

ASSEMBLY LANDS HOUSING AND ECONOMIC DEVELOPMENT MINUTES

February 17, 2023 at 12:00 PM

Assembly Chambers/Zoom Webinar



<https://juneau.zoom.us/j/94215342992> or 1-253-215-8782 Webinar ID: 942 1534 2992

A. **CALL TO ORDER** – Chair Hughes-Skandijs called the meeting to order at 12:15 p.m.

B. **LAND ACKNOWLEDGEMENT**

We would like to acknowledge that the City and Borough of Juneau is on Tlingit land, and wish to honor the indigenous people of this land. For more than ten thousand years, Alaska Native people have been and continue to be integral to the well-being of our community. We are grateful to be in this place, a part of this community, and to honor the culture, traditions, and resilience of the Tlingit people. Gunalchéesh!

C. **ROLL CALL**

Members Present: Chair Alicia Hughes-Skandijs, Wade Bryson, Christine Woll

Other Assembly Members Present: Carole Triem

Members Absent: Wáahlaal Gíidaak

Liaisons Present: Chris Mertl, PRAC; Mandy Cole, PC; Don Etheridge, D&H Board Chair

Staff Present: Dan Bleidorn, Lands Manager; Roxie Duckworth, Lands & Resources Specialist; Scott Ciambor, Planning Manager; Joseph Meyers, Housing & Land Use Specialist; Rorie Watt, City Manager; Robert Barr, Deputy City Manager

Members of the Public: Reuben Willis, iRide Alaska

D. **APPROVAL OF AGENDA** – approved after changes; no discussion of Standing Committee Topics

E. **APPROVAL OF MINUTES** - January 23, 2023 Draft Minutes - approved as presented, no changes

F. **AGENDA TOPICS**

2. **iRide Alaska Lease Request**

Mr. Bleidorn discussed this item. Mr. Bryson declared a possible conflict of interest that he has a business that rents bikes, ebikes, and cross-country ski equipment. It was determined not to be an issue.

Ms. Woll commented she understood this was not a trail, not managed by Parks and Recreation, and thought that the public that uses it treats and thinks of it as a trail and a recreational area. What would it take to have this managed similar to the Rainforest Trail permit and how Parks and Recreation manages opportunities like this. Mr. Bleidorn replied that his first response to this application was to treat it exactly like the Rainforest Trail, in which case it would not need assembly approval. The likelihood of that happening is low, Parks has stated that they do not manage this property, it is not in their budget, and not in their wheelhouse right now. Originally, we were trying to make this fit in similar to the existing agreements that the applicant has with other city entities, but given the management of this property and the way it currently exists as a property, this was the direction we were encouraged to take. He added that we don't have authority to negotiate with the applicant, but can see addressing some assembly concerns through the lease process and making it something like we did with Deckhand Dave or Juneau Compost, where we had a one year term, and could see how it goes with renewals. Ms. Woll followed up to ask if there are terms that we have through the lease negotiation. In the case of Rainforest Trail, for example, are there limitations that Parks put in terms of how many tours a day, how many people, that type of thing, and is that something that we would be able to limit through this process. Mr. Bleidorn replied that those conditions could be worked out in the lease. Mr. Willis spoke to his operation. He noted that he does not rent bikes but does guided tours of small groups, usually about 10 people. The tours are planned to run three times a day, minimizing our presence. This could be a win-win for both because of the limited number of activities that are available for guests that come to Juneau. In addition, through sales tax, the city will benefit, as well as Lands, with whatever fee structure is established that would allow needed dollars to manage that property. Ms. Woll ask about the traffic that iRide is currently permitted on the Rainforest Trail. Mr. Willis replied that the ebike is new to them

this year and as far as the Rainforest Trail, they pay a \$3/head user fee, with no one riding on the trail itself, just to the trailhead. They also have an agreement with Eaglecrest for the cross-country ski trail.

Mr. Bryson asked about the anticipated retail price for the tour and the \$3 fee in addition to sales tax. Mr. Willis that they priced it at \$149.95 and the sales tax is on top of the fee structure with the user fees taken out of the amount that they earn.

Mr. Mertl asked if the ebike tours are catered to anyone with mobility issues or just to the public. Mr. Willis replied that it's to the general public and their screening criteria includes mobility and being able to bike for 10 miles at a time. The ebike does allow an option for those that may not be physically fit or to equalize the riding experience for the group to stay together with pedal-assist.

Chair Hughes-Skandijs asked about the financial resources to manage the land and what is the annual maintenance costs for the Pioneer Road. Mr. Bleidorn replied that the past couple of years we have collaborated with Eaglecrest, who needed timber and in exchange did a large culvert cleanout that, would have cost more than \$10,000 to complete. For regular maintenance, we have had volunteers to assist, but a rough maintenance number would be \$10,000 – \$20,000 per year.

Mr. Mertl commented that Parks and Recreation does have a commercial use permit one and of the big challenges that has not been resolved is ebikes. Currently, they are considered a motorized mode of transportation and they are currently not allowed on trails. There was a permit application for ebikes on the Brotherhood Bridge Trail, and it was denied, because it is considered motorized transportation. The Park Service, the Forest Service, everybody is trying to figure out where this gray mode of transportation fits. He offered a bit of caution that this idea may have repercussions beyond this one proposal. We can think of this as a test, because it is not a road, it is not a trail, and maybe this is an opportunity to test the waters, but maybe we want to add a sunset to it so we can do a checks and balance to make sure it is being successful. To answer Ms. Woll's inquiry the nice thing about commercial use permit is they do have limitations to capacities. For the Rainforest Trail, there are those rules and expectations set up to preserve the user experience for all on that trail. I hope that we can do something somewhere with this.

Ms. Woll moved that the LHED Committee forward this request to the Assembly for the nonexclusive lease of City property to iRide Alaska in accordance with 53.09.260. Motion passed unanimous consent.

3. Juneau Affordable Housing Fund Loan Agreements

Mr. Ciambor discussed this item. No comments from the committee.

Mr. Bryson moved that the LHED Committee forward a motion of support to the Assembly for a non-code ordinance with loan agreement terms for Rooftop Properties. Motion passed unanimous consent.

Items #4 & #5: Notes from the Assembly Retreat & Housing Progress Tracker

These items were discussed in a roundtable worksession. Mr. Mertl asked about the role and expectations of the liaisons for the work session. Chair Hughes-Skandijs replied that that there might be more of a direct link for the PC than with Docks and Harbors or the PRAC. This could be a good opportunity for listening if anything should arise.

Ms. Woll asked if our goal is deleting a lot of these as priorities, with the idea that there was no way we were going to be able to do all those things, and but the assembly had to start brainstorming. Do we see this list getting smaller? Mr. Ciambor replied that there are many people thinking about housing and it is

a clear way to show what has been done. The assembly, especially in the last 3 years, deserves a lot of credit for putting many tools into place. There are public-private-partnerships, providing lands through subdivisions, and the housing fund has been up and running for 2 years, now fully funded. The assembly is doing a lot of great work and needs to take credit for that. Moving forward, it gets more difficult to do impactful items, the assembly needs to figure out what they can do, what is most impactful, and help prioritize for staff where you want us to go so that we can be as effective as possible.

Ms. Cole commented that there has been a lot of work done, and there has been some confusion about where to put those efforts. The assembly provides direct instructions through joint Planning Commission meetings, and sometimes those yield clear steps, and sometimes they yield something else that's vague and less actionable to put on a piece of paper. Step one would be priorities that are clearly set at a particular time each year that we can work through and report on. Tools would include Title 49, which means the assembly would have to work through the PC to get Title 49; it is the only way it can happen. When trying to work through Title 49, things come up for us at the PC and we see legislative fixes that needs to happen. Then the PC gets something from the assembly that might need to happen and there is no discussion on what comes first. Clearing up the process of what you would like to see from Title 49, and the schedule on which you would like to see it, would be a beautiful place to start.

Mr. Bryson asked how we could incentivize tiny homes, additional manufactured home neighborhoods, or smaller homes. Could we have incentives for tiny homes and regulations done in a 3-month period, so that this summer season something that could happen? Mr. Ciambor replied that each section explains how each are lined up. Section C1 has Title 49 already scheduled with this and a number of other topics. If you take this in priority as they come forward, this may be a year's work. Mr. Watt commented that the idea of a schedule would probably not happen. For example, with CDD, we instruct them to focus on permitting, but that cannot be "focus on permitting today and then tomorrow will be the low-hanging fruit – Title 49," then they get behind on permitting. With Title 49 we have to be patient with the process, there is many people involved, and it is just never fast. Mr. Bryson followed up to ask which one of these items we can use our magic wand on and skip the process. For example goal C10, what would prevent the assembly from saying, I would like to have an ordinance that allows incentives for tiny homes and senior one-story homes, and then we just said, "okay, instead of putting it through the ringer, we're just going to activate this so that it is part of zoning". Can we stick a rule in there that developers can access that size of project for the land that they have. Mr. Ciambor gave an update on what is ahead. The development community has desired the stream ordinance for a long time, getting that out is a priority. Accessory apartment will have big impact if that one can get through. Those two big pieces will hopefully be done within the next six months. In terms of C10, that would just be allocating staff time to figure out what it is, is it a land use code, a financial incentive, or does it have to go through the rigorous land use code process. Is it a grant, loan, or another program goal, we could add some staff time, if there is an assembly member who wants to champion that idea.

Chair Hughes-Skandijis commented that she thought Mr. Bryson has had a good question and thought Ms. Cole has thoughts about how does the assembly skip the PC, which is essentially, what we are saying. Mr. Manager is saying to be realistic, it is not going to be fast and then there are assembly members who are saying, "I don't care, I want it to be faster." She thought it was a worthy question, if you go back and you look at the less synthesized notes, you will see comments that were made at the Retreat because not everybody was there and staff were at different stations. What you are describing is to eliminate the PC, or just make a law and implement it and we do not send the PC these sorts of things, or maybe we only let them do with this. These are all ideas that are being floated around. I am trying to think you know how that fits into discussion. The top five items on the list will be the before the assembly this year. When you look at the speed of government, the assembly needs to be

thoughtful, either about our top five items. We need to think about making potentially bad choices, or consider do we want to make bad choices if a bad choice would be cutting process or changing our process and maybe that is not a bad choice, but I think it is worth thinking what we want to come up with. That is probably for the manager to say, do not do that, or that is why we want staff feedback. Mr. Watt replied that anything started should try to finished. Those things that are 25% or 50%, complete, let us finish those. Then below that line, all those things that have 0% rejigger those to your heart's content. Try to come up with a defined scope. One of the problems we have with Title 49 is when you start to work on one section of the code, it seems like a good idea to fix other things associated with it, and it can mushroom on you hard and fast.

Ms. Cole commented that Mr. Ciambor gave an alternative to the assembly directly reworking the land use code. If you want something, put the money behind it and incentivize it as a grant or loan program, similar to the accessory apartments or the mobile home projects. Those things can have unintended consequences and we have seen upended consequences from some of those but at least they were within scope and shape that we can address quickly when there are those consequences. Whereas the land use code, the unintended consequences to changing that can often mean heartbreak for this community, financial disasters, and lots of legal challenges and appeals. This is one reason why we are so careful when changing or proposing changes to the land use code because we have been burned before and that is the reason why it moves slowly. The other reason is the PC, Title 49, is just a few people and staff time is necessary. While we have good intention, people who have certain levels of expertise, we do not have the same expertise that staff has. Ultimately, we can move at the speed of good-hearted volunteers and staff, and I will say it one last time, because I was schooled on it last time, without a comp plan update, staff feels hamstrung in terms of moving new land use ideas forward.

Ms. Triem commented about the discussion on eliminating the PC, but thought we had to consider staff time. If we want an ordinance, someone has to write it and that means they will not be spending time on other things we want them to do. Chair Hughes-Skandijs noted the staffing at CDD and it is quite small for what we want them to do, we want them to operate at the level of a larger department. It is good for us to remember that when discussing this.

Mr. Merti commented about the list of priorities and asked if any have passed the red face test, do they meet the intent of Title 49, the Comp Plan, or with the land use mapping, and if they do, then those seem to be the ones that can be check off. He is not a fan of bypassing public process but thinks that if the assembly goes through and validates items then those items can be checked off without getting too crazy. Agreeing with Ms. Cole, the Comp Plan was updated in 2013, and does not support all of the great ideas that have come up since then and will need that process. The Comp Plan needs to get rolling again, because that is the vehicle that allows you to get all these things because you've got so many great ideas but they're just not validated in any of your previous planning documents.

Mr. Bryson commented that he was not in favor of removing the PC from every decision but thought that every time the assembly has a thought or an action developed that is staff time, which is essentially money. He was hoping that there might be ways that we can help facilitate achieving these goals. He was hoping that we could use the authority of the assembly to maybe fast track some of the changes, such as stream ordinances. How could the assembly help finalize the stream setback ordinances for androgynous water bodies, what work could we do that could help facilitate that. I have always strongly felt that some level of programming is helpful to prep citizens in becoming homeowners. Looking at this from the citizens perspective, we can do all of this great work here but if we are not developing the next round of homebuyers, we are shorten ourselves. How can we simply help move this process along for the groups that are trying to move things through the process? What can be done to help citizens

become capable homeowners which would help them either upgrade their home, go from a trailer to a condo, or condo to a single family, how do we move everybody forward and keep those single family homes open and available which will keep the price down. Mr. Ciambor gave an update that they are putting out the senior planning position for the third time. CDD has funding, low on staff, and we are still trying to wrap up the Downtown Blueprint and Downtown Douglas plans. With two and a half staff, it is a heavy lift. We are working to finish what we started hopefully trying to hire new people.

Ms. Cole commented that she thinks it might be helpful for the assembly to think in terms of two tracks of problem solving. There's changing the land use code, which is a slower process with long-term impacts. There are also tools at your disposal for short-term impacts. It may behoove this committee to think about things such as getting 400 more units in 2 years, that is a short-term goal. That goal, regardless of the land use code, the assembly will have to put money behind it. The comp plan, growth, what we want Juneau to look like; all has to be slow and deliberate because those will be forever or forever into the near future. Then there are shorter-term goals to respond to a crisis, and those you can act on, those do not take a Title 49 committee or a year's worth of discussions.

Mr. Ciambor commented that Goal A is where the housing fund, tax abatement, and other incentives lie. If you look at one through five, those are all details surrounding the affordable housing fund. Congratulations, to this assembly, the framework for an affordable housing fund has been in place since 2010 and now has had two successive years of competition and put out more dollars into housing projects than has been done in a 2-year time period ever since. The goal for the housing fund moving forward is to structure it so that it continues. We have housing needs studies and examples of an affordable housing fund in 1991 that have had almost the exact framework that we have today, but the problem was that it was not consistently ran. The goal for this assembly is to make sure that that the program moves forward. A future LHED committee report will include budget project updates with some suggested changes to the guidelines. Another report with suggested amendments would be on the accessory apartment grant and the mobile home down payment programs. Times have changed, and some priorities about the program and economics have changed, perhaps there may be some tweaking of the grants levels required. With the Mobile Home Loan program, and as a single-family homes and everything else have risen in price, we have talked with true North Federal Credit Union partners who said the \$10,000 loan is not going as far as it used to, perhaps allowing a greater level of funding for that could be decided on. Those are the current programs. Tax Abatement was a tool that only came to the Assembly four years ago and is almost maxed out. You have based it for accessory apartments, downtown housing, and now multifamily overflow if they meet certain criteria. At CDD, we promote those programs intensely and it will take a little bit of time for a development community to start utilizing them. One program that has been around for a long time in various committees is a downtown rehabilitation loan program to cover things like sprinkler systems and help with safety costs. That is still in a conceptual stage, but if you want to do more for downtown, you can advise staff to put those terms together and provide funding for that.

Ms. Triem asked about the affordable housing fund. The assembly has taken action to put money in it recently, and have not been appropriating the whole amount, which it is good, we should not be, but there is an appetite to appropriate more than we have been. With the budget process, is the amount the same as last year, and then does the assembly have to decide on that, is there an amount that we are starting with? Mr. Ciambor replied that the housing fund had \$5 million put into it last year and there is going to be sales tax. CDD will work with Finance to provide that budget. Each budget season you start making a decision to how much of that do you want to go out into a competitive round. The first year was \$650,000. This year was \$2 million, and that seems to be a good-targeted range for

projects. Anything more than that and you will probably be running it against capacity issues on the development side but that could potentially be a target to consider.

Mr. Bryson commented about the downtown rehabilitation loan program, and asked if there are several apartments downtown that are not up to code, for example the Gross Alaska apartments are vacant. There is a handful of other buildings that have apartments that are not being utilized. How does all that fit together. Mr. Watt replied that the city is not a bank. When ideas come up, we are becoming a bank. We have the Gastineau Lodges and the Rooftop Development loans and they have been a lot harder than you would imagine, because we are loaning money to projects that banks would not loan under these terms. How do we loan in a way that is not too risky, and works with the funding stream. We are getting better at it, and it has been painful. The downtown rehabilitation program or the loan program for roads, are both great ideas, and where we lack expertise to understand how a city loan can fit in private capital private lending, but we need to engage on those in order for us to be productive. Mr. Ciambor commented that we have a couple of guidelines for programs elsewhere. The way it works is a list of eligible activities, similar to the housing fund, but more on health, safety, and remediation. If you have to fix your problem for asbestos, put in sprinklers, or fire safety, it would cover those types of cost which we've been told many times that is a deterrent for even thinking about developing units, because that initial cost to remedy something. That is an older problem and seems to be a big barrier.

Ms. Woll asked about identifying a dedicated revenue source for the housing fund and to create a system that lasts beyond us. Are there proposals for what that would look like? It is high on the list, are we in a place that we could have that discussion? Mr. Watt replied that during the budget process, this would be brought up to be decided if it is a one-time decision or an ongoing decision. All of our housing fund funding decisions have been one time or short duration, so we moved money from fund balance, for those one-time instances. We put it on the temporary sales tax, it has been five years, but it is one time and if you want to make it permanent, my recommendation would be to embed it into CDDs operating budget. This will be when you submit your budget every year, you will submit this number, and escalator for inflation or something, and then it's part of the budget process. I think that is where you want to be.

Mr. Mertl commented that he deals with many other communities that are dealing with housing issues, and everyone keeps looking to Juneau, saying, that you guys are doing the most out of any community in Alaska. You guys deserve a pat on your back.

Chair Hughes-Skandijs commented that Valdez is doing a lot for their housing issues. Looking at the overall period of time with what we have now because one of the other ideas we had talked about at the Retreat was maybe we should run JAHF twice a year, or allow for more applications to roll in, in case we're missing people who want to take advantage of it. Looking at this, as it set up, it may not be feasible to run it twice a year, what would it take to make it more feasible, would more statistics create a staff constraint? Mr. Ciambor replied that looking at the Gantt chart, the first part is budget related. It depends on the assembly. Staff is waiting for that decision before we can put out the funding for each year. It is an assembly discussion and process and we try to make it as tidy as possible. There's enough time, any 6 to 8 week period, for the information to be out and for public comment and questions with applicants to come in and be reviewed, in about 2 months and then it goes back to the assembly for final confirmation. From start to finish, they could have their contract in hand in about 4 months. One of the things we did with the Gantt chart is just show the public process in the red squares, decreasing the timeframe would mean taking a look at taking out either some of that public process, or if there is a fix with the budget, as we're still dependent on the budget. We are not going to get an infusion of a new budget for this year's housing fund in December; we will still be utilizing the same funds that you have

allocated in June. Given the process, the steps of getting to the contracts negotiation, it is a lengthy process and duplicating it could get unwieldy because we would be tying up contracts with one part while getting applications from another. One of the reasons for putting the Gantt chart together was to show the steps and see if it was not feasible. I am leaning on keeping it and maybe tightening it up where we can for applicants, but once a year seems to be the better option at this point.

Ms. Triem commented about the housing fund and finding a dedicated revenue source for it, that is something different than putting it in the budget to be funded by general funds every year, which is not a bad idea. I am not saying that, but I guess my thinking around this, is there something else out there to use. There is fees associated with development that go into some kind of dedicated fund, and I am not saying that we should do that because we do not have the volume in the economics to make that work. Mr. Watt replied that some communities have impact fees, heavily touristy places like Vail or Telluride that have very high-end activity, and cannot afford any workforce housing. Condo developments pay an impact fee that they use for workforce housing. I do not think we would generate very much fees, and we are trying to not dampen developer activity. I doubt that would be responsive in the development community. Some communities do a dedicated sales tax, such as a quarter percent sales tax for transit to fund their transit system. Revenues that are in our control without the voters are property tax, sales tax, and fees for development projects.

Chair Hughes-Skandijs asked about reauthorizing the special 1% tax and inform people on how we are using that, and if we wanted to dedicate some percentage of the tax, could we do that, since it already exists without going to the voters. Mr. Watt replied that technically you cannot dedicate it, but you can set up a protocol and make it part of your annual process. If we make it part of our annual process in in our budget it could identify property tax or sales tax as you see fit. When we put sales tax on the ballot, and say, "here's what we intend to do for the next 5 years," there is nothing prohibiting the assembly from using those funds in any general-purpose way that it chooses. However, if we tell the voters we're going to do something, and then we do something different, the likelihood they're going to support a ballot initiative in the future plummets.

Mr. Bryson commented that he appreciates Mr. Watt mentioning that the city was starting to become like a bank, because that is an important part of this discussion. Banks want to know when lending money, if you need the money, if yes they will not lend it to you, banks will only loan money you do not need. The other thing that the bank wants to know is how they are getting paid back. Having a few conversations with some people who are developing, some of the actions we are doing are not going to benefit the folks who are trying to do more than what they financially have the capability of at that moment. Their ideas, desires, and ambitions are greater than their bank account. That is where the city comes into play, we are not stifling ingenuity, and the city is encouraging to think outside the box. It is easy to go to the bank and say; I have 25% down cash and would like the bank to finance 75%. We are dealing with all of the projects that are outside of that realm and what we are trying to do is not dissuade anybody that is not cash heavy but has practical solutions, because the solutions are as important as the funding source. We are not benefiting the cash-heavy developers. All of these projects and programs that we are talking about are going to be people that are taking on a bigger project than what they are capable of doing themselves. It is important to keep that component in the other part about being a bank. When the city absorbs some of that risk by being the financier, the city financially benefits a little more because we are getting at least a small percentage interest rate on the loans that are revolving loans. It will allow a project to move forward. If the city financing affordable housing component was not there, that project would not move forward and we are getting the benefit of making projects happen. I appreciate the fact that we can be the bank when needed. Mr. Watt replied that our benefit is getting the housing, economic activity, local spending, and getting the local work.

Mr. Ciambor commented that there are incentives for niche programs, developers who have ideas, and want to utilize city funds for them. The other piece to consider is that the city has influence with public-private partnerships. For example, the assisted development project, the city came into a public-private partnership after about 10 years of a stated need and put out an RFP layered with incentives specifically for that purpose. If the assembly wants to be more aggressive with incentives, that is the model to do that. Mr. Watt provided a historical perspective. We had the advocacy group that started working on senior housing, they came to the assembly for 5 to 10 years before the assembly was convinced to financially participate, then we spent several years developing our local formula. We then acquired property, did tax abatement, and then a solicitation. We have property tax abatement and a grant to give us the best project. It was years convincing ourselves that we should be part of making that happen.

Chair Hughes-Skandijs replied that we have this model, and I feel like for all of the work it took to get the momentum going for the senior housing that it seems like something if we could use for housing. I am interested in this as an effective tool. If we want to be, aggressive this is how we could leverage that further. Mr. Ciambor replied that it is project specific. You can use the model to target workforce housing and allocate the grant amount, and change the language to indicate that we need somebody to do workforce housing smattered with low-income housing, and to have the confidence that we have layered enough incentive in it that we are going to find a qualified developer. To start that process, you could look for real estate, that is opportunistic, or you could utilize your land that you already have and that leads in in the Goal B, with the Lands department. Mr. Bleidorn commented that A11 ties into the opportunities at Telephone Hill as the city acquires that site and we learn more about it. There is definitely opportunity for public-private partnerships as we gain control of that property. Mr. Watt commented that with Telephone Hill, diplomatically, we are trying to figure out how hard we put our foot on the gas. It is an incredible opportunity. We have people who will live up there as long as possible. When we started this, we wanted to do a soft landing. We have not decided that people have to move out on any certain date. We are doing the planning with a RFP this spring, development projects take time. Stay focused on the timeline, because it could take a long time, or we could maybe move a little faster, but we are proceeding with caution. Telephone Hill is a once in a lifetime opportunity. The city has about 2-acres airlifted into mixed use zoning downtown. Chair Hughes-Skandijs commented that we want to make sure we are sending a consistent message between committees and reports, because I know at the same time, we are saying yes, no, or definitive ending.

Ms. Woll commented that there is some confusion. She was not under the impression that the assembly, wanting a soft landing, was what was slowing down this project. I feel like we've been using soft landing as a way of saying, "let's not kick people out of their homes until we're ready to build new housing because we don't want to get rid of housing units until we have a plan for more housing units." Maybe there is more agreement on the assembly about that. If we could get on the same page, soft landing does not mean slowing down the project. Chair Hughes-Skandijs replied that this might be a good conversation to have with the full assembly, what we really mean by soft landing. Mr. Watt replied that we would have a consultant on board to do that planning process.

Mr. Bleidorn and Mr. Watt discussed public-private partnerships, such as the Second and Franklin lot, working with the state, and other entities. Chair Hughes-Skandijs asked about magnitude of scale, comparing to the Baranof, how many units. Ms. Cole commented that the more pertinent discussion from a number of units perspective, is how you are capping the cost. If you want a private developer to develop something, the best bang for their buck is luxury condos that is what the get the most return on. If you want workforce housing, you need to stipulate that in the RFP. It is not an issue of how many, but what kind, and those terms would be different. Mr. Ciambor commented that housing based on a workforce model, such as Rooftop Housing, is micro housing, efficiencies and one bedrooms tops. In

order for them to charge affordable housing rate, which they wanted to charge in the \$900 range, because it fits with their model and that's the clientele they wanted, they needed incentives, otherwise their pro forma should \$1,600 a month in rent. They needed that upfront with tax abatement, parking, reduction, and grants to cover that, almost \$600 a month for 20 years. They were not able to get there with that model. They also went ahead with a potential 80 to 100-unit project. When that wasn't penciling out and the incentives were not going to come online very quickly, they went ahead and looked at more of a formal model and looked at a low-income housing tax credit, which would have been slightly lower capped rents at 60-units tops. That is what the tax credit program perceived as the max allowable for our region, but that did not pencil out for them. Mr. Watt commented that the city property is about 12,000 square feet and the state property is about 8,000 square feet. It is high density and there is not a height restriction, many to unlimited units. Telephone Hill has the same zoning. Chair Hughes-Skandijs noted that Second and Franklin may take a long time to acquire and that we need to prioritize, such as focusing on Telephone Hill.

Ms. Woll commented about prioritizing Telephone Hill or is it worth exploring both areas at the same time. Mr. Watt replied that they are different paths. Telephone Hill will have a plan and a consultant with public process. Second and Franklin would need to be decided on and then we could do a RFP. The last time we had public process with that area there was pushback from the neighborhood so they're going to want the opportunity to say, 'why you picking this property,' and usually the best answer is we have looked at all our properties and this is this is the best one and is ready for work.

Ms. Triem commented that she sees Second and Franklin as being different from Telephone Hill in terms of acquiring it from the state and has a different process. It is important to wait. We did eliminate parking requirements on that block. I think that a developer would probably want to provide some parking, that is what the market would demand and if we are limited to the Second and Franklin lot, I think that hampers what interest we might get. Let us wait until we get the other piece, and then think in terms of what goes there, if its luxury, condos, or indicate it has to be something else. I think we can wait on that discussion until we are actually ready to move forward on that.

Ms. Cole commented that we need to rework the priorities in C, so that the PC knows exactly what to tackle after the substantively completed ones are done.

Chair Hughes-Skandijs noted another worksession would be planned this spring.

- 5. **Housing Progress Tracker**
(See comments above).

G. COMMITTEE MEMBER / LIAISON COMMENTS AND QUESTIONS - none

H. STANDING COMMITTEE TOPICS – no discussion at this meeting

- 6. **LHED Committee Goals**
- 7. **Telephone Hill Updates**

I. Supplemental Material - Red Folder Item: Housing Retreat Next Steps

- 8. **Housing Retreat Next Steps**

J. NEXT MEETING DATE - March 6, 2023, 5:00 p.m.

K. ADJOURNMENT – 2:06 p.m.