

Presented by: The Manager
Presented: 02/27/2023
Drafted by: Manager

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2022-06(b)(AK)(c)

An Ordinance Appropriating \$1,200,000 to the Manager for a Loan for the Ridgeview Subdivision Project; Funding Provided by the Affordable Housing Fund.

WHEREAS, during the 2022 Juneau Affordable Housing Fund solicitation, the City and Borough of Juneau received a proposal from a private development group for a construction loan of \$1,200,000 for 24 apartment units in a multifamily building configuration in the midtown area of Juneau near Juneau International Airport; and

WHEREAS, the scoring team (including a banker and a developer) supported a loan to the private development group with the condition that the loan was collateralized; and

WHEREAS, the developers, Rooftop Properties, LLC, and Glacier Heights, LLC, have proposed that the City and Borough accept real property as collateral for the loan, which property is all or a portion of the land with a street address of 7400 Glacier Highway, a legal description of USS 1568 TRB1, with a total size of 19.71 acres that is zoned D18; and

WHEREAS, prior to executing a loan agreement with CBJ, Rooftop Properties, LLC, and Glacier Heights, LLC, will have secured an appraisal of the Ridgeview Subdivision Project which indicates that project is financially feasible given the housing market situation in Juneau and the Southeast Alaska economy; and

1
2 WHEREAS, CBJ, Rooftop Properties, LLC, and Glacier Heights, LLC agree that the
3 maximum debt allowed between the private commercial loan and the CBJ loan will not exceed a
4 loan to value of 75% of the appraised value of the project; and

5 WHEREAS, CBJ and Rooftop Properties, LLC, and Glacier Heights, LLC agree that since a
6 bank loan will be used for the development project that a loan from CBJ must be secured in a
7 manner that places CBJ's interests after those of the bank, otherwise a bank will not loan on a
8 development project; and

9
10 WHEREAS, given the high demand for housing and the potential benefits for the community
11 if the Ridgeview Subdivision Project is fully developed, the following appropriation terms and
12 conditions are in the best interest of the community.

13 BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

14 **Section 1. Classification.** This ordinance is a noncode ordinance.

15 **Section 2. Appropriation.** There is appropriated to the Manager the sum of
16 \$1,200,000 for a loan to the Ridgeview Subdivision Project.

17 **Section 3. Source of Funds.**

18 Juneau Affordable Housing Fund \$1,200,000

19
20 **Section 4. Loan Purpose and Terms.** The Manager is authorized to negotiate a loan
21 contract with Rooftop Properties, LLC, and Glacier Heights, LLC, with the following essential
22 terms, in addition to other reasonable contractual and financing provisions deemed necessary
23 by the Manager to protect the City and Borough:

24 **(a) Intent.** Housing, especially workforce housing in the midtown area of Juneau near
25 Juneau International Airport, is in high demand. The purpose of this loan is to provide capital in

1
2 the form of a construction loan, secured by a deed of trust, to help encourage and facilitate the
3 development of 24 housing units.

4 **(b) Borrower.** The Developer and Borrower are Rooftop Properties, LLC, and Glacier
5 Heights, LLC, represented by Garrett Johnson, who is a Manager of both these Limited Liability
6 Companies.

7 **(c) Real Property (“Property”).** This appropriation is for 24-unit apartment building
8 on a portion of the following real property:

9
10 USS 1568 TRB1.

11 **(d) Loan Amount.** A construction loan of \$1,200,000 shall be made to Rooftop
12 Properties, LLC, or Glacier Heights, LLC, in a single disbursement.

13 **(e) Payment Term.** Rooftop Properties, LLC, or Glacier Heights, LLC, shall pay CBJ
14 monthly once repayment of the loan commences. Monthly payments shall begin the first business
15 day of the first month that occurs 6 months after a final certificate of occupancy is obtained from
16 the CBJ Building Official. The loan payments shall be calculated on a 25-year amortization
17 schedule and the full amount of the loan shall be due after 10 years of payments (120 monthly
18 payments).

19 **(f) Interest Rate and Calculation.** The loan authorized by the ordinance will be at
20 zero *per cent (0%) per annum* for the first five years of the loan and two per cent (2%) per annum
21 for the remaining five years of the loan. After ten years of payments, the loan shall be repaid in
22 full.

23
24 **(g) Security.** In exchange for the City and Borough providing the loan, Rooftop
25 Properties, LLC, and/or Glacier Heights, LLC, will agree and grant authority to the City and
Borough to secure the loan with a deed of trust conveying the real property. Rooftop Properties,

1
2 LLC, and/or Glacier Heights, LLC, and the City and Borough may renegotiate the terms of the
3 property which provides security for the loan over the life of the loan. Rooftop Properties, LLC,
4 and/or Glacier Heights, LLC further agrees to authorize the City and Borough to secure the loan
5 with liens on any materials purchased with the loaned money; the City and Borough will release
6 the materials liens either upon Rooftop Properties, LLC, and/or Glacier Heights, LLC, completing
7 repayment or upon the permanently installing the materials onto or into the property.
8

9 **(h) Subrogation.** The Manager may subrogate the CBJ's interests to those of the
10 commercial banking lender.

11 **(i) Additional Loan Terms.** The Manager may add additional terms consistent with
12 the intent of this ordinance.

13 **Section 5. Effective Date.** This ordinance shall be effective 30 days after its adoption.

14 Adopted this _____ day of _____ 2023.

15
16
17 _____
Beth A. Weldon, Mayor

18 Attest:

19 _____
20 Elizabeth J. McEwen, Municipal Clerk
21
22
23
24
25