

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

October 6, 2014, 5:00 PM.
Assembly Chambers

I. ROLL CALL

Carlton Smith called the meeting to order at 5:00pm.

Members Present: Carlton Smith; Mary Becker; Jesse Kiehl; Loren Jones

Other Assembly Members Present: Karen Crane

Liaisons Present: Jeff Wilson, Parks & Recreation Advisory Committee

Liaisons Absent: Mike Peterson, Docks & Harbors Board; Karen Lawfer, Planning Commission

Staff Present: Greg Chaney, Lands Manager; Dan Bleidorn, Deputy Lands Manager

Public Present: Tamara Rowcroft; Carin Smolin; Andy Bullick

II. APPROVAL OF AGENDA

There were no agenda changes.

III. APPROVAL OF MINUTES

A. August 25, 2014 Minutes

The minutes of the August 25, 2014 Lands Committee were approved.

IV. PUBLIC PARTICIPATION

There was no public participation on non-agenda items.

V. AGENDA TOPICS

A. JDHS House Build Project

Mr. Chaney said we have a request from the Juneau School District to purchase a Lena Subdivision Lot for the High School Home Build Program. The property is unique. It is parcel 18 in the brochure, also known as Lot 2, Block A. There were some unsuitable soils when the subdivision was created so a structured engineered fill pad was put in. It's a 40 feet by 80 feet pad of crushed rock up to 11 feet deep. This lot was for sale previously and didn't sell. The lots we've put on the market recently with improvements have generated less interest from the public. This lot may be difficult to sell. The appraised value in 2007 was \$101,000 which took into account the amount of work done on the site. I've been talking with the Juneau School District for months about possible sites. In the past we've sold tax foreclosure lots for the back taxes, which is less than fair market value. We don't have any properties like that currently. Their budget for the property is \$50,000 which would be less than fair market value. The Lands Fund runs off the sale of properties in order to develop new lands. If lands are sold for less than fair market value, it starts to erode the fund for the future. However, this program is unique and it educates youth for when they graduate high school and puts an affordable unit on the market. This lot is a long distance away from the high school. Earlier in the year, I was told by the High School Home Build Program this was an unsuitable lot because of the distance, but there hasn't been anything else available to the school district. If the Lands Committee recommends this sale, I would suggest it have an early entry authorization since it will take a while for the Assembly to approve this sale through an ordinance. An early entry authorization would allow them to put a foundation on the site before the sale is approved. This is a risk if the Assembly decides not to approve the sale. Without that, the program would probably have to start in the spring. The sale should also have a reversion clause, so if there's no house built within a few years, the land would revert back to the CBJ.

Ms. Crane: We have done early entry authorizations before, so this isn't setting a precedent, correct?

Mr. Chaney: Correct, we have done them in the past.

Ms. Becker: Have we recouped the price of the land in other sales?

Mr. Chaney: That's the ideal situation. The Lena Subdivision was a unique subdivision. I don't think anyone has done a full assessment of what it cost to build. What we've been doing is selling the properties for fair market value in hopes of recouping our investment. Until they've all sold, we won't know if we got our investment back.

Ms. Becker: And this land is big enough to build two houses?

Mr. Chaney: By zoning, this lot is big enough to build two houses.

Mr. Jones: The building pad is in the middle of the lot. Can they build the house using that existing pad and still have room for a second house? Or, does that pad limit them to one house, or do they have to move the pad? Looking at it, it doesn't look like you could build two homes on the existing pad.

Mr. Chaney: That's an interesting question. I think with a typical house size, that would be correct. However, the high school lately has been building rather small footprint homes with roughly 20 foot by 20 foot footprints. It looks like they could build two homes, but I'll leave that up to them.

Mr. Jones: Where is the driveway access? Is it off Ocean View Drive or Point Lena Loop Road or both?

Mr. Chaney: I believe the access would be up to the Engineering Department as to which is the safe access point. Some lots that have double access were restricted to Ocean View Drive. That would probably be the preferred access.

Mr. Jones: My questions for the people testifying are are, how do they intend to build there and do they have to expand or put in another pad to hold both homes.

Ms. Tamara Rowcroft, Vice President of the Juneau Housing Trust, one of the partners of the School Build Program, said they have built four houses with this partnership so far. It's been a very successful program. Our role as the Juneau Housing Trust is to act as the consultant and non-profit developer. We find resources to purchase land and we consult throughout the project to get affordable home ownership at the end. We have looked at this lot and determined that the small footprint that we've been using with our very energy efficient bungalow/cottage type homes, that we could put two homes on this pad. The driveway access would be added to the lot, but we think we could comfortably put two units into this pad, as well as any other utilities that need to go with the homes.

Mr. Jones: My only concern is that if they're going to build two homes, it seems like Point Lena Loop Road would be better for one driveway for both homes but if Mr. Chaney says they can only use Ocean View Drive it's going to change the driveway access.

Mr. Kiehl: Do you know where the existing driveway is that they used to put the pad down?

Ms. Rowcroft: I do not.

Mr. Kiehl: My recollection of the housing trust model is that you continue to own the land even as you sell the homes. Would you feel the need to divide this lot or leave it as a single lot when you build two units on it.

Ms. Rowcroft: We can do either. We haven't completely explored the subdivision process. I think that's the preferable method if we can. But, the lot we just developed on Churchill Way we did not subdivide. We do a 99 year lease with a 99 years renewal term to the homeowners. We developed 8 units in 2003 and 2006 that were all on the same parcel. We did not subdivide that either. But we did subdivide the lot that the City helped us purchase on Lund Street that went under the bungalow ordinance. At this point, we haven't quite decided which direction we will go, but if we can subdivide the property, we would prefer that.

Mr. Chaney: There is a plat restriction against further subdivisions in the Lena Subdivision in general, so that would be a difficult hurdle to overcome. The more interesting thing about the Housing Trust is that they do hold the land so the two owners could own separate homes on this property.

Mr. Kiehl: The other question I had is that I read the messages and memo you said where it talks about the trust being able to purchase that a lot like this for up to \$50,000 but I want to make sure that it is a purchase price leaves enough for the water line and wastewater treatment option.

Ms. Rowcroft: I think I suggested that we have \$50,000 available but we would like to spend \$40,000 on acquiring the land and give ourselves \$10,000 for the wastewater treatment plant because we think that will be quite costly. And, that is a piece we haven't done before. My indication after talking with a few people is that \$10,000-15,000 is usually the typical cost for a wastewater treatment plant.

Ms. Becker: The recommendation from staff is that the school district provide compelling documentation that the location is suitable. Is that done or is that being done?

Ms. Rowcroft: I have with me today two people from the school district so I'll let them takeover.

Mr. Chaney: The school district did submit two letters which are included in the packet.

Ms. Becker: I think I was ignored because I don't have any of the letters in my packet.

Ms. Carin Smolin said she's the career and technical coordinator for the district and has been the liaison for this project. For the last 5 years we have been building houses again for the House Build Project that is run at J-D High. This is carrying on a tradition of 30 years that this project has been going on in our community. The last 5 or 4 years is when the Juneau Housing Trust came in. It's been a real win-win in many respects because the housing trust has helped us manage the whole design build of the project to build an affordable home working through all the logistics that are foreign to me and that's fine. I'm thankful that the Trust is here. We've had a partnership with the Southeast Alaska Guidance Association (SAGA) that have provided construction management. They've helped keep the house builds moving along and on time, and the School District brings the students as labor when appropriate. We have pretty much finished on time for all of them. Many of you were at the recent celebration. We're finishing the last of the single lot that we built two homes on. We haven't found land to build on for this year. We have been struggling to find something reasonable and accessible. It's really key that the Housing Trust is here because in the end, they reimburse the School District for the cost of building the house. There's no cost to the School District other than what we underwrite to keep it going. We support our instructor, pay for the transportation for the students. The house build keeps moving when we're not on site because the students can only be there so many hours a day. The model has worked really well. The students have become productive young people as they've moved onto postsecondary education or opportunities in this community. It's been highly successful. It's been heavily supported by our advisory groups and the construction partners that include everyone from the trades to businesses. We are hoping that we will be able to keep it going. We are very willing and have a plan for how to get out the road in our time frame. Mr. Andy Bullick will talk about that. We are very willing to make that happen. We want to see this continue. This has been an incredible opportunity to showcase our public and private partnership. It's not a burden on the District which is important. We hope we can keep this model going.

Mr. Andy Bullick said this is his 13th year teaching at JDHS and sixth year teaching the house build program. It's a phenomenal program. When I was in high school I took the same program at a different high school and a lot of communities have this same program because it gets kids excited and hands-on experience about the trades. Juneau is such a unique community. The biggest issue I see with this program is finding an affordable lot to build on. It's been pretty nice the last 5 years I've been involved. There was a lot there and it was very clean. This year we have been trying to find a lot and it has not happened yet. I'm super excited about the opportunity to possibly build out at the Lena area and I have a plan already ready to go if we get this lot. It's a double block class so it meets 2.5 hours each time and the class butts up against lunch. So, we would leave about 10 minutes before lunch is over to head out the road before fifth period began to maximize our time that way. In the past, we've done a lot of on-site instruction. If we got the lot out the road, we'd probably dedicate 1 or 2 days per week to staying at school and do very little on-site instruction. This would maximize our time building out there. We wouldn't waste time with on-site instruction but we would do it at JDHS rather than at the site. In Lemon Creek it would be easy. We would get more efficient to maximize our time out there. I hope we can get some Thunder Mountain kids involved since we're driving right by. It would be crazy to drive right by and not open up the door for that school. As far as an instructor goes, I understand the difficulties of giving us a lot at this price, but if the program is going to continue we need to get a lot at the subsidized cost. It's the reality of our situation.

Mr. Smith: I don't know Lena. You talk about a small footprint and a small energy efficient home.

With the range of value in the subdivision, so you anticipate any push back from the neighborhood?

Mr. Chaney: I would be surprised. The lot next door is vacant currently. We've never had any requirements that homes be of a certain size. There are smaller very nice homes in the area. I think it could fit in nicely.

Mr. Smith: So there are no covenants on value?

Mr. Chaney: No.

Mr. Wilson: What is the price range of these affordable bungalows.

Ms. Rowcroft: We've been selling these homes at the cost that it takes to construct them. It cost us about \$230,000 to construct the last two houses and so essentially we put it on the market for that price. We do an appraisal. The other caveat for is that there are levels of median income that each

of the households have to work with. What dictated that is the grant funding we receive. Typically for affordable homeownership you're looking at someone who is 80-120% of area median income. So for an 80% person we would put additional grant funds in to make the home a little more affordable; therefore, subsidizing some of the construction costs. For someone at 120% of area median income, that price range is reasonable for them. And we also assist with some closing costs or down payment assistance or line them up with some programs. We have a home we're closing on this week for a single mom with one child who is at 80% area median income and she'll have a payment that is around \$900 per month, which is very affordable for her.

Mr. Wilson: If the City does approve selling you the lot for \$50,000 and you eventually get an appraisal for higher than that, do the buyers get that discount of the cheaper lot also?

Ms. Rowcroft: Actually, the appraisal typically doesn't include the land. The appraiser knows going in that it's just a lease land arrangement. They're just appraising the house. So new home buyers are purchasing that improvement and the trust is keeping the land with a 99 year land lease.

Mr. Wilson: So for the \$50,000 outlay you're doing, you get reimbursed?

Ms. Rowcroft: Well, what we've used to start this program was some recycled neighborhood stabilization program funds. The federal government passed some funds through AHFC to assist communities were seeing lots of foreclosed properties. We received a grant through that and we purchased two lots and put very low income families into those homes. Once those homes were sold, we used that money to partner with the school district and we're just towards the end of the money we have available to make that happen. We are actively looking for other funding. It is really tough to find grant funds for these programs and so that's what we're left with for this lot.

Mr. Keihl: In terms of the permitting necessary, because it's 3/4 of an acre in D3, are there any conditional use or Planning Commission decision type permits that would be needed to put two small homes on this lot?

Mr. Chaney: No.

Mr. Kiehl: The partnership with SAGA, does that remain intact and healthy going forward?

Ms. Smolin: We hope so and the alternate plan is that the construction management may be hired through the University. That's our fall back plan and they would bring the adult program to the site also.

Mr. Kiehl: There is a recommendation from staff that we put a 2 year reversion clause if construction of the first home hasn't begun in two years, you'd be out your \$40,000. What's your level of comfort with that?

Ms. Rowcroft: We are itching to go this year. 5 years would be nice, but we are willing to go with two.

Ms. Becker: Did you say you want to buy the land for \$40,000 so that you would have \$10,000 left.

Ms. Rowcroft: That would be our preference. The wastewater treatment piece is something we haven't done before. We have \$50,000 to purchase a site, but this site comes with the extra cost of the wastewater treatment plant. If you go with \$50,000 for the lot, we'll make it work, but we would love to see a \$40,000 lot with a \$10,000 budget for the wastewater.

Mr. Chaney: One of my jobs is to protect the Lands Fund. Fair market value is ideal, \$50,000 is better than \$40,000 but obviously there's more at play here than the strict financial consideration.

Mr. Jones: What is the current tax assessment on that lot or what are they estimating the fair market value is?

Mr. Smith: The number we have is from 2007. Do we have a current assessment?

Mr. Chaney: We don't have a current assessment. The 2007 value was \$101,000. The values from then have not radically changed, within 10-15%.

Mr. Jones: I may be way off, but where is the lot that the City has tried to sell with a building pad that hasn't sold the last couple of times?

Mr. Chaney: The property we have that had some improvements done by a previous owner is on the upper level of the subdivision, so it's on the upper tier in the middle. Quite a distance away in terms of the subdivision.

Mr. Smith: In your memo it says that the Assembly could direct staff to develop an early entry authorization dealing with the foundation, etc. Do you know what financial risk that is?

Mr. Chaney: Not much. It's just some staff time and the Law Department would have to approve it.

Motion: Ms. Becker: I move that we send this issue (selling Lot 2, Block A to the Housing Trust for the High School Home Build Program) to the full Assembly and recommend

consideration of this proposal with the purchase price still to be determined.

Amendment to motion: Mr. Keihl: I move the purchase price of the lot be \$40,000.

Ms. Becker: No objection to the amendment.

Hearing no objections to the amended main motion, it passes unanimously.

Mr. Kiehl: Would you like a separate motion to direct staff to prepare an early entry authorization.

Mr. Chaney: Clarity is always good.

Motion: Mr. Kiehl: I move to direct staff to prepare an early entry authorization.

Hearing no objections, motion passes unanimously.

VI. STAFF REPORTS

A. Switzer 2A Subdivision - Verbal Update

Mr. Chaney said DOWL has been out to the Switzer 2A site and recovered monuments and tentatively laid out the lots. We will work closely with the Army Corps of Engineers. We applied 9 months ago and they just told us they want more information. Some consultants through DOWL will do a wetland delineation for the area we're not filling. We have surveyors in the field right now. Hopefully in a month or so we'll be applying for a major subdivision.

B. Pederson Hill Subdivision - Verbal Update

Mr. Chaney said the first thing we need to accomplish is getting an access route. We have to thread our right of way around the church. We can go above it or we can go below it. Above there is a larger buffer between the road and church. Below the road is closer but it's lower in elevation. Now that we have cross sections, we'll be going back to the church.

Mr. Kiehl: Did I understand that the preferred route for the church was to build a shorter centerline?

Mr. Chaney: Yeah, there's always more to the story. We went through and looked at it and did some soil probing. We had a probe 12 feet long and were able to bury it on the upper route. Even considering the extra fill needed for the lower route, going the lower route will not be much cheaper.

Mr. Smith: Would this become controlled access? Would there be a light?

Mr. Chaney: I don't think so. We talked to DOT and they didn't mention a light.

VII. COMMITTEE MEMBER / LIAISON COMMENTS AND QUESTIONS

Mr. Wilson: Nothing to report.

VIII. ADJOURNMENT

Meeting adjourned at 5:40pm.