

# ASSEMBLY LANDS HOUSING AND ECONOMIC DEVELOPMENT MINUTES

November 07, 2022 at 5:00 PM

Assembly Chambers/Zoom Webinar



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**A. CALL TO ORDER** - Chair Hughes-Skandijs called the meeting to order at 5:00 pm.

**B. LAND ACKNOWLEDGEMENT**

**C. ROLL CALL**

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

**Other Assembly Members Present:** Michelle Hale

**Members Absent:** none

**Liaisons Present:** Lacey Derr, Docks and Harbors; Mandy Cole, Planning Commission

**Liaisons Absent:** Chris Mertl, Parks and Recreation

**Staff Present:** Dan Bleidorn, Lands Manager; Roxie Duckworth, Lands & Resources Specialist; Alix Pierce, Tourism Manager

**Members of the Public Present:** Christopher Burton, Taku Terrace Condominium Association; Liz Perry, President/CEO Travel Juneau

**D. APPROVAL OF AGENDA** – approved as presented, no changes

**E. APPROVAL OF MINUTES - September 26, 2022 Draft Minutes**

1. 09 26 2022 LHED Meeting Draft Minutes – approved, no changes

**F. AGENDA TOPICS**

2. Huna Totem Corporation Lease  
Mr. Bleidorn discussed this topic.

**Mr. Bryson moved that the Lands, Housing, and Economic Development Committee forward this application to the Committee of the Whole with a motion of support to work with Huna Totem Corporation in accordance with city code 53.09.260. Motion passed no objections.**

3. Taku Terrace Association Request to Purchase City Property Continuation  
Mr. Bleidorn discussed this topic.

Mr. Bryson asked about fair market value for this property. Mr. Bleidorn replied that it is difficult to find property values for condo associations. We had an appraisal done in the early 2000s and it was something like \$1000 to \$1,200 per month, not having that value readily available. This is what the value would have been if we continued the lease at fair market value. The information we have now is from the appraisal that the applicant provided from 2019, which said the fee simple value of the property was \$411,600. Mr. Bryson asked if the city were not comfortable selling the land at \$150,000, what would be the price point that the city be comfortable selling the land at. Mr. Bleidorn replied that an appraisal would be needed, and in this case, the appraisal we have is from 2019. If we were going to determine fair market value, we would want to have a new appraisal completed, that could be of value to the Taku Terrace Association, because they did bring up a point that the appraisal may not have included information on the easement that runs to the adjacent property, including that it could change the value.

Ms. Woll asked if we are allowed to dispose of the property for less than fee simple value. Mr. Bleidorn replied that city code is specific that the city does not sell property for less than fair market value unless it is to a government agency or a nonprofit that is providing a service that could otherwise be provided by the city and the assembly. It is just a matter of determining fair market value. The condo association was making the point that \$150,000 is fair market value, because we have this lease holding, which is

where they are originally coming from. Reviewing this and knowledge of other city properties, it seems too far apart from the fee simple value.

Wáahlaal Gíidaak asked Mr. Burton about their recommendation, that there might be an opportunity for Taku Terrace to come back and offer a different amount for this property. Mr. Burton replied that they would consider a counter offer or something in between the two numbers. He did not think that they meant to apply that a counteroffer was off the table. He thinks that the appraisal contains two numbers, the number at the front of the appraisal for \$411,600, it also contains information at the back of the table, including the leasehold interest, where the appraisers are recommending that we offer somewhere between \$150,000 and \$200,000 for the purchase of the property. The Board of Directors for the association is willing to negotiate. We just believe that the fee simple amount is too high, considering the circumstances with the property itself and the lack of access to the property.

PC Cole asked Mr. Burton about the land lock issue and was looking to understand the argument for the \$150,000 proposal in the association's letter. Taku Terrace has made ground improvements, the parcel is landlocked, the city values affordable housing, and that the sale is in jeopardy based on the lease. Affordable housing and saleability do not seem to directly affect the price in Ms. Cole's view. Mr. Burton replied that originally when the city offered the property for lease to the developer it did not contain any physical access to the property. That land parcel is landlocked and the city provided no option to access the property at the time of the original lease. The developer had to negotiate with an adjoining property for an ongoing easement agreement that is still directly linked to the cost of property taxes. We are paying an ongoing fee per square foot, based on property tax rates to have physical access and parking to the property. That has been ongoing and will be perpetual until the end of the lease agreement. Someone mentioned about the term of the lease, and I will throw this in as a note that lending bodies require a 15-year period beyond the mortgage period. For example, if someone wants to put a 30-year mortgage on a condo, in order to get approval the lease agreement would have to be a minimum of 45-years because the lenders are requiring a fifteen-year addition to the long term. The problem that we have run into at Taku Terrace is that we would probably need another 90-year lease and it has been made clear to me, unless I misunderstood, that the city does not write long-term leases like that any longer. At some point, the condo association and the city are going to have to come to an agreement about a purchase for the property. I think the association is just asking that that particular burden be reasonable and consider the improvements that were made to the property, the fact that we have a permanent financial burden for access to the property, and that we have remained one of the affordable options downtown. We are facing challenges because the buildings are older, we are going to need additional improvements, and fuel prices have caused a fuel surcharge to the association. I think there is just a number of factors that are worth considering in in this particular transaction.

Ms. Woll commented about the idea of a longer-term lease, is that a potential option. Mr. Bleidorn replied that city code specifies that we should not have leases longer than 35 years, but it also specifies that the assembly can determine terms and conditions, by ordinance including an extended term. There are definitely options for a longer term lease, financially speaking, that could make sense for the city, because if we renegotiate the lease it's going to be for fair market value, because this isn't affordable housing, it's market rate housing, there's no stipulation that keeps it affordable. With the section of code that deals with leases that are fair market value, instead of \$300 a month, it would go to fair market value and it would remain in the land portfolio holdings at the city, which could allow for revenue generation. However, it did not seem like that option would work out for both parties.

Ms. Hale shared a few thoughts and has spoken with a couple of residents at Taku Terrace. While it is not technically affordable housing, it is more affordable than a lot of housing downtown, the prices are

reasonable and I find that the assembly is in the position that has actually caused housing prices to go up everywhere because we are following the rules, and that is what we want to do. I am a rule follower, as you know, but by following the rules we would be making this more expensive, and I it gives me heartburn, but I also do not want to carve off a special dispensation for this this entity. One possibility that thought I had that might work out, but would take another year because the affordable housing application period is closed, but one possibility might be to apply for a zero interest loan through the affordable housing fund to make up that balance between the \$150,000 and \$411,000. That is just one possibility, perhaps if a new appraisal is sought that might be something that could happen next year.

Mr. Bryson asked if this is not the only piece of privately owned property that is affected by a corner or a small piece of city property. As we correct the land use through this community, we are going to run into more instances of the city land drawn underneath somebody's house or a corner on a map that is in the wrong location, we are going to run into little overlaps. Would there be a way that we could simplify fixing these issues. We are going to run into issues where every time we have a lot that connects to a private property lot, or every single 1,000 square feet of land that we discussed goes through this process. People are trying to buy little chunks of CBJ property to make their lives easier, and buying a piece of land from the city seems to be like the most difficult thing that I've encountered being on the assembly. What could we do to help fix some of these problems here as they continuously come up. Mr. Bleidorn replied that it is rare that there is a building that is privately owned that is on city owned property. Comparing this to something like the next application that we are going to review, it is kind of apples to oranges, and I think the property that you are finding so difficult to dispose of is because it is in the land management plan as retain. The assembly has already adopted the land management plan, saying that that property should not be sold. In this case, it is actually in the land management plan as retain/dispose. When this came up in 2019, we realized that the property number and the land management plan was incorrect, and this was swapped with the fire station land number. We went through that process in 2019 to allow for this disposal. We see many applications for adjacent property owners that want to buy city property, and sometimes it's straightforward, and it's in the adopted plans that say we can dispose of it, and sometimes it's not because it's in the adopted plans as retain.

Chair Hughes-Skandijs commented that she did some digging into the prior committees with this tough topic and is inclined to go forward with the denial for this meeting and was intrigued by Ms. Hale's idea of a zero interest loan.

**Mr. Bryson made an amended motion to have staff renegotiate with the original proposer to try to get the city and the applicant to come to an agreement on a price.**

Chair Hughes-Skandijs objected to the motion.

Ms. Woll objected and comment that this motion does not give staff enough sideboards around what they would be doing. We would probably need to tell them that if we go in that direction what price we are trying to get to with more clarity.

Mr. Bryson added to his motion to include that staff negotiate up to the amount of \$394,000 as the maximum and would set the conditions with a new appraisal and that the amount of revenue collected over the entire lease period would be the maximum sale price. There would be a maximum sale price based off an appraisal.

Wáahlaal Gíidaak objected and commented that she was uncomfortable and that we do not know enough to be able to put that type of sideboard on the motion. We do not have the updated

information in front of us and I am hesitant to make it \$394,000 without having an official appraisal in front of us that gives us an indication of what the price is sitting at today. I will be a no vote on this particular proposal, just because it feels like we need a little bit more information.

Chair Hughes-Skandijs commented that it is not lost on her the amount of staff time already spent on this issue and makes her uncomfortable. It makes her consider that, like some many of our departments, if Mr. Bleidorn is spending his time on this in terms of connecting this to the need of housing, he is not working on other issues. There is an opportunity cost when we go way down the rabbit hole trying to accommodate things that are pre-existing. It sort of feels like subsidizing at the expense of other parts of town. Addressing Mr. Bleidorn, if the committee did deny this tonight could Taku Terrace approach the city with a different number or approach for full price. Mr. Bleidorn replied that with this round of negotiations, they sent directly to the assembly, and then we brought it here to committee. So if they have another offer, if this one's declined, they can definitely bring it forward, and we'll be back here again with that number. Chair Hughes-Skandijs maintains her objection.

PC Cole commented that because there is a regulation to sell at fair market value, we're not negotiating the cost to be helpful to the landowners, we're negotiating what is the fair market value of this land, and it's a small point, but it's an important point, because then it puts everything else that we negotiate and at risk, just to ensure that if they're coming in at \$150,000, that it's clearly \$150,000 for a reason that that's the fair market value of this land.

**Full-amended motion from Mr. Bryson: he moved to have staff negotiate with the original proposer with the maximum sale price of \$394,000 upon completion of a new appraisal.  
Motion fails (Woll, Wáahlaal Gíidaak, and Hughes-Skandijs nays, Bryson – yay).**

**Ms. Woll moved that a motion to deny the Taku Terrace Association's request to purchase city property for \$150,000. Motion passes no objections.**

Ms. Woll spoke to her motion that it leaves open to determine the fair market value of this property.

4. **Parise Request to Purchase City Property**  
Mr. Bleidorn discussed this topic.

Ms. Woll noted that the memo mentioned that the other adjacent neighbor applicant stated that they already have an access easement across the property, unbeknownst to CBJ, does that mean they do, and we did not know it, or we do not know if they have it. Mr. Bleidorn replied that they provided a document that showed a driveway through the city property that was servicing their property at the time that they had acquired their property. This was owned by the State at this time, and it was a platted right-of-way before it became a property in the city parks holdings. There is still a little bit of research that needs to be done, but they believe that they have access through this city property that the original application, which shows kind of a berm and a bank and lifting it up, and would potentially prevent that property from having the access that they think they have. More investigation on that will be coming forward, depending on what we receive from the committee tonight.

Mr. Bryson asked to confirm that this whole issue is about somebody wanting to get better parking access to their property; this is what started this land purchase request, so they could have better driveway access. Then the property on the other side of this has an easement that allows them to use this city piece of land to and to improve their parking on the other side. So I think I understand that Mr. Parise is asking for is almost identical to what the neighbor across the property has. Mr. Bleidorn replied

that sounds correct, although we have not proven that the adjacent property has an easement through this property, and both properties have legal road frontage and access through the highway, which is also part of the issue.

PC Cole commented that the Planning Commission spent a while on this a couple of weeks ago and there were a few things that were important. The retain designation is critical in this, we have marked it retain. We either need to change the retain designation or not retain it. Then, again, we would put all retained city lands in question if we decide to dispose of this piece. The second issue is, of course, that the abutter, the other neighbor, would like a competitive process, or at least showed interest in that. Then the third issue, as Mr. Bleidorn just mentioned, is that both properties have access to their properties from the road. They do not like their access, or at least one of them does not like their access, and to fix it would cost a lot of money. The Planning Commission looked at and weighed these issues during this hearing.

**Ms. Woll moved that the application to purchase city property be denied. Motion passes.**

Ms. Woll spoke to her motion that she was originally in favor but after hearing about the dispute about who should it be disposed to, it doesn't make sense to go the way what we were planning on going. Mr. Bleidorn noted that Mr. Bryson brought up an interesting point about the easement and as we look at city code, which is something we will consider again in the future if that becomes a possibility to not rule that out. As we are continuing to look at these things and try to find efficiencies and try to make things that make sense happen.

**G. INFORMATION ITEMS**

5. Travel Juneau Quarterly Update  
Ms. Perry discussed this topic.
6. Visitor Industry Task Force Implementation Update  
Ms. Pierce discussed this topic.

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

No updates.

**I. STANDING COMMITTEE TOPICS**

7. Telephone Hill Updates  
Mr. Bleidorn gave a brief update that he is working on a draft lease agreement that he will bring back to the committee at a future meeting.
8. LHED Committee Goals  
No updates.

**J. NEXT MEETING DATE - November 28, 2022**

**K. RED FOLDER ITEMS**

9. Taku Terrace Follow-up Letter
10. Visitor Industry Task Force Quarterly Update

**L. ADJOURNMENT**

ADA accommodations available upon request: Please contact the Clerk's office 36 hours prior to any meeting so arrangements can be made for closed captioning or sign language interpreter services depending on the meeting format. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: [city.clerk@juneau.org](mailto:city.clerk@juneau.org).