

**AFFORDABLE HOUSING COMMISSION
THE CITY AND BOROUGH OF JUNEAU, ALASKA**

March 6, 2018 5:15 PM

Conference Room #224

I. CALL TO ORDER

II. APPROVAL OF AGENDA

III. APPROVAL OF MINUTES

A. February 2018 Minutes

IV. PUBLIC PARTICIPATION

V. AGENDA TOPICS

A. Board Elections

VI. STAFF REPORTS

A. Chief Housing Officer Report

B. FAQ - CBJ Accessory Apartment Incentive Grant

C. Property Tax Exemption - Economic Development

VII. NEXT MEETING DATE

A. April 3, 2018

VIII. ADJOURNMENT

Note: Agenda packets are available for review online at <http://www.juneau.org>.

ADA accommodations available upon request: Please contact the Clerk's office 72 hours prior to any meeting so arrangements can be made to have a sign language interpreter present or an audiotape containing the Assembly's agenda made available. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: city_clerk@ci.juneau.ak.us

Juneau Affordable Housing Commission Meeting Minutes 2018-02-06-5:15p at Rm 224 City Hall **(Draft-1)**

Commissioners present: K Strausbaugh, chair; W Coogan, D Hanna, T Rowcroft, R McDougall, M Oneal, F Bergstrom

Others: S Ciambor, DBJ Hsg Coordinator; Patricia Young (left early)

Motion: approved this meeting agenda.

Motion: approved 20180102 Minutes.

S Ciambor, Housing Officer, reported on the following topics with discussion occurring therewith.

Topic: Bldrs Forum. Spoke of and presented report on Builder's forum. Discussed forum responses and effectiveness.

Topic: Apartment Grant Program. Discussed Assembly committee meeting re concerns about apartment grant program. Consensus to create accessory apt fact sheet presumably to provide assembly—M Oneal to initiate.

Topic: CBJ MobHome Downpmt Program no new activity this period... JAHC to continue reviewing.

Motion: Recommend change name of program from "Mobile Home Downpmt Prog" to "Manufactured Home Downpmt Assistance Program." Approved—unanimous.

Topic: Downtown Revitalization. Looked at various downtown studies. Potential. Contemplating comprehensive data report, survey of owners re housing, barriers, incentives, etc. JEDC may be interested in helping. DBA is seeking incentive program. Discussed Tax Abatement Incentive.

Motion: Send D Hanna to represent JAHC at SB100 Working Committee. Unanimous.

Topic: Project Homes Connect.... general discussion.

Topic: Housing First Project. Start-up problems are being resolved. Emergency Service providers are reporting improvements anecdotally.

Topic: 2nd and Franklin Project Eagle Rock Ventures still looking into financing forward with optimism.

Other: Mental Health Trustees visited and waived the rent on Wittier St Shelter.
Reviewed clarity and grammar of 2017 Annual Report.

CraigList total forthcoming from S Ciambor.

Topic: AHC as Ombudsman (wrong term). Discussed potential problems and solutions that developers may be encountering. Idea mutated to JAHC collecting data such as tracking title 49 problems.

Topic: Meetings. Discussed quarterly vs monthly meetings in light of full-time housing manager. A little debate occurred; no motions, discussion tabled for later.

Topic: Ak Lifestyle Fair. Programs, home show, education, technology, backhoes. JAHC not doing booth.

Commission Comments: None.

Adjourn 7:30p



Affordable Housing Commission Chief Housing Officer Report

March 1, 2018

Updates

1. **Mobile Home language for plans/codes**
 - a. CDD staff submitted a Request for Legal Services(RLS)
2. **CBJ Accessory Apartment Grant Incentive**
 - a. Frequently Asked Questions prepared
3. **CBJ Mobile Home Loan Down Payment Program**

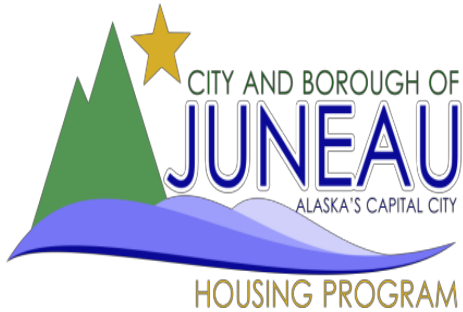
CBJ Mobile Home Loan Down Payment Assistance Program

Date	Amount	(\$100,000)
1/12/2017	\$7,700	
1/19/2017	\$4,600	
4/19/2017	\$4,290	
5/4/2017	\$4,875	
9/1/2017	\$6,300	
9/11/2017	\$7,650	
Total	\$35,415	\$64,585

4. **SB100 Working Group** – Bob Bartholomew has a working group looking to see how SB100 tax abatement could be utilized for economic development/housing purposes.
 - a. Working Group draft attached
5. **CBJ Housing and Homeless Services Coordinator:** Irene Gallion started February 20, 2018.
6. **CBJ Cold Weather Emergency Shelter Update**
 - a. Rent Waiver request from Alaska Mental Health Trust Authority accepted
 - b. Consistent usage 120 unique clients; open all of February

(Draft) CBJ Accessory Apartment Incentive Grant Program

Frequently Asked Questions (Draft)



"I utilized the funds from the grant program to invest more in the efficiency of the space by placing additional insulation and installing an ultra-efficient heat pump heating and cooling system."

What is the CBJ Accessory Apartment Incentive Grant Program?

The CBJ Accessory Apartment Incentive Grant Program resulted in 12 additional housing units in the community and an investment of over \$1 million dollars in the local housing stock.

The program was developed as a way to leverage the financial capacity of Juneau homeowners to produce more accessory apartment rental units at a cost that would be a fraction of the public investment needed to develop traditional affordable housing.

In 2015, \$72,000 was made available for a pilot program. Twelve \$6000 grants were allocated on a first come, first serve basis through early 2017.

CBJ investment into the program will be recovered over time through additional property taxes collected from added home value.

How does the CBJ Accessory Apartment Program work?

Applicants must be the property owner and at least 18 years of age. Only new accessory apartments are eligible for the program. The grant award is made upon inspection and receipt of a certificate of occupancy, within one year of the issuance of a building permit. More details can be found at <http://www.juneau.org/cddftp/>.

How does the program meet the goals of the Housing Action Plan (HAP)?

The Housing Action Plan clearly indicates a need to create new housing opportunities for workforce, seniors, and young families in Juneau. Also:

- The CBJ needs to spend resources to develop housing and reduce drag on the economy.
- New rental units within existing homes increase density in established neighborhoods.
- Converting space is a down-size strategy for seniors and an up-size strategy for families.
- The program encourages investment into an aging housing stock through remodel and energy efficient upgrade opportunities.

What is the status of the program?

In February 2018 the Affordable Housing Commission recommended appropriating \$480,000 (\$96,000 for five years) to the Accessory Apartment Incentive Grant Program. Extending the program over a five-year period provides consistent accessory apartment housing development opportunities and encourages more homeowners to consider producing units.

CBJ Accessory Apartment Incentive Grant Program

Contact Information

To learn more about the program, contact:

Brenwynne Grigg, Community Development Department,
907.586.0766

To learn more about other CBJ Housing Programs or the Housing Action Plan, contact:

Scott Ciambor, Chief Housing Officer, 907.586.0220



“There is a severe housing shortage in the country – especially on the West Coast. Communities are utilizing accessory dwelling units as a way to address many needs.”

Why a \$6000 incentive grant versus another amount or a loan?

The goal of the program is that \$6000 would be a significant incentive amount to encourage homeowners to develop an accessory apartment but not to **fully subsidize the entire cost**.

	Value of Permitted Work	Average Project Cost	CBJ \$6000 Incentive Grant is ...
Remodels	\$352,000	\$32,000	19%
Additions	\$712,724	\$79,000	8%
Total	\$1,064,724	\$53,000	11%

- The pilot program shows that the incentive grant has covered roughly 11% of total project costs for the initial 12 units. *(For \$72,000 worth of grant dollars there was a total investment of \$1,064,724 into the housing stock.)*
- CBJ future investment will be re-captured through additional property taxes collected from added home value.
- Future \$6000 grants will be consistent with the pilot program and helps with the ease of administering the program.
- Per the Housing Action Plan, CBJ should expect to invest in housing at \$40K per unit to make an impact. To compare:
 - CBJ investment into the Housing First permanent supportive housing project was \$2.7 million for 32 units (\$84,375/unit) and;
 - Low-Income Housing Tax Credit projects (74 projects, 369 living units) often receive annual property tax exemptions equaling roughly \$1000 or more per unit for the length of the program. (15 or 30 years)

Will the market absorb 16 accessory apartments per year? What would happen if 70 applicants came forward in year one?

- The goal of the Housing Action Plan is to consistently add units over a 30-year period. The grant incentive program would be available to accommodate homeowners on their development timelines and the extended program period will encourage participants that might be on the fence.
- Over the past 8 years, CDD has averaged 17 accessory apartment applications per year – with the highest being 25. It is unlikely that a huge volume of applications would appear at once because housing development is difficult and takes planning time.

City and Borough of Juneau
Develop CBJ Guidelines for Providing Property Tax Credits for Economic Development
February 21, 2018
DRAFT

Introduction:

During the 2017 legislative session SB100 was passed greatly expanding the ability/option for local governments to provide property tax exemptions for economic development (ED) projects. CBJ staff and representatives from JEDC & JCC have met numerous times, internally and as a group, to develop preliminary eligibility criteria/process for evaluating economic development projects. Outlined below is a summary of the main ideas and comments that have been developed. See the attached issue paper for additional background and information on this effort.

All parties acknowledged that the potential tax exemption provides annual financial benefit to any project of about 1.1% of the taxable value of the development cost. In the overall scheme of a developer determining whether a project is financially viable this is a small incentive, but that it could be helpful. If government really wants to encourage development additional incentives may be needed.

Key Discussion Points:

1. No Alaska communities have adopted city code implementing this new tax exemption.
2. Comments varied on whether the exemption program should be targeted to specific goals/objectives or more wide open to cover most development. Anchorage staff indicated they plan to propose a wide open program. There was stronger support for the Juneau program to be based on measurable criteria that defines the economic benefits to be derived in return for the government tax expenditure.
3. The evaluation criteria referred in item #2 could be based primarily on achieving one or more of the Assembly identified goals in the adopted Housing and Economic Development plans.
4. The law provides for tax deferral or exemption (could be a partial exemption). Consensus was a deferral did not provide a permanent benefit and has more administrative burden for businesses and CBJ. Recommendation was for an exemption program.

Implementation Approach:

There are very different approaches to amending CBJ municipal code to implement the new economic development incentives authorized in state law. One approach is to develop a broad program and change CBJ code to set qualification and eligibility criteria intended to meet the variety of investment ideas that may be brought forward. The second approach is much narrower and would evaluate requests for development incentives on a project by project approach. The second approach would be implemented via a “non-code” ordinance specific to a project/proposal.

JEDC Board/Staff Guidance:

CBJ ED P-tax exemption should target one or more of the following:

1. Target firms that export goods or services out of the region (to bring in new dollars to Juneau).
2. Target traded industry clusters present in our region: Ocean Products, Visitor Products, Mining and Arts.
3. Target investments in microcenters in Juneau: Historic Downtown, Willoughby District, Downtown Douglas, and Auke Bay.
4. Do not allow to be so broad that all investments qualify. Consider exempting only increased property value.

Evaluation Process/Criteria:

Interested parties submit written application to explain how the proposed investment achieves:

- A. Progress on one or more of the eight initiatives in the Assembly's ED Plan.
- B. Progress on the recommendations and initiatives in the Assembly's Housing Action Plan (HAP).
The HAP specifically targets workforce housing, senior housing, and housing opportunities for young adults and families and encourages the creation of a tax abatement program to meet development goals. (Housing Action Plan, Recommendation #4, pg. 36-37.). The HAP's recommendations contain metrics to help measure progress.
- C. Renewable Energy Plan.

To evaluate the economic and other benefits to the community the following measurable factors should be considered:

- A. # of jobs in Juneau created or sustained
- B. New capital invested in infrastructure
- C. # of housing units developed for and occupied by senior citizens ~~65~~ and older
- D. # of housing units developed for and occupied by workforce housing
- E. Increased sales in Juneau
- F. Increased sales out of Juneau (exports)

Other:

Depending on the situation there are other development incentives that CBJ could consider (e.g. direct grants, conduit to tax exempt financing).