

MEMORANDUM

CITY/BOROUGH OF JUNEAU

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TO: Mayor Weldon and the Borough Assembly
FROM: Dan Bleidorn, Lands and Resources Manager
THROUGH: Katie Koester, City Manager
SUBJECT: CBJ Led Development Projects
DATE: November 29, 2023

The purpose of this memo is to provide a brief history of recent land disposals and to provide an overview of ongoing land disposal and development projects related to the 2023 Assembly goals. In the last 10 years the Assembly has authorized the disposal of 52 properties, most notably 16 lots at Pederson Hill, the remaining 17 lots at South Lena Subdivision, four lots in the Renninger Subdivision, two properties in Lemon Creek on Shaune Drive and Commercial Blvd to the Alaska Brewing Co., 139 S Franklin Street to Franklin Foods LLC., and most recently a 10-acre lot to the Tlingit Haida Regional Housing Authority (THRHA). There continues to be a steady flow of applications from residents for easements, leases or to acquire CBJ property. Remaining large tracts of disposable land in the CBJ portfolio will likely require planning and infrastructure construction prior to, or as a stipulation of, disposal.

Past CBJ led development projects:

South Lena Subdivision: This subdivision was in part completed as a result of the Ted Stevens Marine Research Institute access road being constructed. Final Plat was signed in 2006 and 32 lots were sold in 2007. A total of 47 lots were sold in this subdivision, the final lot being sold in 2018.

Renninger Subdivision: Final Plat was recorded in 2015 after CBJ led the design and construction of Renninger Drive. In October 2016 three ~1 acres lots were sold to the Alaska Housing Development Corp at fair market value and one lot was sold to the Juneau Housing Trust for less than fair market value because it is being utilized as the location for the Educational Home Build Program to build seven homes. There are two lots totaling ~8 acres with road frontage remaining. These lots are costly to develop because of wetlands and topography.

Pederson Hill Phase 1A: Phase 1A mainly consisted of designing and building an access road to CBJ property that previously did not have road frontage. CBJ facilitated a land trade to gain road frontage, rezoned the property, worked with consultants on design, and hired a contractor to build Karl Reishus Blvd. The new street provides access to 16 lots, which the CBJ sold, in addition to providing five additional road frontages with utilities to CBJ property.

Pederson Hill Phase 1B & 1C: In October 2023, the City Manager finalized the disposal of ~10 acres to the Tlingit-Haida Regional Housing Authority (THRHA). THRHA plans to build out

the subdivision in a similar layout to that of the approved preliminary plat that was provided by CBJ at the time of the sale. This property will be a mix of market rate housing and THRHA housing. Staff will continue to provide updates on the progress of development of this property throughout the 10-year term of the disposal agreement.

Ongoing/current CBJ led development Projects:

Second & Franklin: In August 2023, the City Manager applied to acquire the State of Alaska (SOA) owned two-story parking garage located adjacent to the CBJ property at Second Street and Gold Street. Staff have been in communication with the Department of Natural Resources, Land Conveyance Section Chief and have been informed that the standard process for reviewing this type of disposal will take approximately four years (CBJ process takes approximately 4-6 months). With this information, the Assembly will need to provide the City Manager with direction on how to proceed with the disposal of the CBJ property.

Pederson Hill Phase 2: In 2023, the Assembly authorized the City Manager to negotiate the sale of a large tract of Pederson Hill to Moline Investment Management in order to utilize it for tax credits and provide housing at 60% AMI and below for a minimum of 15 years. When staff last communicated with Mr. Moline, he indicated that the tax credit value had plummeted, and they would not be applying for tax credits in 2023 and the future is unknown. Mr. Moline completed a rezone which is expected to have increased the value of the City property, but this applicant has failed to continue to progress any further in the development process and the application has been closed. Any additional requests from the applicant will be forwarded to the Assembly for discussion.

One option for the next development of CBJ property at Pederson Hill is to work towards the right-of-way (ROW) connection to Hamilton Street. This connection is crucial for future development because a secondary access road is required for emergency response and thus must be constructed in order to permit more development. The design and construction of this connection will be costly in both time and money yet will allow for the development and disposal of CBJ property once completed. The Assembly has not provided direction to the City Manager on the proposed next phase, because the previously proposed phase was sold to THRHA, which provides the Assembly this opportunity to simultaneously plan the adjacent development. In 2024, the LHED Committee will review Pederson Hill options in order to provide the City Manager direction on how to proceed.

Telephone Hill: CBJ Engineering and the consultants hosted a public meeting for the initial planning and design services for Telephone Hill and a public meeting to introduce preliminary design concepts. Currently staff are reviewing preliminary concepts with cost estimates and two documents related to historic preservation and will provide the Assembly with a status update and draft documents in the next few weeks. The property manager has been working with the residents who live on the Hill, and rent will be adjusted to fair market value beginning January 1st. Two structures, each containing two units, are vacant. Both structures are in a state of disrepair that would cost upwards of \$100,000 each to bring them to the state at which the property manager would agree to add them to the actively managed properties. As per previous Assembly direction this December, the structures will be winterized and boarded up to prevent unlawful access.

Auke Bay Property (PF-0315): As part of the 2024 Lands Budget, \$450,000 has been included in a CIP which is allocated towards pursuing the development of CBJ property in Auke Bay. The Lands Office is working with CBJ Engineering to hire a consultant to design a preliminary access corridor and road alignment. Currently this property does not have any road frontage, lacks utilities, and will need to be rezoned in order to be more cost effective. A rezone application will be submitted in December 2023, and reviewed by the Community Development Department in January 2024. If a zone change is successful, the Assembly will need to provide the City Manager with direction on how to proceed with the development.

Potential future CBJ led development

Auke Bay Property (PF-0315): Pending the outcome of the initial ongoing investigation this property has potential for a future CBJ led development.

Pederson Hill: The CBJ owns large tracts of land at Pederson Hill and there is potential for future CBJ led development.

Renninger Subdivision: There are two lots totaling ~8 acres with road frontage remaining. These lots are costly to develop because of wetlands and topography. There is potential for future CBJ led development at this location. Alaska Housing Development Corporation (bought 3 lots for fair market value) has yet to develop the property, there may be potential for future collaboration on development.

Telephone Hill: The CBJ was conveyed ownership of the property in March 2023. This property is just now being explored for potential redevelopment and the development timeframe will likely take years to complete. Telephone Hill has potential for future CBJ led developments.

Mayflower Island: CBJ staff have met with the Douglas Indian Association (DIA) and the Bureau of Land Management (BLM) with regards to language that was included in the P.L. 104-134, Omnibus Consolidated Rescissions and Appropriations Act of 1996 which became law April 26, 1996 that states that “the Secretary is authorized to convey, without reimbursement, title and all interest of the United States in property and facilities of the United States Bureau of Mines in Juneau, Alaska, to the City and Borough of Juneau, Alaska. Mayflower Island is slated for disposal by the BLM, and DIA believe that BLM should convey the property to DIA, rather than the CBJ. Staff are meeting with BLM and DIA in early December, the results of which will be brought to the LHED Committee in early 2024. There is no funding in the budget to cover expenses, utilities, and maintenance for this property if it is conveyed to the CBJ, and at this time CBJ has no identified use for the property.

450 Whittier Street

The CBJ purchased this property from the Alaska Mental Health Trust Land Office in 2018 in order to demolish the structure to facilitate development on the site. This is the previously proposed location for the New City Hall and could still serve as a location if that direction is pursued in the future. This property has potential for a future CBJ led development.

Utility Expansion to CBJ property: The Assembly could take the opportunity to evaluate the extension of CBJ utilities to areas that are currently underserved. The majority of CBJ owned property does not have access to utilities and this needs to be completed prior to any development.