the $545,000?
Mr. Chaney: Yes, that would be before the $545,000.
Mr. Kiehl: Is there some reason why this $90,000 must come from this fund, as opposed to the $1.5 million the CBJ has committed?
Mr. Chaney: My understanding is that it would be for preparing for the SNHG grant. The conventional wisdom is that Juneau's ahead because we don't have a Housing First project. Anchorage, looking at the points, they are ahead of us. They are very experienced and have a very competitive application. If Juneau doesn't do something, it's questionable if we'll get it. With this money they can beef up their application.
Ms. O'Neal Cole: If we were judged right now, we would be behind the in the points compared to the other applications. It's not just points based but the points do matter. The $90,000 would help to bring their points up.

Mr. Kiehl: What I'm driving at is, when the Assembly committed $1.5 million, it wasn't the last dollar. There aught to be strategies in the Housing Action Plan to refill the Affordable Housing Fund, but its not there yet. It seems to be entirely responsible and it seems to be within the scope of our $1.5 million commitment, we could advance $90,000 for their SNHG grant. It would be appropriate for the Finance Committee to decide which funding source to use for the first $90,000. I have grave concerns on drawing down on the Affordable Housing Fund.
Ms. O'Neal Cole: We talked about this issue at the Affordable Housing Commission meeting. We were under the impression that the $1.5 million was not available until after the SNHG grant was approved.
Mr. Kiehl: I must have missed that…
Ms. O'Neal Cole: I suspect that if there was a way to get the $90,000 in advance of the $1.5 million, they would be in favor of that.
Ms. Becker: I'm having similar hesitations as Mr. Kiehl. How much is the SNHG grant?
Ms. Lavishchuk: It's $3 million in funds that is available now for construction, $1.2 million in operating funds, with $400,000 available each year for 3 years and a potential of operating support for SNHG project for the duration of the project. The resolution language does say $1.5 million is contingent upon the SNHG application award. That was our impression.
Ms. Becker: This $90,000 is just to write the grant?
Ms. Lavishchuk: The $90,000 is to perform development and design work which will make our project shovel ready. It would involve soils analysis, architectual work. One of the big points in the application are points for energy. This project needs to have a very developed energy system. The Anchorage system has a great energy system. This would help develop plans for a system that is ready.
Ms. Becker: You would use some of it to develop the parts you are putting into the grant? And, there are a number of different aspects of that.
Ms. Lavishchuk: Correct. There is a schedule of work that needs to be done.
Ms. O'Neal Cole: My understanding is that the grant is being written Ms. Lavishchuk and other partners, but these funds are for professional services.
Mr. Kiehl: I have taken the opportunity to look up the Resolution 2708, and it is not contingent.
Mr. Nankervis: In the life of this fund, we have had one loan?
Ms. O'Neal Cole: We have had one $13,000 loan to St. Vincent for predevelopment. That was the reason behind the Accessory Apartment program. the fund is too small to be great for large projects, but it is of the scale for predevelopment funds, but predevelopment funds are riskier because if the development does't happen, then you're left with an inability to repay that fund.
Mr. Kiehl: It would certainly remain my desire to refer this to the Finance Committee. I remain strongly supportive of the Houisng First project. Assistance in technical and professional services that could make the grant application a winning application, will probably pay off. The fund source remains a question to me. That would be my suggestion, to refer this to our Finance Committee.
Ms. Becker: Is this time sensitive?
Ms. Lavishchuk: It is incredibly time sensitive. Several things have changed since the Assembly commitment. The Municipality of Anchorage pledged a similar amount. Another thing is that the SNHG grant deadline got pushed to March 31st. March 31st is just around the corner. This is an incredibly competitive process. We are at a disadvantage being a small city trying to compete with Rural Cap, which is a huge organization with lots of experience. Anything we can do to strengthen our application, really increases our chances. One more comment, these funds in other communities, they are revolving funds that do a combination of grants and loans. The $90,000 are important to us because of the SNHG grant. If the Juneau doenst get the SNHG grant then the Housing First project will still be a priority so whatever work comes out of it, it can still be used far down the line. The money will not be wasted.
Mr. Nankervis: I believe this is pretty time sensitive. If the SNHG grant doesn't come through, the money will still have been spent on a project that is going to move forward.

Motion: Mr. Nankervis: I move we forward for review and approval to the full Assemlby.

Mr. Nankervis: I think it will accomplish what I believe you are trying to do, which is by getting it to Finance will get everyone to look at this. If this gets on the next Assembly agenda, that should give us enough time. That's my thinking behind the motion.
Mr. Kiehl: Just for clarification, you would recommend the committee payment of the grant from the

Affordable Housing Fund?
Mr. Nankervis: Forwarding this to the Assembly as presented.
Ms. Kiefer: I just wanted to let you know that the Finance Committee will be taking up the Houisng First 1.5 million dollars and where it will come at the February 18^{th} meeting.
Ms. Becker: Are you saying this $90,000 should be included with the discussion at the Finance Committee.
Ms. Kiefer: We said we would come back with how to find the $1.5 milliion. If you want that as an action item on the Committee agenda, it is already on that agenda.
Ms. Becker: That makes sense to me. Then we can talk about it. I like having it on Finance agenda, then we can have it on our list of what we're going to fund. I would ask that the maker the montion change it from Assembly to the Finance Committee.

Motion: Mr. Nankervis: Now to the Finance Committee.
Hearing no objection, motion passes.

D. Continued Discussion on Ordinance 2015-02; An Ordinance Amending the Official Zoning Map of the City and Borough to Change the Remote Subdivisions Area Map for Hidden Valley Tract B, Located in the Upper Lemon Creek Valley, from "Not Remote" to Remote.

Due to lack of time to discuss this substantial item, it was moved to the March 2, 2015 meeting for discussion.

VI. STAFF REPORTS

I would like to comment that I spoke with a representative from the housing arm of the Rasmussen Foundation last week and he was incredibly impressed with what we're doing here in Juneau. He indicated he would like to work with us further.

VII. COMMITTEE MEMBER / LIAISON COMMENTS AND QUESTIONS

Mr. Peters: Happy to be here for my first meeting and I'm looking forward to working with you.
Mr. Peterson: No report.

VIII. ADJOURNMENT

The meeting adjourned at 5:56pm.