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## MEMORANDUM

**DATE:** April 10, 2024

**TO:** Chair Hale, and Assembly

**FROM:** Joseph Meyers, Housing & Land Use Specialist 

**SUBJECT:** **Housing Programs Annual Update**

### Background

In 2010 the City & Borough of Juneau created the Juneau Affordable Housing Fund (JAHF) to provide gap funding to developers that build housing that is affordable to low- and middle-income residents of Juneau. Establishment of the fund allowed the City & Borough of Juneau to diversify its programming to support housing development and some limited home-ownership opportunities.

On an ongoing basis, staff look at existing program offerings to assess performance and determine if an update is necessary or if there is an opportunity to provide additional programming to meet the needs of the community. To date there are three programs (JAHF Competition, Accessory Dwelling Unit (ADU) Grant Program, Mobile Home Down Payment Assistance Program) that operate under the JAHF. Below is a summary of each program and their status.

In addition, there are updates below on new initiatives: Juneau Housing Library, Housing Tracker, and the First Time Homebuyer Down Payment Assistance Program.

### Juneau Affordable Housing Fund

#### **Overview**

All projects approved for funding through the Juneau Affordable Housing Fund (JAHF) are listed on the [Juneau Affordable Housing Fund Dashboard](#). A requirement of the JAHF is that funding recipients provide an annual update to staff on project status by March 31, of the year after receipt of funding. Notices were sent to funding recipients on February 14, 2024, requesting submittal of project updates. A reminder was sent to all applicants two weeks prior to the reporting deadline.

A full list of funding recipients is available in **Attachment A** of your packet. The full progress update memos are in **Attachment B** of your packet. Below are the project summaries submitted.

- **Ridgeview** – Ridgeview is nearing completion on the construction of the first 24 units of a larger multi-building, multi-family housing development. Certificates of occupancy are anticipated in mid-June 2024. According to the developer, *“The inherent risks to developing housing are*

*reasons to hesitate on any development; but the Juneau area presents several additional risks that likely would have not been justified with the added risk of higher interest rates. The JAHF loan provided a reasonable buffer to these risks that justified moving the project forward. We likely would have hit pause or even cancelled the project without the loan".* Six of the first 24-units have been sold as of the writing of this report with one additional sale pending.

- **THRHA** – Kowee Phase 1, (aka Séet Kanax̄ Dutéen subdivision). This project is seeking to develop ten, 2–4-bedroom homes for purchase by May 2026 (3 years from grant award) which will serve Native Alaskan families who make 80% or less of median family income. They have completed their Environmental Review and are in the process of early engineering and a traffic impact analysis (TIA) for the site. The next step for this project is to apply for discretionary land use permits with approval through the Planning Commission. A subdivision application (SMP2024 0001) has been received by the Community Development Department for subdivision of the tract into single-family lots.

- **Gastineau Lodge Apartments** – This project received \$700,000 for construction of Gastineau Lodge Apartments, a six-story, 72-unit apartment building on Gastineau Avenue.

The applicant reports progress on this project indicating that, “the program has helped our project progress beyond the conceptual and idea stage. Without these funds, we would not have been able to develop this project”. This funding has helped the applicant secure a contract with Northwind Architects for professional services. The project received a conditional use permit (USE2023 0008) in December 2023 from the Planning Commission. This permit has several conditions. One requirement, “Prior to issuance of a Building Permit, an agreement shall be reached with Capital City Fire and Rescue (CCFR) to satisfy emergency response requirements”. No update has been received regarding progress on the conditions of this permit. A lot consolidation application is pending for the three lots comprising this project site.

- **AWARE** – This report is the final required report for this project. This project was completed and began serving the community in September of 2023 with seven new units of affordable housing for survivors of domestic violence.
- **Juneau Housing First Collaborative dba The Glory Hall** –
  - **247 S. Franklin (formerly the Glory Hall):** The applicant has expended all CBJ funding. Units are expected to come to market in June/July of 2024. Rents will be held at the HUD Fair Market rate (40% AMI). According to the applicant, “The funding is helping to renovate old shelter into 7 units of housing and helped to attract 1.6 million dollars in private funds.”
  - **Forget-Me-Not Manor Phase 3:** The applicant has expended \$300,000 on project design and long lead items and has secured \$4.7 million in total funding so far toward project completion. The project is scheduled to begin construction at the end of April 2024. This funding has helped the applicant to obtain 28 sponsor-based housing vouchers and over \$4 million in non-local funds. Rents for these units will be 30% of applicant income. For those without income, rent will be \$50 per month.
- **St Vincent de Paul** – Funding from the JAHF helped SVdP to complete life safety improvements on its Teal Street facilities. These upgrades include replacement of fire escapes and fire

suppression systems. This funding had a direct impact on ensuring the sustainability of 55-housing units for at-risk, low-income, members of the community.

Round Three of the Affordable Housing Fund resulted in the awarding of funds to two projects;

- **Chilkat Vistas, LLC** – three, 16-unit apartment buildings with a total of 48 units. 14 of these units must be rented at \$1,400 per month adjusted for inflation, and 31-units must be available to rent for those making 80% or less of the area median income for the duration of the loan.
- **Coogan Alaska, LLC** – one, 18-unit apartment building with a total of 18 units. All 18 units will be rented at \$1,400 per month adjusted for inflation for the life of the loan.

Final contracts for both projects are currently in progress.

### ***JAHF Guidelines Update and Codification***

The Juneau Affordable Housing Fund has established guidelines for this program, which have been refined since its creation. However, as a means of safeguarding public money and providing more transparency, the Assembly has recently chosen to codify these guidelines. Codifying these guidelines is a step toward increasing the consistency, reliability, and longevity of this funding source for the community. An additional step to that end would be to dedicate \$3 million annually to the JAHF, which is in line with the [2016 Housing Action Plan](#) recommendation.

### **Accessory Dwelling Unit (ADU) Grant Program**

The ADU Grant program was updated in June of 2023 to include a prohibition on short-term rentals, a longer timeframe for the applicant to attain a Certificate of Occupancy, and to increase the grant award amount to \$13,500. Since July 2023, only one grant has been applied for as of the writing of this memo. Two press releases related to the program have been issued, one in the summer of 2023, and one in the winter of 2024. Both solicitations received a significant volume of inquiries. However, in discussions with potential applicants, some barriers were identified:

1. The amount of funding on offer is generally perceived as not enough to offset large expense to construct and accessory dwelling unit (roughly \$100,000).
2. About a half dozen inquiries owned a duplex or other multifamily development where zoning code currently does not currently allow the addition of accessory dwelling units. (An ADU code update is in process that would address this scenario.)

Raising the grant amount to \$50,000 would narrow the gap that homeowners face when developing an ADU. This is on par with per unit funding from the Juneau Affordable Housing Fund which is available to public and private developers.

### **Mobile Home Down Payment Assistance Program**

This program is in the process of being updated to increase the dollar amount of the CBJ match from \$10,000 to \$20,000 and change the name of the program to the Manufactured Home Down Payment Assistance Program to reflect current terminology in the housing industry. This program went to the Lands, Housing, and Economic Development Committee on January 29, 2024, and is pending a visit to the Assembly on April 29<sup>th</sup> for final approval.

### **Juneau Housing Library**

Staff has reviewed CDD archives and uploaded more than a dozen documents dating back to 1972 discussing the housing dynamics within the CBJ which documented the ongoing challenge of housing

development in Juneau. You can view the Juneau Housing Library [here](#). Additional elements of the library are being considered, including a data center, updated annually, to show data relevant to housing in Juneau.

**Housing Progress Tracker**

The [Housing Progress Tracker](#) provides options for future actions by the Assembly. These actions came from the Housing Action Plan, Housing and Development Taskforce, and from the Assembly Annual Retreat.

**First Time Homebuyer Down Payment Assistance Program**

Staff is in the process of developing a first-time homebuyer down-payment assistance program with True North Federal Credit Union. This program will be brought before the Lands, Housing, and Economic Development Committee as early as this spring.

<b>Attachments</b>	<b>Item description</b>
<b>Attachment A</b>	List of Funding Recipients to Date
<b>Attachment B</b>	Annual Recipient Progress Reports