

ASSEMBLY STANDING COMMITTEE MINUTES
LANDS HOUSING AND ECONOMIC DEVELOPMENT COMMITTEE
THE CITY AND BOROUGH OF JUNEAU, ALASKA
August 8, 2022, 5:00 P.M.

I. CALL TO ORDER

II. LAND ACKNOWLEDGEMENT

III. ROLL CALL - Chair Hale called the meeting to order at 5:00 pm.

Members Present: Chair Michelle Hale, Greg Smith, Wade Bryson, Wáahlaal Gíidaak, Carole Triem

Members Absent: none

Liaisons Present: Mandy Cole, Planning Commission; Lacey Derr, Docks and Harbors; Chris Mertl, Parks and Recreation

Liaisons Absent: none

Staff Present: Dan Bleidorn, Lands Manager; Roxie Duckworth, Lands & Resources Specialist; Jill Maclean, CDD Director; Rorie Watt, City Manager; Irene Gallion, Senior Planner

Members of the Public Present: Charlie Moline, Moline Investment Management LLC

IV. APPROVAL OF AGENDA – The agenda was approved as presented

V. APPROVAL OF MINUTES – June 27, 2022 draft minutes were approved as presented.

VI. AGENDA TOPICS

A. Moline Investment Management Request to Purchase City Property Located at Pederson Hill

Mr. Bleidorn discussed this topic. Mr. Bryson asked if we could stipulate in this transaction that the developer build a city road. That seems to be the sticking point in some of the developments that we've had over the years, and if we say you have to build a city road then we could eliminate that troublesome component of development. Mr. Bleidorn replied that in discussion with the applicant, Mr. Moline, it was brought up that we have access to Karl Reishus Blvd., but he is looking at developing the area that continues over to Hamilton Street with an undeveloped ROW. We talked about connections with that road, which would be great for emergency response and safety issues.

Mr. Bryson replied that he was looking if we could actually stipulate that, if the applicant agrees to buy this property they would have to build a city level road, so we can eliminate that out of the development component. Part of the issue that we're running into with some of our other developments that developers are not wanting to completely build a full road, which can shut off other land from development. Ms. Maclean replied that under the land use code, we do have alternative residential subdivisions, which are not required to build a city street because it is costly. As long as it does not block undeveloped land, you can't land lock the land behind you using that subdivision, but if the future owner of this property had the ability to maybe do both I would recommend that we keep the option open that they allow the land around it to be further developed, but there may be a way that part of the site, because it is quite large, might be another form of subdivision that was not a city street. That may give a better balance of the cost while still allowing for housing, and not to get into the alternative residential subdivision greatly, but that is the one that the Assembly adopted a couple of years ago that does allow for the small unit lots which can also make the development a little bit more affordable.

Wáahlaal Gíidaak asked to clarify between the Moline application and the Tlingit Haida Regional Housing Authority (THRHA) application, if they are both in the same area. Mr. Bleidorn replied that they are requesting two separate properties. THRHA is interested in an area known as Phase 1B &

1C Pederson Hill, which exists as a separate lot and we have a preliminary subdivision plat which they plan to use to determine square footage to build single family homes. It's already legally defined as an independent lot, so the Assembly can sell it essentially very easily. The Moline property is a future phase of Pederson Hill that's largely undefined right now and is in a different area. Both of these applications can move forward simultaneously as they're working on separate areas of land.

Mr. Mertl asked if the applicant is saying they would do a 60% AMI or less, is there any legal recourse or requirement that is meant. If, say 5 – 10 years down the road they couldn't do it at that level and are actually doing 80% AMI. Obviously the 60% is attractive, but wondered about any legal recourse to make sure that that threshold is maintained. Mr. Bleidorn replied that there are federal requirements to those tax credits and if you're going to receive those tax credits, you have to follow the rules, which are 60% and less. I'm sure there are some ways that the city attorney could help us draft regulation within the sale documents that would allow the Assembly to maintain that, but I think the applicant also understands that they'll also have to follow those federal regulations.

Mr. Smith asked what size is this lot. Mr. Bleidorn replied that the applicant is looking to build about 60 units on about 10-acres. There's going to be some property that will be undevelopable because of drainage and water quality issues and then also the road alignment is going to take up space.

PC Cole asked if the 60 units will all be multifamily. Mr. Bleidorn confirmed the application is for multifamily.

Mr. Smith commented that the 15 – 30 year span seems like a very broad span and is excited for this. He asked about details, would it be a minimum of 15 and up to 30 or what does the hyphen mean. PC Cole replied that generally, for tax credit properties, there's a 15 year absolute and then a 15 year follow up. Unless the property changes hands or is foreclosed or somehow it ends the affordability contract, which it can't in the first 15 years, but it's possible and the next 15 years if it continues the same ownership, it has a 30 year affordability.

Mr. Moline commented that the tax credit deals are for a mandatory 15 years and there can be an extended use period for another 15 years, it depends on the structure of the deal. I would imagine this one, with Alaska being a point based state with the tax credit allocation that it'll end up being a 30 year project. Something we also talked about in our meeting was putting in townhomes for Coast Guard families, which would be market rate. We like that idea because there's some single family neighborhoods up there and having some townhomes on the either end of the multifamily, but wouldn't be part of the tax credit development. It's something that would help the Coast Guard solve their housing problem and we're thinking of developing maybe 10 – 12 townhomes.

Ms. Triem asked Mr. Moline about the low income housing tax credit program and understood it's administered at the statewide level and is competitive. What are the chances of a successful application for this project and is there a plan B if the application is unsuccessful. Mr. Moline replied that he thinks it will be successful because of the housing crisis and the massive housing shortage in Juneau. Our chances of being awarded are pretty strong, all our research and our consultants are really excited about Juneau and think we have a very strong chance of being awarded a project. Getting the land tied up is the first step, we have to have the zoning on the land to move forward. When we submit these applications there's an option to execute the purchase on a successful

award. If we're not awarded, then we would put in another application the next year. It's not uncommon for it to take two years to get an award, but we think we'll be successful in Juneau. Mr. Smith asked Mr. Moline about his application for 40 – 60 units of low income and imagines the plans are changing, but is that the number you're proposing for a subdivision. Mr. Moline replied that they are going to maximize the site and put as many doors there. I would really like to get to D18 because there are some wetlands, drainage, setbacks, and we're not trying to develop this right up against one of the single family homes, and we'd like to landscape and put in a buffer. If we can get the density we will put as many affordable housing units as we can. The tax credits are required at 60% AMI, that's not a number that we came up with, that's federal law section 42. It's a federal program and that's how these tax credits are allocated, but we would like to do as many as possible and it's a multi-phase project, because the cost of the infrastructure, putting in the city roads, and clearing the land is going to be expensive, we may only get 32 to 40 doors and a handful of the market units built year one, and then a year or two later we maximize the rest of the site.

Mr. Smith followed up to ask if anyone else has expressed interest in this property. Mr. Bleidorn replied that we have received no interest in the property that the Moline application and covers but the Assembly has not advertised it.

Mr. Bryson moved that the Lands, Housing and Economic Development Committee forward this application to the Assembly with a motion of support to negotiate for disposal of City property to Moline Investment Management. Motion passed.

B. Telephone Hill Acquisition

Mr. Bleidorn discussed this topic. Wáahlaal Gíidaak commented that that this area needs to have a full analysis of any toxins that have leached into this this area to ensure that the state is upholding their obligation to clean those up and it doesn't become the city's obligation later. Mr. Bleidorn replied that this is a concern and the city is taking it seriously and continuing to work on this. As far as responsibility goes, some of that will have to be worked out, that's definitely something we're going to consider and I'll take that question with me and continue to work towards it.

Mr. Bryson moved that the Lands, Housing and Economic Development Committee recommend the Assembly adopt Resolution 2999. Motion passed, no objections.

Mr. Bryson made a statement that this is an amazing property and can see why people are starting to look at it and think of what the potential could be, it is a really neat piece of land.

C. Ordinance 2022-30 An Ordinance Amending the Official Zoning Map of the City and Borough to Change the Zoning of Catholic Community Services Property Located near 1800 Glacier Highway, from D-10 to Light Commercial.

Ms. Maclean discussed this item and made a clarification comment about the medium density residential. When Catholic Community Services applied for a rezone last year, there was also an applicant on North Douglas requesting light commercial, but it was in an area classified by the comprehensive plan as medium density residential, which allows for up to 20 dwelling units per acre. Light commercial is 30 units per acre and as we went through the process Catholic Community Services opted to sort of hang back and see how that flushed out as it went through the Planning Commission and the Assembly to see if it would be adopted. The Assembly did adopt that rezone to

light commercial, finding that with doing 30 units per acre does qualify under medium density residential. At that point Catholic Community Services move forward and requested neighborhood commercial as their first choice, but we're happy to take light commercial as their second choice. At the Planning Commission there were some questions about neighborhood commercial, which was drafted when we were working on the Auke Bay zoning. It was really intended for areas like Auke Bay or downtown Douglas, not to be confused with downtown Juneau but downtown Douglas, or the small village like areas where we wanted the structures pushed to the front of the property to encourage the pedestrian feel and in the activity in those areas. At the Planning Commission they felt that this wasn't quite the right fit and preferred light commercial instead. That still provides the applicants with the uses and activities that they are looking for. In a way it may have benefited them to be to hang on a bit because they had discovered, through Covid and everything else with housing, they had decommissioned units for their traveling medical staff pre-Covid. Now during this process, they decided that they want to keep those available to them for housing to bring in medical personnel. Light commercial covers all of those needs, as well as their office, treatment, and administrative uses of that site. They seem pleased with this either way.

Chair Hale asked if we are losing housing in this transaction or is Catholic Community Services going to transition existing housing to office spaces. Ms. Maclean replied no, and that years ago Catholic Community Services had apartments they no longer needed at that time, and so they decommission them and switched them to offices. But now, with these opportunities, they will be able to accommodate several apartments, somewhere between six and nine, as well as their other office and administrative uses that they need on the site so they're looking to bring those back.

Wáahlaal Gíidaak moved that the Lands, Housing and Economic Development Committee forward Ordinance 2022-30 to the full Assembly. Motion passed, no objections.

D. Ordinance 2021-36 An Ordinance Amending the Land Use Code Relating to the Downtown Juneau Alternative Development Overlay District.

Ms. Maclean discussed this item. Chair Hale asked to clarify this ordinance, if it makes permanent the temporary overlay district. Ms. Maclean replied yes, but it's different. The temporary overlay district was very quickly created and we just pulled it together fast to help people because we were seeing too many variances that could not be approved. As we were working on this, it is much more detailed and flushed out, it hopefully creates the flexible setbacks and lot size that make redevelopment easier. Yes, it's replacing the temporary overlay, but it is different than the temporary overlay that's in place. Chair Hale added that these places are eliminated from the overlay district the areas that are not included are actually mixed use, and so they already have the ability to not have those severe restrictions that happens.

Mr. Smith asked that by adopting this ordinance with this alternative overlay district, do we reduce the number of non-conforming properties. Ms. Maclean confirmed and added that we reduce the number of non-conforming situations, so in each instance lot size is one of the trickier ones. In most cases, if you were non-conforming potentially for setbacks, vegetative cover, or parking, those types of things, parking is now taking care of with the parking ordinance, but maybe not necessarily all the property situations, but many of them.

PC Cole thanked Ms. Maclean and the Planning Commission on this work and noted the floating setback box, which is flexible and is going to help people redevelop or develop places to live downtown on irregular lots, which is a great idea.

Mr. Smith moved that the Lands, Housing and Economic Development Committee forward Ordinance 2021-36 to the full Assembly. Motion passed, no objections.

VII. STAFF REPORTS

VIII. COMMITTEE MEMBER/LIAISON COMMENTS AND QUESTIONS

No updates.

IX. STANDING COMMITTEE TOPIC

A. 2022 LHED Committee Goals

No updates.

X. NEXT MEETING DATE – August 29, 2022

XI. RED FOLDER ITEM – Tlingit Haida Regional Housing Authority Interest to Purchase Pederson Hill

Mr. Bleidorn discussed this item. It is a different application from the Moline interest to purchase city property at Pederson Hill. THRHA is a nonprofit and the Assembly has the ability to work with them under the section of code that allows for sales at less than fair market value. The appraisal for this property came back at \$635,000. This item will be in more detail at the next LHED meeting.

Mr. Smith asked how large these parcels are and any idea on the number of units or homes might be developed. Mr. Bleidorn replied that we have an approved preliminary plat for this subdivision. The smallest lot is around 3800 square feet, and if you can imagine Karl Reishus Blvd., which was Phase 1a, coming up the hill, the lots adjacent to that are already disposed, this a byproduct of building that access. Phase 1B & 1C is the meat of Phase 1, where you get the well-defined rectangular lots. The center ones are small, almost to the minimum size for the D10SF. The total subdivision lots with all three phases was 86, it would be 86 minus the 18 that are already built. THRHA is interested in using the data and information that the city has already collected on those two phases. The development would be something similar to what you've seen with the previous preliminary plats and I can provide images of all that at the next meeting.

Mr. Bryson asked about the stubs, and if the Moline purchase goes through which one would be his stub out. Mr. Bleidorn replied that Karl Reishus Blvd has five road stub outs in five directions and the Moline application would be one of those. If we move forward, the stipulations would be he'd have stubs continuing to city property potentially giving us two in two directions. The stub out that goes north starts to get into that area where the topography is such that we get above a certain elevation and pressure for water and sewer becomes an issue. Developing north would take future city investment. Phases 2 & 3 have three of the five stub outs, we'd be working with the Housing Authority on three of those.

Mr. Watt pointed out that something that may seem obvious now but maybe it was hard to see at the time. When staff recommended the Pederson Hill subdivision it was controversial and it was expensive. The reason it was expensive is we developed the easy land and we sunk a lot of money

in that access road. The early criticism of Pederson Hill was “oh, my goodness, the city spent an awful amount of money on this road for 17 lots,” but it was the long term vision that allows us to entertain things like the Moline requests and the Housing Authority request. The fact that we have two entities, a nonprofit and a private sector, coming to us and what they're saying is “you opened up some really good land by sinking money into that access road, which was a really good idea and I never would have done that, because it takes too much capital.” I think we have to be thinking about the cost of those access roads to get to the good land moving forward. We see a lot of activity where developers are trying to figure out how to avoid putting money in those roads, because, in order to pencil out for a development, it just doesn't make sense to for them in a shorter horizon to risk that much money for something that may take decades to pay out. We're interested in things that take decades to pay out but that's a hard thing for the private sector to do. I think it's really good to focus on investments that open up land. This helps the city Lands office, with the thinking that “this is great, I don't have to work on developing new phases of the subdivision, we’ve got a private and nonprofit entity working on that.” I think we can congratulate ourselves a little bit on taking that effort, but also applying that thinking on how other entities in the community make decisions based on this problem, it's a big piece of our housing problem.

Chair Hale noted two things, one, that a lot of city staff have had to kind of suck it up while people have been very critical of the Pederson Hill development, and so we see some things coming to fruition now. The other thing that we hear a lot about is infill, and this is infill, so this is taking advantage of the infrastructure that we have in place and I just I think that's really worth noting.

Mr. Bryson commented about these properties and what was causing some of the problems. The reoccurring theme is the incredibly high cost of building a real road for access. Private developers don't have often the capacity of having that real road, maybe if we're working on a way to solve it, maybe some type of loan program or something that the city could do on a developer's behalf, to help fund, loan, finance, or facilitate getting the proper road built. The end result will be more land available for housing. I don't want to be handing over cash to developers, but assisting them at building public roads. There's has to be some merit to that because building a proper sized road seems to be the recurring problem of developing some of these larger lots. What can we do seems like an appropriate committee conversation. Chair Hale replied that was what the Manager was referring to and it is a good point to make.

Chair Hale asked about the appraisal at \$635,000 and the city could do something at less than fair market value, as the housing authority is a nonprofit. Mr. Bleidorn confirmed that was correct.

XII. ADJOURNMENT - Chair Hale adjourned the meeting at 5:57 PM.