

MEMORANDUM



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Date: January 6, 2020
TO: Committee of the Whole
FROM: Scott Ciambor, Chief Housing Officer

Re: Senior Assisted Living Project Negotiations with Torrey Pines Development

Consistent with *CBJ53.09.250*, the Manager entered into post bid negotiations with Torrey Pines Development and with this memo provides terms for the Assembly to consider. ([CBJ sealed competitive bid documents](#))

Summary of Actions to Proceed:

This Memorandum lists in some detail the proposal and terms recommended by the Manager. To proceed, the Assembly would be required to pass an Ordinance authorizing a fair market value sale and an Ordinance authorizing a grant of \$2M.

Senior Housing Assisted Living Project Description

Torrey Pines Development submitted a proposal for 80 units (88 beds) of assisted living and memory care with a wide range of proposed senior services and amenities. Unit mix includes a combination of Medicaid eligible and private pay beds with studio and 1-bedroom options for assisted living and private and semi-private beds for Memory Care. Total project costs for development and pre-opening was estimated at \$31,802,807.

The timeline for development and construction is estimated to be between 21 and 26 months with construction set to begin roughly 7 months after agreements are finalized.

Land Purchase and Other Incentives

In the sealed competitive bid packet, proposers were asked to include lease term or land purchase details and were eligible to include incentive requests in the narrative. After negotiations with Torrey Pines Development, the terms and incentives include:

1. Land disposal with Deferred Payment Schedule

Torrey Pines Development proposes a land sale period of twenty years as follows:

Proposed terms of the sale:

No payment for the first 36 months, followed by:

Monthly Payment of \$4,430 for 84 months (7 years), followed by:

Monthly Payment of \$12,658 for 120 months (10 years).

- 2. Tax Abatement:** Torrey Pines Development expects to fully utilize the incentive established by the recently adopted Ordinance Providing for a Property Tax Abatement Program to Incentivize the Development of Assisted Living for Senior Citizens (Ord. serial No. 2019-23) in July 2019 and will be eligible upon receipt of a certificate of occupancy.

3. **CBJ Grant:** Torrey Pines Development requests a \$2 million grant to assist with overall construction costs, to help attract equity capital, and to ensure that rental rates for seniors remain low for potential residents. The grant would assist the overall viability of the project.

Without the grant, it is estimated that in order to meet financial projections, room rental rates would be 20-25% higher than indicated in the proposal. If this happened, the rates would be too high for most prospective tenants and development of the project would not proceed.

- a. Staff recommend that the source of the \$2 million grant be split between General Fund dollars and the Juneau Affordable Housing Fund.
 - i. \$1.6 million in General Fund; and
 - ii. \$400,000 grant from the Juneau Affordable Housing Fund covering the 8 Medicaid eligible beds at \$50,000 per unit.

Recommendation

The 2014 Juneau Housing and Services Market Demand Study noted a high demand and need for assisted living units in the community (327 units by 2042). The report also indicated that due to high construction and land costs, and a location in an isolated market, that CBJ assistance in a public/private partnership would be necessary.

The Manager recommends land sale and grant appropriation ordinances be forwarded to the Assembly for public hearing and action.