

Presented by: Joseph Meyers  
Presented:  
Drafted by: S. Layne

## RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

### Serial No. 3030

#### **A Resolution Amending the Accessory Apartment Grant Incentive Program Criteria.**

WHEREAS, consistent with the CBJ Housing Action Plan, to ensure a healthy housing market, the City and Borough of Juneau (CBJ) needs to spend its own resources to create more housing for young families, workers, and seniors; and

WHEREAS, in 2015, the Assembly established an accessory apartment grant pilot program with \$72,000 in \$6,000 individual grants, which resulted in 12 new accessory apartments; and

WHEREAS, by early 2017, the \$72,000 pilot program created more than \$1,000,000 in development, which is recognized through property taxes; and

WHEREAS, because of the success of the pilot program, the Assembly appropriated \$480,000 as funding for the Accessory Apartment Grant Incentive Program for five years via Ordinance 2017-06(AD); and

WHEREAS, the Accessory Apartment Grant Incentive Program criteria has been amended to clarify that the Assembly's intent is to create accessory apartments for long-term rental use, and not for short term rental use; and

WHEREAS, the CBJ Lands Housing and Economic Development Committee (LHEDC) made a motion of support of modifications to the Accessory Apartment Grant Incentive Program including structural and funding amount changes, and a name change to the "Accessory Dwelling Unit" Grant Program.

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

**Section 1. Accessory Dwelling Unit Grant Program.** The following program criteria governs new Accessory Dwelling Unit Grants:

- A. Intent.** The Accessory Dwelling Unit Grant Program is intended to provide encouragement for homeowners to add an accessory dwelling unit (ADU) to their home, furthering the creation of affordable housing. This two-tiered program provides homeowners flexibility by offering two grant tiers with different levels of commitment. Applicants may choose either Tier 1 (\$13,500) or Tier 2 (\$50,000).
- B. Availability.** Grants are limited based on available funding. The CBJ is free to reduce or eliminate the funding for this program. Applicants do not vest any rights

in this program. Funding for this program is provided by the Juneau Affordable Housing Fund.

**C. Preliminary Eligibility Requirements to Apply.**

1. One grant per property;
2. Applicant must be a Juneau resident whose principal residence is within the borough of Juneau;
3. Applicant must be the property owner(s) and at least 18 years of age;
4. No outstanding code enforcement cases can exist on the subject property;
5. Only new accessory dwelling units are eligible for this incentive program;
6. Building permit and grant application must be compliant with applicable federal, state, and municipal codes, laws, and regulations; and Grant Criteria; and
7. Applicant can only apply for the grant program concurrently with a building permit application; applications received after submittal of a building permit will not be accepted.

**D. General Eligibility for Award.**

1. Must pass final inspection within two years of issuance of associated building permit.
2. Receive a full Certificate of Occupancy within two years from issuance of the building permit. A Temporary Certificate of Occupancy is insufficient.
3. The grant is non-transferable; therefore, if there is a conveyance of property prior to awarding this grant, this application becomes null and void. If a conveyance of property occurs after receipt of the grant award, Section F of this resolution applies.
4. Provide photos of the unit interior and exterior upon receipt of CO and prior to award. Photos must show the kitchen, bathroom(s), and a view of the unit from the street.
5. Property taxes and assessments, including bonds, must be in good standing.
6. Tier 1:
  - a. Record a deed restriction agreeing not to rent the resulting unit as a short-term rental for three (3) years from the date of issuance of the certificate of occupancy;
  - b. A default would cause the property owner to owe the CBJ the grant award;
  - c. A short-term rental means a dwelling unit, or portion of a dwelling unit, offered for overnight occupancy in exchange for a fee and that is available for rent for fewer than 30 consecutive days; and
7. Tier 2:
  - a. Record a deed restriction agreeing not to rent the resulting unit as a short-term rental for ten (10) years from date of issuance of the certificate of occupancy;
  - b. A default would cause the property owner to owe the CBJ the grant award;

- c. A short-term rental means a dwelling unit, or portion of a dwelling unit, offered for overnight occupancy in exchange for a fee and that is available for rent for fewer than 30 consecutive days;
- d. Record a deed restriction agreeing to rent the resulting unit at 60% AMI or less from date of issuance of the certificate of occupancy for ten (10) years.

**E. Application and Disbursement Process.**

- 1. Property owners shall complete an Accessory Dwelling Unit Grant application concurrently with a Building Permit application for an accessory dwelling unit. Applications are accepted at the CBJ Permit Center on the 4th floor of the Marine View Building, located at 230 South Franklin Street.
- 2. Availability of funding currently allows for 16 grant awards for Tier 1 and eight (8) grant awards for Tier 2, per fiscal year, beginning FY24. Applications are received on a first-come, first-served basis. Grant application approval will be determined by the Community Development Department; approval is subject to meeting preliminary eligibility requirements. The first 24 eligible applicants will be awarded after meeting the final eligibility for award requirements. After the first 24 applications have been received, eligible applicants will be placed on a waitlist in the event more funding becomes available, or an applicant on the primary list fails to meet award eligibility requirements.
- 3. Grant proceeds will be disbursed after a Certificate of Occupancy is issued by the CBJ Building Division, within the two-year timeframe, and all other award eligibility requirements are met. Temporary Certificates of Occupancy are insufficient to receive an incentive grant award.
- 4. Grant awards will be paid with vendor account created for each recipient and be paid on the next payment cycle after award.

- F. Conveyance.** If the applicant conveys the property prior to the end of the deed-restricted period, the applicant shall provide written notice to CDD and;
- i. Tier 1: The applicant shall pay back \$4,500 for each year remaining of the three-year deed restriction period, up to \$13,500
  - ii. Tier 2: The applicant shall pay back the entire grant less 10% for each year that the property was in compliance with the ten-year deed restriction period, up to \$50,000

- A. Final Inspections.** Applicants are cautioned that the building inspection process may take more time to complete than one may anticipate. Depending on the season, inspectors may be unable to respond rapidly to a request for an inspection. Please allow adequate time after inspections to make necessary corrections. Final inspections should be scheduled at least one month in advance of the two-year deadline.

**B. Income and Taxes.** Applicant is solely responsible for any tax implications upon receiving this incentive grant and should consult their tax professional.

**Section 2. Effective Date.** This resolution shall be effective immediately after its adoption.

Adopted this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

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Beth A. Weldon, Mayor

Attest:

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Elizabeth J. McEwen, Municipal Clerk