



May 7, 2022

Re: Taku Terrace Association, Purchase Offer

Dear Mr. Bleidorn,

The Taku Terrace Association would like to submit the following offer to purchase the land located at 1220 Glacier Avenue, currently under lease from the city. The Association would like to make an offer of \$150,000.00 as a cash purchase. The Board of Directors believe that the information in the original appraisal provided is still applicable in determining a market value. Based on the information provided on page 22 of the appraisal and discount table, the Association believes that an offer closer to the 5% discount rate would be appropriate based on the appraisal itself and the following items that were not fully accounted for in the appraisal:

- Ground development and improvement: The land became available due to the soil conditions that made the parcel unusable for the needs and requirements of the cemetery. The water levels and bog nature of the parcel had to be corrected. The builder undertook extensive corrective action to bring the parcel up to a standard that would allow the construction of the condominiums. This action represents a substantial investment in the parcel.
- Land locked: The parcel is entirely land locked. At the time of lease, the city made no provision for any kind of physical access to the property. This created a situation where the Association had to enter into an easement agreement that creates a permanent and ongoing cost to the Association. The current easement agreement is at a cost greater than the lease itself. The Association will have a perpetual annual cost to maintain access or will be required to spend additional funding to secure/purchase additional property for access.

- Affordable Housing: The City and Borough of Juneau have repeatedly supported maintaining and creating affordable housing in the city. This sale, at a reasonable price, would be in line with that objective. Based on current market rates and condo sales, Taku Terrace remains an affordable option for this area. An inflated purchase price for the land would undermine this status.
- Salability: It is important for a city to have a thriving housing market and competition. The current land lease presents difficulty in obtaining financing options for buyers. Multiple lending sources require a lease term that extends 15 years beyond the term of the financing. At this time, a typical 30-year mortgage is troublesome to acquire on this property. In order to maintain value and salability, a direct purchase at a reasonable price is the best option to maintain the value status of the property and support affordable financing and housing options to the community.

In sum, the Association believes that this offer is reasonable and would be representative of the market value of the land and the objectives and goals of The City and Borough of Juneau. We respectfully request that you and your team evaluate the proposal and information available. We look forward to your reply.

Regards,

Christopher Burton, Property Manager

Taku Terrace Association