

# ASSEMBLY LANDS HOUSING AND ECONOMIC DEVELOPMENT MINUTES

August 29, 2022 at 5:00 PM

Assembly Chambers/Zoom Webinar



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## A. CALL TO ORDER

## B. LAND ACKNOWLEDGEMENT

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

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

**Other Assembly Members Present:** Mayor Beth Weldon, Maria Gladziszewski, Christine Woll

**Members Absent:** none

**Liaisons Present:** Mandy Cole, Planning Commission; Chris Mertl, Parks and Recreation

**Liaisons Absent:** Lacey Derr, Docks and Harbors

**Staff Present:** Dan Bleidorn, Lands Manager; Roxie Duckworth, Lands & Resources Specialist; Robert Palmer, City Attorney

**Members of the Public Present:** Jackie Pata, THRHA

## D. APPROVAL OF AGENDA – The agenda was approved as presented

## E. APPROVAL OF MINUTES

### 1. August 8, 2022 LHED Minutes – approved with minor spelling corrections

## F. AGENDA TOPICS

### 2. THRHA Request to Acquire City Property located at Pederson Hill

Dan Bleidorn discussed this topic.

Mr. Bryson asked if this neighborhood would be similar to that of Kanat'a Street, such as in the transition, street service and maintenance, and the way that those properties are owned and taxed, would this create a similar neighborhood to that one. Ms. Pata replied that there will some similarities to the S'it'Tuwan subdivision on Kanat'A. That subdivision was built in 1995 with 50 units, the city donated the property and we paid payment in lieu of taxes for the units that were being managed. There were several different types of housing projects put in there with different sources of funds, and we plan to have multiple sources of programs and funds for this project. This development would include using some of the approaches we did in Glacier Village, funds that the housing gets directly from HUD and other programs. In Kanat'A, some were home ownership, some rentals, but in this new subdivision, we are looking to do as much home ownership as possible. We have been updating our home ownership model so it is more like a mortgage loan for those that can get to that point. Sometimes it is the lease-to-mortgage loan, but we try to initiate that feeling of owning and being responsible for your home upfront. It will be similar to the pilot homes in Kanat'a, with several of those units having reached home ownership and are now on the tax rolls.

Mr. Bryson asked how snow removal and street maintenance are handled in a neighborhood that has some property tax owners and some properties that are not taxes. Ms. Pata replied that those would be CBJ roads and maintained by CBJ.

Wáahlaal Gíidaak asked about timing with a layout in 2023 and by 2024 to have houses started, and was wondering from the CBJ side how soon you would need a decision. It sounds like you have multiple federal and state funds coming, is there a hard deadline that you would need an answer

from us so that you can get that rolling. Ms. Pata replied that several of the grant applications are due this fall by November, and having a commitment of land helps, we get more points in the scoring of grant applications; it would be beneficial to know that before we submit those applications. I can send you a schedule of what that looks like, but there is a number of different grants that we would have to apply for. We are trying to take advantage of any infrastructure grants that are available, either to us directly through the tribe or through the city, as well as other housing grants. We usually have multiple grants in order to help deal with site development costs. Timeline-wise, it depends upon when we get the commitment, because that allows us to leverage those grants and get higher points to score effectively.

PC Cole asked Ms. Pata that the idea would be not to have the land cost rolled into the cost of the house, which means that that a house would be more affordable, but \$450,000 for a 1,200 square foot house feels like market rate, which I could be wrong, because prices have sharply escalated this year. Does the \$450,000 estimate include the amount of money you have to pay to construct those roads, is that why it is more expensive than one might guess. Ms. Pata replied that it depends upon how much we are able to get in grants, if we end up not getting grants for the infrastructure, then, yes, that would include the cost. I understand that a neighborhood is quite expensive to develop with the infrastructure cost to meet the city requirements. What we have done is make a best estimate on the cost of a house right now, but we have rising construction cost and I am hoping that they will come down. We have been building many houses in other communities the last couple of years and have a good handle on what the costs are to be able to make the units still energy-efficient and affordable for the people to live in. The infrastructure seems to be what we do not have a handle on until you get the engineers out on-site for estimates.

Mr. Mertl asked if we are seeing a lot of interest in this neighborhood for housing. Are there any requirements from any applicants, or in the works for CBJ to develop any neighborhood parks in this area, because there is currently no parks in the immediate vicinity? Mr. Bleidorn replied that the application that THRHA submitted mentions the parks that are already part of this subdivision's preliminary plat and they are interested in collaborating with CBJ for development of those parks.

Mr. Bryson asked what the connections to other lands are and if this neighborhood were built, would it allow access to new CBJ land or block something off. Has the city looked at the possibility of the surrounding lands, and what may or may not open up, or close off. Mr. Bleidorn replied that the city does not own property to the east of this that is university property. As this moves forward, we are going to consider those areas, and he would not be surprised if between now and when there is a final plat, one of the cul-de-sac would end up being a right-of-way that is platted to the university property. Karl Reishus Blvd currently has five stub out streets, this would be three, and we still have two, one going towards a property that is currently under investigation by Moline, and then one that goes north to other city property.

Mr. Smith asked if there is an estimate on how many of these properties will be paying property tax. Ms. Pata replied that she could not give an estimate at this time but eventually the majority of them will pay property tax. THRHA used a tax credit program to build in the Glacier Village Subdivision on Valley Blvd. Those were payment in lieu of taxes for 15 years, and now we are conveying them over to homeowners, with those that are choosing to become a homeowner are getting on the tax rolls. Therefore, it usually is about a 15 – 30 year period, where they come back on the tax rolls. The ones out in Kanat'a Street, they started conveying over to be on the tax rolls

around year 25, we are at year 27 now, and still have probably another 18 or so more that will be getting on the tax rolls in the next two years.

Mayor Weldon asked if the homeowner sells, would CBJ get the property tax sooner. Ms. Pata confirmed. Mayor Weldon followed up to ask what happens in this case since we're donating the land, and but it was probably true of the Kanat'a, if for some reason the homeowner defaults who gets the land. Ms. Pata replied if there is a default then it goes back to the housing authority and we would put in another person who is eligible for the program. Mayor Weldon commented that with the low-income tribal citizens and modern income general residents, I am hoping you get enough tax credits for them to afford that those kind of houses. On the moderate-income general residents, could those also be tribal residents. Ms. Pata replied that they could be and similar to the spirit of Kanat'a, at that point when the CBJ gave the land to us we developed the infrastructure and the roads, and every other parcel of land we developed initially houses, we ended up filling in some other lots that were available. The city sold some of those lots and gave some of those lots away to other nonprofits. I remember you had the youth build do a house out there and other lots were sold to private owners who built in between, so that there was that was a mixed housing type of situation. We were hoping to be able to create a mixed housing opportunity in Pederson Hill. Mayor Weldon asked if Ms. Pata would be opposed to a contingency on the donation that they cannot be short-term rental. Ms. Pata replied they would be ok with that.

Chair Hale commented that she would ask of the committee to amend the motion to refer this to the Committee of the Whole. She also asked about the youth build programs and Housing Trust, if they maintains ownership of the land, but the house sells, and then that brings the house price down, I think there might be an opportunity for us to explore something like that here. Ms. Pata replied that Mr. Bleidorn and she have had a little conversation about that. I know the Alaska Housing Finance has done that, and we have not done that because we are really hoping to have true home ownership and make people feel responsible for taking care of their homes. I found that some of the versions of our previous programs, it left people still feeling dependent that the housing authority was going to be the be-all-end-all to their maintenance responsibilities. Potential homeowners are required to go through our financial and maintenance counseling and sessions. We do a lot to prepare them for true home ownership. We are not opposed to looking at this idea depending upon how the numbers come out, and if we cannot get the grants to be able to help us with the development. We are very creative, we also have our community financial institution, we are able to do things that other lenders are not able to do by working directly with each client and packaging a mortgage that can work for them.

**Mr. Bryson moved that the Lands, Housing and Economic Development Committee provide a motion and forward this application to the Full Assembly in accordance with 53.09.270 – Disposals for Public Use. Wáahlaal Gíidaak objected to amend motion to add that this item to be forwarded to both the Committee of the Whole and Full Assembly. Amended motion passed no objections.**

### **3. Telephone Hill Appropriation Ordinance**

Dan Bleidorn discussed this topic. Mr. Bryson asked if there was anything that could stop the transaction or the land conveyance for Telephone Hill. Mr. Bleidorn replied that this would be very complicated to prevent the city for gaining ownership.

Chair Hale asked the purpose of the \$100,000, to give a sense of what we are approving, and why we are approving this expenditure. Mr. Bleidorn replied that an example of the things we could do with this money would be to hire contractors to complete phase one and two environmental studies, which would allow us to know the contaminants on the site, and to inventory the properties. Those are the types of projects that we would hope to get underway with these funds.

Wáahlaal Gíidaak was excited to see that we will be checking for contamination and we are doing our due diligence with this property.

**Wáahlaal Gíidaak moved that the Lands, Housing and Economic Development Committee provide a motion of support for Ordinance 2022-06(b)(K). Motion passed no objections.**

#### **4. Telephone Hill Pending Lease Request**

Dan Bleidorn discussed this topic.

Mr. Smith asked if there is a reason we cannot enter into a lease agreement with the existing nonprofit at Telephone Hill. Mr. Bleidorn replied that there is not but has been informed that we should have, even if it is different lease agreements with that organization, a lease for each of the properties. Mr. Smith followed up to comment that the suggestion based on code to make a decision has a couple points of concern to me. The \$500 per person fee, I hope that not every person has to pay that fee, which would be desirable. It would also be desirable to keep the prices of the lease the same, or as close to possible as they are now, so that we're not ratcheting up a large cost of living increase on these folks who are going through a difficult time as this as this moving forward. By negotiating with the corporation, that would allow us to do lower than fair market value, at least, based on, dealing with a nonprofit, and then maybe keeping that lease cost down. Mr. Bleidorn replied that with the \$500 application fee, he would work with the city attorney's office to see if we can limit that to one application fee for all. When we start talking about the value of these leases the City Manager and Land Office does not have any authority to negotiate leases that will come after the next new business motion from the Assembly once it is received. I think at that point we are going to be looking at this carefully and craft things based on Assembly direction to try to move forward.

Mr. Bryson asked in Mr. Bleidorn's time with the city, could you recall any time that the city has acquired land or housing, and has had to evict Juneau citizens so that they can better use the property, has this ever happened before. Mr. Bleidorn replied that he did not recall a time where the city acquired property and had residents living in it, and then we evicted them and could look into the history of that further and get back to the LHED committee if he finds any examples.

Mr. Bryson followed up to comment that he was talking about fair market value and that we don't want to charge over that, but nothing about what we're doing is fair market value. There are no developers out there evicting people to tear down property. We are in uncharted territory, as opposed to a regular land transaction. Is it possible for us to give the city manager a little bit more leeway. If they were doing any other type of land disposal with private interests at stake, you do fair market value that is how you make it fair for everybody. We never had to evict people from their homes and to me that changes the parameters of what we should be allowed to do. Staff is required by law to follow the owner's manual; we get to use common sense with the city manager

negotiating this lease. I would hope that we could give him an extra level of flexibility and that we are not doing a fair market value transaction. We are signing up people to lease homes on a month-to-month, right before they get to the end of their time in that property to be evicted, there is nothing fair market value going on in that transaction. Chair Hale commented that she has no interest in evicting people. I think that what we are trying to do is come up with a process so that people have the ability and the time to find new housing. We are trying to make that happen and when we talk about fair market value, obviously, nobody wants to ratchet up the rent, but we have to live within our code, and wanted to state that very strongly, because I know what a concern this is for people that live there. I do not think that is the intent of everybody on the Assembly that is why we have used that term soft landing and why we want to work with people. I cannot say this strongly enough that I am concerned about using that term evict, because I do not think that is what anybody wants to do. I think what we're hoping to do is have the ability, through Mr. Bleidorn and Mr. Manager, to provide parameters and work within those with the people on Telephone Hill.

Mr. Smith commented that he would like to work into the new lease agreements some reasonable kind of certainty towards the people signing the lease, that they will know that there will be X number of months' notice before they would need to vacate. I hope that it is enough to give them certainty and to give them time, and hopefully it would not conflict with redevelopment, whatever those plans may be. Chair Hale commented that she is a little concerned that we do not go too far down that road at this committee, because there is so much interest in this at the Assembly level. I think what we might think about at this committee is providing additional ideas and guidance to Mr. Bleidorn and the Mr. Manager, so that the full assembly can take this up. Mr. Bleidorn said, he heard very loud and clear that the assembly is interested in a soft landing, and I think that if we can give some sort of guidance and certainty, to have that come from assembly members at a meeting like this, or at the full assembly meeting. We should give the Manager and Mr. Bleidorn the flexibility to figure that what that might be and then come back to the Assembly.

PC Cole commented that in that same philosophical vein, she does not think CBJ wants to be a residential landlord. I do not think that is what the people want. Mr. Smith had a great idea, which is to direct to the city manager's office, not to negotiate leases with individuals, but with a nonprofit partner who can then work out these details with the parameters that the city provides. We can spare the city from the role of individual residential landlord, which feels like a slippery slope.

Mr. Smith was curious about working with the corporation, if that would keep us from either being the landlord or limit liability. Mr. Palmer replied that there are two options right now available to the residents of Telephone Hill and to the city, and one is for the city to work with the management company; the other is for the city to work directly with the individual tenants. There is pros and cons for each option, probably for all involved. It depends on if the management company is willing to sign a lease for all the tenants and be responsible for them or not. If the management company is not, then the default answer is we have to engage with the individual tenants.

Mr. Mertl asked if the city has done an assessment, and is the current from the Telephone Hill tenants within the realm of fair market value. Mr. Bleidorn replied that the city does not own the property yet and we do not have a lot of information about the leases right now as far as how value goes, and compares to current lease rates. Mr. Mertl followed up to comment that if we do not know this information, being fair to the people that have current leases up there, is there a way that we can transition slowly if there is a significant lease change. If they have been living month to

month, that is a difficult condition to be living and if there were the ability to provide at some minimums or requirements to the length of the lease, I think that would go a long way in appeasing the needs of the residents up there.

Mr. Bryson strongly recommend that if a property management is available to us that we should explore that option. That could provide the most ease for any residents up there, and to not have the city have residential leases. I have had experience on both sides, and I can assure you, having a property manager is a great asset for the city to utilize.

**Mr. Smith amended the motion and moved that the Lands, Housing and Economic Development Committee provide a motion of support for leasing property at Telephone Hill, forward it to the full assembly as new business, with three criteria:**

- 1. That the city aim to establish leases with the tenants as close to possible as the current rental rates exists now.**
- 2. That the city seeks to limit the amount of fees required when we are establishing a lease.**
- 3. The city provide some type of certainty to the tenants that they will have a few months or some compassionate yet reasonable amount of time before they may have to vacate that some type of notice.**

**Motion passed no objections.**

**G. STAFF REPORTS**

**5. City Land Acquisitions and Disposals 2011-2022**

Dan Bleidorn discussed this topic, no questions or comments.

**H. COMMITTEE MEMBER / LIAISON COMMENTS AND QUESTIONS**

**I. STANDING COMMITTEE TOPICS - 2022 LHED Committee Goals**

**6. LHED Committee Goals – no updates**

**J. NEXT MEETING DATE – September 26, 2022**

**K. ADJOURNMENT – 5:52 PM**