April 2, 2013

Mayor Merrill Sanford
Juneau Assembly Members
Kim Kiefer, City Manager
City & Borough of Juneau
155 S. Seward Ave
Juneau, Alaska 99801

Dear Mayor Sanford, Assembly Members and Ms. Kiefer:

In December 2006, the CBJ Assembly held an Affordable Housing Summit including the CBJ Assembly, the Planning Commission and the Affordable Housing Coalition. The following month, the Assembly adopted Resolution 2390 establishing the Juneau Affordable Housing Commission (AHC) to make recommendations to the CBJ Assembly, through the Lands Committee, about actions and strategies the CBJ should pursue to increase the affordability of housing in Juneau. In November 2009, with adoption of Resolution 2506 the AHC became a continuing commission with added responsibility for solicitation evaluation and recommending grants and loans for affordable housing projects to be funded by the CBJ through the Juneau Affordable Housing Fund.

The Assembly’s current Housing Task Force has sought input from key stakeholders within our community to answer two questions:

1. What are the challenges for you to provide housing within all price ranges and throughout the community?
2. What strategies can the Assembly employ to alleviate the situation?

Housing in Juneau is unavailable because housing demand far exceeds the supply. Our lists of challenges and specific strategies are attached as an appendix to this letter. Rather than describe them in detail, we feel it is most important to focus on overarching solutions.

Leadership

The CBJ must provide an experienced affordable housing coordinator to stay ahead of community needs related to housing, to provide guidance and support to the AHC, maintain engagement with the builder groups, the Juneau Homeless Coalition, non-profit housing providers, construction and mortgage lenders, property owners, and major employers. This position must be a permanent, high profile position within the CBJ, tasked with staying on top of housing trends, exploring out of the box strategies, applying best practices, and monitoring and communicating
progress towards key benchmarks. In short, Juneau needs someone at CBJ to champion promising solutions to our high cost of housing, which should be encapsulated in a Housing Plan.

In addition to appointing a dedicated champion, the City government must foster a new culture throughout the entirety of its organization. All directors and managers in all departments should be actively seeking out ways to encourage and support the development of additional housing in Juneau. Every City employee at every level should be serving as a pro-active advocate of housing development. Every decision and every action should be measured with the following question: “Does this decision or action promote the availability of housing in Juneau?” If the answer is not yes, then reconsideration is appropriate. Each employee should be acting as a mentor to their fellow employees by continually reminding and encouraging them to consider how every action promotes housing.

**Housing Plan**

The CBJ must adopt a Housing Plan to provide a roadmap to remove barriers to development and provide incentives so that a sufficient number of new housing units are built to meet the needs of the community now and in the future. The Housing Plan must include a detailed analysis of Juneau’s Housing situation that reflects recent zoning changes, infrastructure development, and the specific types of housing units needed. It should answer questions not answerable just from publicly available data. For example, it could include a survey of all downtown housing unit owners to identify seasonally vacant units which could be transferred to year-round housing. It will include a range of strategies for priority housing development including community financing, property tax and financing incentives, and strategies to broadly and specifically remove barriers to development. This plan should also identify opportunities for and mechanisms to incent housing development to meet the needs of population growth, aging, our homeless residents, and the workforce housing needs of Juneau’s key industries and employers. One feature of the Housing Plan should be regular reassessment and evaluation both of housing needs and the effectiveness of actions. We hear over and over that the ever-shrinking federal housing resources will be directed to communities with good plans backed up by good data. We understand AHFC’s decision to allocate over $7 million in GOAL funds to spur construction of new permanently affordable rental units was primarily motivated by our community’s coordinated efforts to gather and analyze data, including the 2012 Juneau Housing Needs Assessment, as well as our collective outreach to stakeholders at the state level. Creation and adoption of a Housing Plan will be the primary focus of the Juneau Affordable Housing Commission this year. Ideally, it should be a major deliverable of a new Housing Coordinator. It will also require broad community engagement, significant staff time across several departments of the CBJ, and technical support and advice from CBJ’s legal and finance department to ensure attractive strategies will work in Juneau.

**Buildable Lands Disposal**

The CBJ should move forward with the infrastructure development and disposal plans for the Switzer and Pedersen Hill tracts without delay. Substantial investment in these development and disposal plans has already been made. These plans address the longstanding goal of increasing Juneau’s supply of buildable land. There is no doubt that a key component of CBJ’s Housing Plan will include increasing buildable land. We were advised dedicated CIP funding is available and has been allocated for this purpose. Significant effort will be required by the Juneau Affordable Housing Commission, a new Lands Manager, the Housing Coordinator, Community Development Department and the builder community to craft requests for proposals to ensure rapid construction of a mix of housing sizes, types and prices that meet community needs. Offering platted, zoned and
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developed land will do much in the near term to alleviate Juneau's housing supply while adding currently non-earning assets to CBJ's property tax rolls.

**Commitment**

Last, the CBJ Assembly should maintain its focus on this community-wide issue to ensure it stays top of mind among CBJ staff, community leaders and stakeholder groups. The recent water and sewer extensions, up-zoning, density changes, and new housing types will have positive impacts over time. Tax incentives for development of low-priced housing units and/or property along the transit corridor, land donation to the Juneau Housing Trust or non-profit housing providers, or for seed funds for a community based housing fund may be necessary to jumpstart development in the near term. No Housing Plan will be successful without dedicated resources for implementation.

The high cost of housing hurts Juneau's economy and is a barrier to growth and prosperity. It is a factor that weakens Juneau's hold on the Capital. Juneau already has more jobs than workers. Reducing housing costs will improve everyone’s standard of living, help employers attract and retain qualified employees and enable our children and grandchildren to come home.

The Juneau Affordable Housing Commission would welcome the opportunity to meet face to face with the Assembly on a regular basis to review our work, impacts, obstacles and current priorities.

Sincerely,

Norton Gregory, Chair
Appendix

What are the challenges for you to provide housing within all price ranges and throughout the community?

- Lack of dedicated leadership within CBJ charged with solving affordability problem
- High cost of development
- Deterioration in options for financing, despite low interest rates
  - Less flexibility from commercial lenders for construction lending
  - Changes in financing assistance programs
  - Additional private mortgage requirements/cost reduces borrowers’ ability to service debt, thus reducing home price borrowers can afford
  - Condo associations are having a difficult time getting approved by AHFC, which reduces the financing options for buyers
- Homeless needs continue while federal funding has dried up
- Lack of staff support within CBJ to implement 2012 passed legislation (HR-256) for deferral of property tax increases
- High home heating costs
- Land (especially in transit corridor) locked up in family trusts & Alaska Mental Health Land Trust/developers not motivated

What strategies can the Assembly employ to alleviate the situation?

- Housing Plan
- Housing Coordinator/CBJ Staff person to handle JAHF applications, support AHC
- Develop a community based loan fund (locally sold bonds/private donations/bank/credit union capital) to provide gap funding for home ownership
- AHFC's loans to sponsors program, possibly run by CBJ
- Promote smaller new homes
- Continue to examine the sometimes overly stringent regulatory climate
- Reward energy efficiency (reduces operating costs) but not to point where units are too expensive to purchase
- Repurpose Juneau Affordable Housing Fund (JAHF) to be more flexible, i.e., help with home purchase and or single rental units (accessory/bungalow).
- CBJ donate land to land trust or for low income housing development
- Work with existing non-profit housing providers (Correct public misperception that non-profit housing providers do not pay property taxes or that they compete unfairly with fair market rental owners)
- Encourage private developers to create new land trusts
- Incentives
  - CBJ could help developers pursue tax credits
  - Help with major infrastructure
  - Improve/add to CDD capacity to assist with permitting and platting
- Opportunities
  - Need to have a better understanding of the housing needs of
    - Miners
    - Coast Guard
    - Large construction projects
Tourism workers
Legislature
Seafood industry
Contract medical workers
Juneau Homeless Coalition client base
  - Chronic homeless