



City and Borough of Juneau
City & Borough Manager's Office
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TO: Deputy Mayor Hale and Committee of the Whole
DATE: May 29, 2024
FROM: Katie Koester, City Manager
RE: Telephone Hill Redevelopment

The purpose of this memo is to provide context for the attached presentation on Telephone Hill Redevelopment. Staff is looking for direction on how much affordability you want to build into the project. This will dictate how much the project is subsidized by city development and/or city dollars.

Rough order of magnitude cost estimate puts a 155 unit development at \$52 million. At the high end, a 700 square foot unit will cost \$350,000 all in to develop. An 80% AMI purchase price for that unit in Juneau is \$232,000ⁱ, which means that unit will need \$118,000 in subsidy to be affordable. Affordable Housing Fund Guidelines dictate that 20% of units in a development need to meet the 80% AMI standard, however the Assembly may want to increase that density for this project. Think of it as a spectrum where the more units that are rent regulated at 80% AMI, the more city investment will likely be required.

31 Units (20% of Development)	78 Units (50% of Development)	155 Units (100% of Development)
\$3.66M	-----\$9.2M-----	-----\$18.3M

Development Incentives

Staff will use the direction from this meeting to draft a developer outreach strategy including potential incentives. For example, the City could take the lead on site preparation (road alignment, demolition, and leveling the site) at a cost estimate of \$5M. Other options include leveraging the project with a per unit subsidy, tax abatement, and/or conveyance of the land with certain terms and conditions met.

Recommendation:

Discuss and provide feedback on the following:

- What percentage of the development does the Assembly want to be affordable?
- Is 80% AMI the target audience? (80% AMI = annual income of \$68,480 for a single person for 2023)
- What development incentives is the Assembly comfortable with?

ⁱ Calculated using [Zillow affordability calculator](#) with 80% AMI for 1 person household: