



City and Borough of Juneau
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TO: Deputy Mayor Hale and Assembly Committee of the Whole
DATE: May 6, 2024
FROM: Robert Barr, Deputy City Manager
RE: Ridgeview Development Update

The Ridgeview Development loan ordinance ([Ord. 2022-06\(b\)\(AK\)\(c\)](#)) was adopted by the Assembly in May of 2023 and contractual terms between the Developer and Manager were finalized in July of 2023.

At that time, the Assembly struggled with a challenging policy decision regarding whether to include an affordability requirement in the loan terms. CBJ loans to housing developers are always complex. Staff and ultimately the Assembly must balance the financial likelihood of the development with the inclusion of desired community purpose elements, such as affordability, parking, etc¹.

For the Ridgeview Development, the Assembly, concurring with the recommendation of the Manager, landed on ensuring the success of the development. Since then, the developers have rapidly constructed a 24-unit multifamily housing building and are continuing to develop the site and site infrastructure for future phases.

While we originally envisioned apartments at this site, the developers shifted to condominiums. Our loan ordinance permits this; however, it also requires the loan continue to be collateralized with the value of the property. As the developer sells condos, the value of their remaining property decreases as portions of it are shifted into cash. Our consent is required for these sales to happen so that we can minimize risk to public funds.

The current loan contains a 10-year payback period: 5 years at 0% interest, and then 5 years at 2% interest with a balloon payment at the end.

We plan to work on new loan terms, within the bounds of the original ordinance, at a high level that accomplish two things:

- 1) Sufficient collateral – as condos are sold, the collateral and loan-to-value ratio changes to balance commercial and CBJ risk against the remaining amounts of the loans.
- 2) Future development – enables the developer to continue with additional phases of housing.

Recommendation:

Information only at this time

¹ Those who were tracking in 2016 will recall a failed development project with Eagle Rock Ventures at 2nd & Franklin, due primarily to parking concerns that the Assembly has since addressed.