

**ASSEMBLY STANDING COMMITTEE
ASSEMBLY FINANCE COMMITTEE
THE CITY AND BOROUGH OF JUNEAU, ALASKA**

July 6, 2022, 6:00 PM.

Assembly Chambers/Zoom Webinar

<https://juneau.zoom.us/j/93917915176> or call 1-253-215-8782 Webinar ID: 939 1791 5176

AGENDA

I. CALL TO ORDER

II. LAND ACKNOWLEDGEMENT

III. ROLL CALL

IV. APPROVAL OF MINUTES

A. June 1, 2022

V. AGENDA TOPICS

A. Housing Tax Abatement

B. Affordable Housing Fund Update, FY22 Program

C. Gastineau Lodges Pre-Development Loan - Verbal Update

D. Short Term Rental Registration Ordinance 2022-32

E. Info Only: Permitting Fees Memorandum

VI. NEXT MEETING DATE

A. August 3, 2022

VII. ADJOURNMENT

ADA accommodations available upon request: Please contact the Clerk's office 36 hours prior to any meeting so arrangements can be made for closed captioning or sign language interpreter services depending on the meeting format. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: city.clerk@juneau.org

DRAFT
City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Wednesday, June 1, 2022, 6:00pm

I. CALL TO ORDER

The meeting was called to order at 6:04 pm by Chair Triem.

II. ROLL CALL

Committee Members Present: Carole Triem, Chair; Mayor Beth Weldon; Maria Gladziszewski; Christine Woll; Michelle Bonnet-Hale; Alicia Hughes-Skandijs; Wade Bryson

Committee Members Present Virtually: Greg Smith (*joined at 6:33pm*); Wáahlaal Gíidaak

Committee Members Absent: None.

Staff Members Present: Robert Barr, Deputy City Manager; Robert Palmer, City Attorney; Jeff Rogers, Finance Director; Adrien Speegle, Budget Analyst

Others Present: Susan Bell, McKinley Research President

III. APPROVAL OF MINUTES

The May 18, 2022 minutes were approved as presented.

IV. AGENDA TOPICS

a. Juneau Economic Plan Update

Chair Triem introduced Susan Bell, McKinley Research President who presented the Juneau Economic Plan (JEP) Initiatives detailed on packet pages 8-23. She referenced specific, supporting data for the presentation on packet pages 24-79.

Ms. Bell answered Committee questions surrounding *Housing Affordability and Availability*. Assemblymember Woll stated that the data (detailed on packet pages 19-20) suggesting that rental costs decreased slightly between 2015 and 2019 surprised her as it contradicts her own experience and what she hears from community members anecdotally. In response, Ms. Bell confirmed with data from the Department of Labor and Workforce Development (DOLWD) and the Alaska Housing Finance Corporation (AHFC) on packet pages 65-69 that there are “mixed signals” within the data illustrating decreases in rental costs since 2015 while housing sale values and assessments have increased.

Minutes - Assembly Finance Committee Meeting Wednesday June 1, 2022, 6:00pm

Mayor Weldon asked for further insight as to why the overwhelming response from the Juneau community suggests a housing crisis in availability and rising prices even as the population decreases. Assemblymember Hughes-Skandijis asked whether inflation costs in amenities were causing significant housing cost increases. Ms. Bell stated that many factors are likely contributing to community pressure and anxiety and she would happily take Committee questions and present further after she is allowed time to confer with Jim Calvin, McKinley Research Senior Economist.

Assemblymember Smith joined the meeting, virtually, at 6:33pm.

Chair Triem suggested that the Committee read the Housing Action Plan adopted by Resolution 2780 on December 19, 2016 as it may contain answers to their questions.

Ms. Bell highlighted that economic activity associated with Alaska Native entities is particularly strong which was not anticipated in the 2015 JEP. These Native entities, listed on packet page 21, collectively account for well over 1,000 jobs in Juneau, with the Southeast Alaska Regional Health Consortium (SEARHC) and Central Council Tlingit Haida Indian Tribes of Alaska (CCTHITA) now among the largest employers in the community. She stated that efforts to better understand the role these organizations play in the Juneau economy (like establishing Juneau as the hub for traditional Northwest art and culture) could ultimately help community growth.

Jeff Rogers, Finance Director, presented packet page 62 which details the trends in State Government Employment from 2011 to 2020. He stated that he and previous Finance Directors anticipated what the data suggests: that a loss in State jobs would likely correlate with a decline in Juneau economic growth. However, he encouraged the Committee to invest time investigating the impact of gaining mining and tourism jobs, which diversified Juneau's economy rendering it more durable and stable, combined with the impact of continued loss of State jobs against the gain of retirees. Retirees, after leaving their jobs, stay in town and continue to support the economy, and there will likely be an economic shift as Juneau begins to lose its retiree population.

b. Waiver of Wildflower Court Bond Debt Reimbursement

Mr. Rogers summarized the memo and letter from Wildflower Court Administrator Kirk Elmore on packet pages 80-82.

Motion: by Assemblymember Gladziszewski that the Assembly Finance Committee waive the requirement for a rate study from Wildflower Court.

Minutes - Assembly Finance Committee Meeting Wednesday June 1, 2022, 6:00pm

Motion passed by unanimous consent.

The Committee recessed at 6:50pm.

The Committee reconvened at 7:00pm.

c. Exemption of Sales Tax on Food

Mr. Rogers presented packet pages 83-99 detailing four different proposals to enact sales tax exemption on food. As part of his summarization of the memo on packet pages 83-85, Mr. Rogers demonstrated the impact of sales tax change on livability with an Excel spreadsheet that compared mathematical breakdowns of annual sales tax savings per resident household with each tax proposal. The data comparing CBJ net gains and losses with each proposed tax change is on packet page 84.

Mr. Rogers commented that without the impact of a seasonal rate shifting the tax burden from residents to visitors, either resident savings will be lower or the loss of CBJ revenue will be greater. Shifting the tax burden from residents to non-residents is likely popular with local taxpayers, but is unpopular with the business community.

Mr. Rogers also reminded the Committee that Assemblymember Hughes-Skandijis has advanced the concept to replace lost revenue with increased property tax collections. A 1.0 mill increase would replace approximately \$5.7 million of the revenue lost by exempting food, and a 1.1 mill increase would replace approximately \$6.3 million. These options could resolve the concerns detailed in the memo: the unintended tax increase on seniors, the unintended tax increase on SNAP beneficiaries, and the business community's concerns about implementing a seasonal rate. A table detailing the impact of a mill increase on different household scenarios is on packet page 85.

In response to Assemblymember Woll's question about when advisory votes are applicable, Robert Palmer, City Attorney, clarified that an advisory vote serves to give the Assembly some direction on major decisions that impact the community. Advisory votes are non-binding and informational.

Chair Triem clarified to the Assembly that the issue of raising the mill rate to pay for losses resulting from removing sales tax on food does not need to go to an advisory vote as the Assembly is in full control of the mill rate. The mill rate must be set by June 15 each year.

Mayor Weldon withdrew her proposal for *Alternative Concept – Tax Rebate for Low Income Households* detailed on packet page 85.

Minutes - Assembly Finance Committee Meeting Wednesday June 1, 2022, 6:00pm

Motion: by Assemblymember Gladziszewski to move to put the 5.5% year-round sales tax rate proposal on the ballot in October.

Objection: by Assemblymember Gladziszewski

The Committee discussed the motion.

In response to Assemblymember Hale's concerns about due process and the order of discussion and decision, Mr. Palmer clarified that the Committee can always move to rescind a previously adopted motion if they feel it no longer serves the intended goal.

Roll Call Vote:

Ayes: Smith, Hale, Weldon, Bryson

Nays: Gladziszewski, Wáahlaal Gíidaak, Hughes-Skandijs, Woll, Triem

Motion failed. Four (4) Ayes, Five (5) Nays.

Motion: by Assemblymember Hughes-Skandijs to remove sales tax on food and replace lost revenue with a one mill increase to the mill levy.

Objection: Mayor Weldon for purposes of a comment.

Mayor Weldon asked Assemblymember Hughes-Skandijs to remove her motion in order to discuss the possibility of an advisory vote to the community to give their opinion on a seasonal tax versus a rise in mill rate.

The committee recessed at 7:47pm.

The committee reconvened at 7:55pm.

Assemblymember Hughes-Skandijs removed her motion.

Motion: by Assemblymember Hughes-Skandijs to discuss the concept of paying for the removal of sales tax on food by increasing the mill rate by one mill.

Objection: Assemblymember Hale for purposes of a comment.

Assemblymember Hale stated that raising the mill rate may increase strain on property owners especially after a year of rising costs for property owners.

The Committee discussed the motion.

Roll Call Vote:

Minutes - Assembly Finance Committee Meeting Wednesday June 1, 2022, 6:00pm

Ayes: Smith, Hale, Weldon, Bryson, Gladziszewski, Wáahlaal Gíidaak, Hughes-Skandijs, Woll, Triem

Nays: None.

Motion passed. Nine (9) Ayes, Zero (0) Nays.

The Committee recessed at 8:18pm

The Committee reconvened at 8:28pm.

Motion: by Assemblymember Gladziszewski to move Ordinance 2022-17 to the full Assembly.

Objection: Assemblymember Bryson, Mayor Weldon

Mayor Weldon and Assemblymember Bryson objected due to the adverse impacts a seasonal sales tax would have on the business community.

The Committee discussed the motion.

Roll Call Vote:

Aye: Woll, Smith, Gladziszewski, Wáahlaal Gíidaak

Nay: Bryson, Weldon, Hale, Hughes-Skandijs, Triem

Motion failed. Four (4) Ayes, Five (5) Nays.

Motion: by Assemblymember Gladziszewski to have three ordinances drafted with the advisory vote options for consideration.

Motion passed by unanimous consent.

d. Repeal of Sales Tax Exemption for Sales of Goods by Non-Profit Organizations

Mr. Rogers presented Ordinance 2022-16 on packet pages 100-101. The ordinance only repeals the exemption of taxes on “goods.” Most non-profits are sellers of services rather than goods.

The Committee discussed the ordinance and Mr. Palmer and Mr. Rogers answered Committee questions.

Mr. Rogers clarified that “isolated sales” are generally garage sales and like transactions.

Motion: by Mayor Weldon to table the discussion of non-profit sales exemptions and discuss it at a later time.

**Minutes - Assembly Finance Committee Meeting
Wednesday June 1, 2022, 6:00pm**

Motion passed by unanimous consent.

V. NEXT MEETING DATE

a. July 6, 2022

VI. ADJOURNMENT

The meeting was adjourned at 8:55pm.



Housing Updates

(907) 586-0715
 CDD_Admin@juneau.org
 www.juneau.org/CDD
 155 S. Seward Street • Juneau, AK 99801

DATE: July 6, 2022
TO: Chair Carole Triem, Finance Committee
BY: Scott Ciambor, Planning Manager
Re: Housing Updates

In high-cost housing markets with steady or declining populations, the solution is to increase housing supply. The tools that the City and Borough of Juneau have to help increase housing supply are: 1) funding, 2) use of CBJ property, 3) tax abatement, and 4) regulation --- primarily through the land use code. If the Assembly is not seeing the desired impact of current efforts, more aggressive use of these tools is necessary.

STAFF RECOMMENDATIONS

Tax Abatement

The Assembly should consider extending the current tax abatement ordinance to include eligibility of housing developments over 4 units within the entire Urban Service Area to support infill development. Add language that to be eligible in the new coverage areas the project must meet at least 75% of eligible density for the property. Staff has a concern about forgoing tax revenues in the face of inflation, but supports abatement with a sunset date of ten years to encourage development projects.

Juneau Affordable Housing Fund

The Juneau Affordable Housing Fund is projected to have a \$6.1 million fund balance at the end of FY22, with inclusion of the \$5 million general fund addition. The fund will receive a final 1% sales tax deposit of \$400,000 in FY23. The results of the Juneau Affordable Housing Fund, Round One are included in the packet. (Appendix A)

Staff recommend the following for the Fund:

- Direct \$1.5 million dollars to be advertised as available for Round Two competition in FY23 (by motion), note that the Assembly does not have to award the full amount advertised;
- Utilize remaining Fund dollars for sealed competitive bid or public-private partnerships listed below.

Sealed Competitive Bids: Riverview Senior Assisted Living Project

This project demonstrated how a sealed competitive bid process can provide enough financing and incentives to attract and complete a larger, necessary housing project. This process could be used to target affordable and workforce housing development.

Staff recommended opportunities, in order of priority:

- Pederson Hill partnership with Tlingit-Haida Regional Housing Authority (+/- \$2 M from Fund)
- 2nd and Franklin (+/- \$2 M from Fund) The Assembly was told by previously interested developer Eagle Rock Ventures that tax abatement, a reduction in parking, and a grant would make a new fair market, multi-family apartment project work on the site. ([06.13.18 Finance Committee meeting](#)) Tax abatement and downtown parking reductions have already been addressed by the Assembly.

- Renninger Subdivision – remaining 2 lots need incentives to attract developers
- Telephone Hill (TBD) – Future funding and a fine tuned sealed competitive bid process will be integral for housing redevelopment.
- 6th Street Douglas



**JUNEAU AFFORDABLE HOUSING FUND UPDATE
JULY 6, 2022**

(907) 586-0715
CDD_Admin@juneau.org
www.juneau.org/CDD
155 S. Seward Street • Juneau, AK 99801

DATE: July 6, 2022
TO: Chair Carole Triem, Finance Committee
BY: Scott Ciambor, CDD Planning Manager
Re: Juneau Affordable Housing Fund

The Juneau Affordable Housing Fund is projected to have a \$6.1 million fund balance at the end of FY22, with the inclusion of the \$5 million general fund addition. The fund will receive a final 1% sales tax deposit of \$400,000 in the FY23 budget. On 6/27, The Assembly included \$4.15M in the 1% sales tax list. These monies will be collected appropriated over the next five fiscal years.

Projects Funded

Juneau Affordable Housing Fund				
Project Name	Project Location	Funding Use	Approved Award	Housing Types
2022				
AWARE	201 Cordova	Construction	\$150,000	SRO's
Glory Hall	127 S.Franklin	Construction	\$350,000	SRO's, 1-bedroom
St. Vincent's - Channelview	317 Gastineau Ave.	Rehabilitation	\$50,000	multi-family apartments
St. Vincent's - Teal Street	8617 Teal Street	Rehabilitation	\$100,000	shelter/multi-family
2017				
Mobile Home Downpayment Assistance Program	Borough-wide	up to \$10,000 loans	\$100,000	Manufactured Homes
Accessory Apartment Incentive Grant Program (Renewal for 2017-23)	Borough-wide	\$6000 grants	\$480,000	Accessory Apartments
2015				
Housing Action Plan	Borough-wide	Planning Grant	\$72,242	
Accessory Apartment Incentive Grant Program	Borough-wide	\$6000 grants	\$72,000	Accessory Apartments
2011				
Home Run Project	8617 Teal Street	Predevelopment grant	\$13,000	SRO's
Total			\$1,387,242	

Review Committee Recommended Changes for Round Two:

- Add a letter of interest step (July 1) to understand projects that are looking at the program;
- Shorten/tighten up the application; limit submittals to under 25 pages;
- Limit eligible requests for rehabilitation projects to 10% of funds available in the round;
- Include a one-page pro forma funding template for projects.

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Presented by:
Presented:
Drafted by: R. Palmer III

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2022-32 v COW1

An Ordinance Concerning Short Term Rental Registration Requirements

WHEREAS, some City & Borough of Juneau community members rent their homes on a short-term basis to earn additional income to pay for essential needs and expenses;

WHEREAS, the City & Borough of Juneau is a host and destination for independent travelers, large events, high-quality medical care, and the Capital of Alaska;

WHEREAS, the additional available of diverse lodging options enhances the community’s economy;

WHEREAS, an over-abundance of short-term rental units in a community could decrease the availability of long-term rentals and owner-occupied housing needed for essential workers and community vitality;

WHEREAS, as the popularity of short-term rentals in the City & Borough of Juneau has grown, it is necessary for the City & Borough of Juneau to collect data on short-term rentals to determine if additional regulations are necessary; and

WHEREAS, nothing in this ordinance shall be deemed to alter, supersede, or conflict with the requirements of any state law, federal law, or ordinance of the City & Borough of Juneau including but not limited Title 49 (Land Use) and Title 19 (Building Regulations).

BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

1
2 **Section 1. Classification.** This ordinance is of a general and permanent nature and
3 shall become a part of the City and Borough of Juneau Municipal Code.
4

5 **Section 2. Amendment of Section.** CBJ 69.07.010 is amended to read:
6

7 **69.07.010 – Definitions.**

8 The following words, terms and phrases, when used in this chapter, shall have the meanings
9 ascribed to them in this section, except where the context clearly indicates a different
10 meaning:
11

12 ...

13
14 *Hotel-motel* means a structure, or portions of a structure, occupied or intended or designed for
15 occupancy by transients for dwelling, lodging or sleeping purposes and includes any hotel,
16 motel, inn, short-term rental, or similar structure.
17

18 ...

19
20 **Section 3. Amendment of Title.** Title 20, Business Regulations, is amended by
21 adding a new chapter to read:

22 **Chapter 20.15 Short Term Rentals**

23 [This location is just a citation placeholder. I will fix the formatting once there is consensus on
24 the substantive language.]
25

1
2 (a) Purpose. The purpose of this section is to protect the public health, safety, and general
3 welfare of individuals and the community; to facilitate and provide reasonable means to
4 measure and mitigate impacts created by short-term rentals; and to balance property
5 owners' commercial enterprise with the community's need for short term rental
6 regulations.

7
8 (b) Definition. Short term rental. A dwelling unit, or portion of a dwelling unit, offered for
9 overnight occupancy in exchange for a fee and that is available for rent for fewer than 30
10 consecutive days.

11 (c) License.

12 (1) No person or entity may rent, lease, or otherwise exchange for compensation all or any
13 portion of a dwelling unit as a short-term rental without first obtaining a short-term
14 rental license pursuant to the requirements of this section.

15 (2) No licensee shall transfer or assign the right to operate under any license issued under
16 this section to any other person or entity by lease, agreement, contract or any other
17 agreement.

18 (3) No license issued under this section may be operated or have any legal effect at any
19 location other than for which it is issued.

20 (4) A license issued under this section shall automatically renew on January 1,
21 conditional upon the timely remittance of the annual license fee and no outstanding
22 enforcement action. Failure to timely remit the annual license fee shall result in the
23 license expiring and will require a new license application.

24
25 (d) Application for short-term rental license. An applicant for a short term rental license must
submit an application on a form provided [by the xx director] accompanied by a non-

1
2 refundable registration fee. Review of an application shall be conducted in accordance with
3 due process principles and complete applications shall be granted unless the applicant fails
4 to meet the requirements of this section, federal law, state law, or local laws related to the
5 operation of a short-term rental including the following:

6 (1) Evidence the applicant is the property owner or a tenant with the property owner's
7 written consent;

8 (2) An annual non-refundable registration fee of \$150;

9 (3) The physical address of the unit to be used as a short-term rental;

10 (4) A brief description of the short-term rental facility;

11 (5) Identify whether the property is owner-occupied or is managed by a third-party; and

12 (6) The name and telephone number of a responsible person to contact if the short term
13 rental, guest, or person associated with the rental generates public safety or nuisance
14 concerns.
15

16 (e) Application denial, suspension, revocation, and enforcement action.

17 (1) The following are grounds for application denial, suspension, revocation, and
18 enforcement actions:

19 (A) Any false statement or information provided in a short term rental application.

20 (B) Non-payment of annual registration fee before December 31.

21 (C) Violation of any provision of this section or any law related to short-term rental.

22 (D) Has delinquent in the remittance of any sales tax, including hotel-motel room tax,
23 penalty or interest arising out of the operation of a short term rental or other
24 business on the property.
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(E) Has delinquent property taxes or local improvement district assessments or penalty or interest thereon arising out of real or personal property owned in whole or in part by any person named in the application as an applicant or by any owner of the property.

(F) Has a delinquent charge or assessment owing the City and Borough by the licensee for a municipal service provided for the benefit of the business conducted under the license or for a service or an activity provided or conducted by the municipality at the request of or arising out of an activity of the business conducted under the license.

(G) Is in violation of state or local fire, health, or safety codes.

(2) Any notice of application denial, suspension, revocation, or enforcement action shall be served on the licensee by hand-delivery or certified mail and shall specify the specific provision of law allegedly violated.

(f) Appeal.

(1) Informal meeting. A short term rental applicant or licensee may request an informal meeting with the director [of xx] within five business day of service prior to license denial, suspension, or revocation.

(2) A short term rental applicant or licensee may appeal a license denial, revocation, or suspension within 20 days of service to the manager, whose decision shall constitute final agency action.

(g) Posting of short term rental license number. A short term rental licensee must conspicuously include the City & Borough of Juneau license number in all short term

rental advertisements, listings, webpages, applications, platforms, and similar venues listing a short term rental.

(h) Hotel-Motel Room Tax. The hotel-motel room rental tax shall be collected and remitted to the City & Borough of Juneau for each short-term rental as provided in CBJC 69.07.

(i) Registration Exemptions. The requirements of this section do not apply to the following:

(1) Hotels as defined by CBJC 20.10.

Section 4. Effective Date. This ordinance shall be effective 30 days after its adoption.

Adopted this _____ day of _____, 2022.

Beth A. Weldon, Mayor

Attest:

Elizabeth J. McEwen, Municipal Clerk



(907) 586-0715
CDD_Admin@juneau.org
www.juneau.org/community-development
155 S. Seward Street • Juneau, AK 99801

DATE: June 17, 2022
TO: Chair Triem and Finance Committee Members
CC: Rorie Watt, City Manager
BY: Breckan Hendricks, Administrative Officer 
THROUGH: Jill Maclean, AICP, Director
SUBJECT: Accessory Apartment Permitting Costs

Accessory Apartment applications must pay Building Permit fees. CBJ Community Development currently uses [the 2003 Juneau Building Code Valuation Table](#) and the [2009 Building Permit Fee Table](#). If it is determined that the apartment needs to be reviewed under the Conditional Use process, additional fees will apply. There are no application fees for an Accessory Apartment application.

Some examples of real life permitting costs using recently awarded Accessory Apartment Grant cases.

Example 1

Applicant converted an existing space into an accessory apartment. A Conditional Use Permit was required due to an undersized lot.

Utility Permits: \$750

Park Waiver: \$400

Building Permit: \$150 (property had a recent remodel on a separate Building Permit).

TOTAL: \$1,700

Example 2

Applicant converted an existing space above their garage into an accessory apartment.

Utility Permits: \$1,240

Building Permit: \$900

TOTAL: \$2,140

Example 3

Applicant added an accessory apartment onto an existing Building Permit for a single family home.

Utility Permits: \$2,250

Building Permit: \$3,000 (includes fees for apartment & single family residence).

TOTAL: \$5,250