

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

August 3, 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. FLAG SALUTE

III. ROLL CALL

IV. APPROVAL OF MINUTES

A. July 6, 2022

V. AGENDA TOPICS

A. Expansion of Tax Abatement for New Housing

B. Veteran Organizations Sales Tax Exemption (Ord. 2022-36)

C. Repeal of Non-Profit Sales Tax Exemption (Ord. 2022-16)

D. Field House Staffing

E. Restricted Budget Reserve Update

F. Gastineau Lodges Affordable Housing Fund Loan Proposal

VI. NEXT MEETING DATE

A. September 7, 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, July 6, 2022, 6:00 pm

I. CALL TO ORDER

The meeting was called to order at 6:00 pm by Chair Triem.

II. ROLL CALL

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

Committee Members Present Virtually: Wáahlaal Gíidaak

Committee Members Absent: Maria Gladziszewski; Alicia Hughes-Skandijs; Greg Smith

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

Others Present: None.

III. APPROVAL OF MINUTES

The June 1, 2022 minutes were approved as presented.

IV. AGENDA TOPICS

a. Housing Tax Abatement

Scott Ciambor, City Planning Manager, directed the Committee to the memo on packet page 8. Mr. Ciambor summarized CBJ's current tax abatement programs. He noted that there is currently a tax abatement program for subdivisions, a downtown tax abatement that was started last May and has been unutilized to date, and a senior assisted living tax abatement program. Mr. Ciambor stated that to address affordable and workforce housing shortages, the Assembly may consider extending the tax abatement program to include eligibility of housing development over four units within the entire urban service area. Mr. Ciambor recommended adding a sunset date of ten years to this concept to address forgone tax concerns while still encouraging housing development in the short-term.

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Mr. Ciambor responded to Committee questions relating to eligibility of current community projects underway if the Assembly adopted the expansion of the tax abatement program.

Assemblymember Hale pointed out that the City doesn't collect any property tax on housing units that haven't yet been built.

Rorie Watt, City Manager, stated that he believes it is unlikely that CBJ will receive an overwhelming market response to the tax abatement expansion, since there is currently only one project eligible for the senior assisted living tax abatement and no projects have applied for the downtown tax abatement yet. He noted that the intent with the expansion of the tax abatement program borough wide is to nudge projects that are at the edge of reality into reality.

Assemblymember Bryson asked what concerns Mr. Ciambor has heard the most from developers that is preventing them from building housing in Juneau. Mr. Ciambor explained that concerns are dependent on the type of project and size of the developer, but that inevitably developers are asking what CBJ has to offer to incentivize project development. In terms of housing development borough-wide, CBJ currently does not have any incentives for those types of projects.

Wáahlaal Gíidaak requested data relating to program utilization for affordable housing projects versus high income housing projects, as well as how much tax has already been forgone by the City for current eligible projects underway or already completed under the tax abatement program. Wáahlaal Gíidaak asked whether the four-unit eligibility requirement was referring to affordable housing or luxury condominiums, and whether there's a distinction for who gets to access the tax abatement.

Mr. Ciambor provided information relating to the amount of tax abated for the 2021 program. He noted that the expanded tax abatement program would be broad and cover any project that meets the four-unit requirement.

Mayor Weldon asked whether the City is still requiring developers to pay the 2.65 mill educational component under the tax abatement program.

Mr. Watt stated that the idea is to expand the eligibility of the program in the existing ordinance, which abates property tax not including the mandatory minimum school contribution of 2.65 mills.

Mr. Ciambor answered questions from Chair Triem relating to how tax abatement helps in the financing structure of development.

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Motion: by Mayor Weldon to direct staff to draft an ordinance to extend the current tax abatement ordinance to include eligibility of housing development over four units within the entire urban service area; the project must be at least 75% of eligible density and the ordinance must include a sunset date of ten years, and have the ordinance come back to the Finance Committee for consideration.

Objection: by Assemblymember Hale for the purposes of a question, clarifying that the sunset date would not prohibit participants from receiving the tax abatement for the full eligible period even if applied for in year nine.

Motion passed by unanimous consent.

b. Affordable Housing Fund Update, FY22 Program

Mr. Ciambor summarized the memo on packet page 10. The Affordable Housing Fund is projected to have a \$6.1 million fund balance at the end of FY22, primarily as the result of the Assembly's \$5 million general funds contribution. Mr. Ciambor noted that \$4.15 million has also been included on the 1% temporary sales tax list for the Affordable Housing Fund, if the tax extension is approved by the voters in October. Mr. Ciambor summarized the review committee's recommended changes at the bottom of packet page 10.

Mr. Ciambor answered Committee questions relating to rehabilitation projects. Mr. Ciambor noted that the Housing Action Plan includes a strategy to create a health and safety rehabilitation loan program, specifically for downtown. This strategy has been conceptualized and discussed at committee levels but has not yet come to fruition.

The Committee discussed program funding levels for FY23.

Motion: by Mayor Weldon to direct staff to advertise \$1.5 million as available for round 2 competition in FY23 using the criteria addressed in the memo.

Objection: by Assemblymember Hale for the purposes of a question, stating that the Assembly may decide to fund more projects than the \$1.5 million amount, and whether that amount may send the wrong message to applicants.

Mr. Ciambor stated that since significant funding is available for projects, the Assembly may want to leave the advertisement amount open-ended.

Mayor Weldon noted that she chose the \$1.5 million amount, knowing the Assembly may choose to increase this amount if more eligible projects are

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submitted, however she wants to limit the awards to projects that are ready now, not projects that are a few years out from being ready.

Amendment: by Mayor Weldon to increase the advertised available funding for round 2 to \$2 million.

Motion passed by unanimous consent.

Mr. Ciambor redirected the Assembly to the memo on packet page 8, stating that another option to incentivize project development is public-private partnerships. The memo on packet page 8 summarizes how CBJ uses the sealed competitive process to attract developers, and lists potential priority projects that could be considered for this approach.

Mr. Ciambor clarified that the sealed competitive process allows CBJ to dictate terms of an engagement by specifying the type of project they'd like built and have developers make project proposals based on those conditions.

Mr. Ciambor answered Committee questions relating to the potential priority projects that could be considered for a sealed competitive process.

Mr. Watt noted that the Assembly will have an opportunity to weigh in if staff decide to invite proposals for the priority projects listed on packet page 8.

The Committee recessed at 6:57 pm.

The Committee reconvened at 7:07 pm.

c. Gastineau Lodges Pre-Development Loan – Verbal Update

Mr. Watt stated that during last year's fund solicitation, a proposal was received for a pre-development loan for Gastineau Lodges. The review committee recommended that the loan could be supported if it was collateralized. Since this time, more information has been provided by the developer but the review committee is not ready to make a recommendation, but hopes to have one soon. Mr. Watt noted that the nature of a predevelopment loan is more risky for CBJ. Generally, CBJ is looking at leveraging projects that are more shovel ready.

In response to a question from Assemblymember Hale, Mr. Watt noted that the project would be located on Gastineau Avenue above downtown and contain 72 housing units.

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d. Short Term Rental Registration Ordinance 2022-32

Chair Triem noted that the Assembly requested Ordinance 2022-32 be drafted, and opened the Committee up to questions.

Mayor Weldon directed the Committee to packet page 13, section (b), line 9. She asked whether the “for rent for fewer than 30 consecutive days” gets rid of all the month-to-month rentals that we would not really consider short-term rentals. Mr. Ciambor confirmed her understanding is correct, and that this definition aligns with the definition of short-term rentals in the tax abatement ordinance.

Assemblymember Woll noted that last time this topic was discussed, there was a recommendation to hire a consultant charged with monitoring and tracking short-term rental information, and the Assembly indicated they were ready to move forward with appropriating funds for this purpose. Assemblymember Woll asked for clarity in what the consultant could provide versus requiring registration of short-term rentals.

Mr. Rogers stated that the third party services are mainly reconnaissance. The consultant would perform online research looking for rentals, trying to see how often those rentals are rented, approximate rates for those rentals, and try to align properties with parcels and owners of the rentals. Mr. Rogers acknowledged that it is possible we get to the same information through both the consultant and registration program, however with any government registration program, the program is the groundwork for the Assembly to choose whether or not to regulate short-term rentals. Alternatively, if the Assembly or a future Assembly chose to regulate short-term rentals, a registration program would be required.

Chair Triem requested whether language could be added to the definition of short-term rental that provides a minimum number of cumulative days per year that would define rentals as short-term. If a property owner rents out a unit for only a few days a year, those should not fall under the short-term rental definition. Chair Triem noted that Robert Palmer, City Attorney, stated that those rentals are technically still susceptible to sales and hotel bed tax. However, she would like to request that informal and casual rentals be exempted from the definition of short-term rental.

Mr. Rogers stated that there is a section in the Sales Tax Code for casual and isolated sales, however the Hotel Bed Tax Code does not have a similar provision. As the code is currently written, application of hotel bed tax to any short-term rental is required, no matter the length of the rental. If properties are rented in the absence of using an advertising platform like Airbnb, the City has no way of knowing when those sales take place. Mr. Rogers noted that he could work with

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Mr. Palmer to create another exemption in the Hotel Bed Tax Code for casual and isolated sales, if that is the Assembly's direction.

Mr. Watt cautioned the Committee about creating another exemption in the tax code, noting that exemptions are hard to manage and require significant staff work.

Mayor Weldon requested a definition of "unit" from packet page 14, lines 10 and 11. She asked Mr. Palmer to provide clarification whether the unit was the whole facility or just one part of the facility.

Chair Triem noted that she is most interested in collecting data about which type of dwelling unit is being used for short-term rentals. If a third party consultant is unable to collect this information, she is interested in pursuing the registration program.

Assemblymember Bryson concluded that he would work with Legal to include exemption language for the casual and isolated short-term rental sales, and bring it back to the Assembly for consideration.

e. Info Only: Permitting Fees Memorandum

Mr. Watt presented the memo on packet page 17, detailing three examples of permitting fees for accessory apartments.

The Committee discussed the examples. Mr. Watt clarified that building permit costs are based on how much value the project adds to the property.

Assemblymember Bryson asked how much the Community Development Department collects in fees versus how much the department is supported by general funds. Mr. Watt replied that 83% of the Community Development Department's funding is general funds.

Mr. Ciambor clarified that the accessory apartment grant of \$6,000 is a small portion of the total project cost, estimated between \$40,000 and \$60,000 to create an accessory apartment.

V. NEXT MEETING DATE

a. August 3, 2022

VI. ADJOURNMENT

The meeting was adjourned at 7:36 pm.

MEMORANDUM



DATE: July 29, 2022

TO: Assembly Finance Committee

FROM: Jeff Rogers, Finance Director

SUBJECT: Expanding Tax Abatement for New Housing Development

105 Municipal Way
Juneau, AK 99801
Phone: (907) 586-5215
Fax: (907) 586-0358

At the July 7 Assembly Finance Committee meeting, a motion passed directing staff to draft an ordinance to extend the current tax abatement ordinance to include eligibility of housing development over four units within the entire urban service area, noting the project must be at least 75% of eligible density and must include a sunset date of ten years. The drafting of that ordinance has raised two important questions for committee consideration

Units vs. Lots

The current code for tax abatement for senior assisted living and downtown housing is silent on the subject of whether or not multiple units must be developed on one lot or could be developed on multiple lots. This is not really an oversight of the original ordinances. The very nature of a senior assisted living facility implies that it would be a single facility on a single lot because of the services that would be provided. Likewise, a downtown development would almost certainly occur on one lot because of the limited availability of vacant land. For this reason, when this tax abatement measure was expanded downtown, it is likely that everyone involved assumed it would be limited to an apartment building or maybe a condominium development (multiple units on a single lot). However, if this tax abatement provision is expanded borough-wide, it may become possible for a developer to build multiple single family residences on multiple separate lots.

What is the Committee's intention? Should tax abatement be limited to multiple units on a single lot? Or is the intention to allow multiple units (i.e. single family homes) on multiple lots? We believe that the philosophical goal is to encourage multi-family developments that will provide word force housing. Given that, we recommend:

Staff recommends that the Assembly require that multiple units be built on a single lot in order to receive tax abatement. Smaller lots may be consolidated as necessary to accomplish this purpose.

Common Ownership vs. Individual Ownership

Likewise, the original ordinance authorized tax abatement for a senior assisted living facility, which implied that the development would remain under common ownership rather than be parceled out. When that provision was expanded broadly for downtown housing, the code remained silent on the question of common vs. individual ownership. Under the currently adopted code, tax abatement would apply to a downtown housing development even if the units were parceled out as condos and sold. Effectively, the purchaser of the condo would enjoy the benefit of the tax abatement. This may have been the Committee's intention, or it may have been an oversight.

With the expansion of this tax abatement provision, the Committee needs to decide on this question. Should tax abatement be limited to development that will be held in common ownership (i.e. apartment-style developments) or should tax abatement be available for developments that will be parceled out to separate owners?

Staff recommends that tax abatement only be available on development that remain in common ownership. This is not to encourage multi-family developments. We recommend that the power of tax abatement be used to make developments economic for developers to build workforce housing.

MEMORANDUM



DATE: July 29, 2022

TO: Assembly Finance Committee

FROM: Jeff Rogers, Finance Director

SUBJECT: Expanding Non-Profit Sales Tax Exemption to 501(c)(19)

105 Municipal Way
Juneau, AK 99801
Phone: (907) 586-5215
Fax: (907) 586-0358

The current CBJ exemption for non-profit organizations under 69.05.040(12) reads as follows:

Sales, services and rentals to a buyer, or made by a seller, organized and administered solely by an organization that has a current 501(c)(3) or 501(c)(4) exemption ruling from the Internal Revenue Service and an exemption certificate from the manager, provided this exemption applies to sellers only if the income from the sale is exempt from federal income taxation. This exemption does not apply to the sale of pull-tab games.

Since 1972, veterans service organizations, such as the American Legion, have been separately designated by the U.S. Internal Revenue Service (IRS) under section 501(c)(19). As such, the current exemption in CBJ code cannot be applied, which means that sales to and by veterans service organizations remain taxable under current CBJ law.

Duff Mitchell, representing American Legion Post #25, has requested that CBJ consider extending the current non-profit exemption to 501(c)(19) veterans service organizations.

The Finance Department estimates the revenue impact of extending the exemption to be negligible.

Notwithstanding other Assembly discussion about limiting or curtailing the non-profit exemption, I recommend that the Assembly Finance Committee direct staff to introduce an ordinance that would exempt 501(c)(19) veterans service organizations from the imposition of sales tax in the same fashion as 501(c)3 and 501(c)(4) non-profit organizations.



THE AMERICAN LEGION POST #25
P.O. BOX 210131 • AUKE BAY, ALASKA 99821



May 24, 2022

Mayor Beth Weldon and CBJ Assembly Members
Jeff Rogers, CBJ Finance Director
City & Borough of Juneau
155 S. Seward Street
Juneau, AK 99801

Regarding: Auke Bay American Legion Post #25 501 (C) 19 Sales Tax Exemption

Dear Mayor Weldon and Assembly Members,

Our Post is a federally recognized tax-exempt non-profit corporation for federal tax and State regulations. However, our CBJ Code does not recognize our federal 501 (C) 19 status for exempt sales tax on parity with Juneau's 501 (C) 3 and 501 (C) 4 non-profit corporations. We ask that you remedy this veterans organization's discriminatory discrepancy and modify that CBJ tax code to appropriately exempt our American Legion Auke Bay Post #25 from CBJ sales tax. The federal non-profit status for all American Legion posts nationwide is the 501 (C) 19 Veterans organization status.

Included in our request letter are two documents. The first document is an American Legion National letter stating that the American Legion was certified as a 501 (C) 19 through Public Law 92-418 on August 29, 1972. The second document attached is a copy of the federal register for Public Law 92-418. For further 501 (C) 19 information from the Internal Revenue Service, please see <https://www.irs.gov/charities-non-profits/other-non-profits/veterans-organizations>

We request unanimous consent from our Mayor and Assembly to provide an ordinance or other action to remedy this matter. The US Census Bureau estimates that Juneau has 2099 Veterans in Juneau. Our Post #25 services the needs of our local Veterans and supports Juneau youth activities such as our American Legion Baseball Team, Boys and Girls State, and our local youth rifle teams. Our Post Executive Council met on May 24th and authorized our Post request to you and this letter.

For further information or questions, please contact our Post Adjutant, Fred Thorsteinson, at (907) 321-8868.

Best Regards,

Duff Mitchell
Post Commander

Attachments

file

THE AMERICAN LEGION
NATIONAL HEADQUARTERS

OFFICE OF THE
NATIONAL JUDGE ADVOCATE
INDIANAPOLIS, IND. 46206

March 14, 2000

3-69-3rr

Mr. Tom Davis, Dept. Adjutant
The American Legion of Maryland
War Memorial Bldg., Room E
101 N. Gay Street
Baltimore, MD 212102

Dear Adjutant Davis:

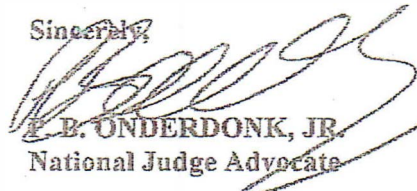
In reply to your recent request, the National Organization of The American Legion was granted its exempt status by the Internal Revenue Service in 1934. In February of 1946, we submitted to the central office of the Internal Revenue Service a complete listing of all Departments and Posts extant in the Legion up to and including December 31, 1945. With our submission we requested a group ruling which would extend exemption from the payment of federal income tax for those Departments and Posts designated in our listing.

Each year since 1946 supplemental listings have been transmitted to the Internal Revenue Service for an over-all group ruling covering those Departments and Posts chartered during the previous year. Group rulings have been issued yearly by the Internal Revenue Service covering those Departments and Posts. Since the Department of Maryland was chartered on August 1, 1920, it was included in our original listing. Enclosed is a copy of the original ruling.

Section 101(8) referred to in the exemption letter corresponds to Section 501 (c) (4) of the 1954 Code. The American Legion, its component Departments and Posts, were exempt from the payment of federal income tax under this Section up to and including the year 1972. By virtue of the passage of Public Law 92-418 on August 29, 1972, veterans' organizations were given a separate classification under the Code, Section 501(c)(19). A copy of that ruling is also enclosed.

Also enclosed please find a copy of a letter we received from the Internal Revenue Service dated February 17, 1976, wherein the National Organization, Departments and Posts were instructed to use the number 0925 as their Group Exemption Number (GEN) when filing their Form 990.

Sincerely,


F. B. UNDERDONK, JR.
National Judge Advocate

cc: Dept. Commander-MD
Dept. Adjutant
NECman
Dept. Judge Advocate

Presented by: Mayor Weldon
Presented: 07/11/2022
Drafted by: R. Palmer III

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2022-36

An Ordinance Amending the Sales Tax Code to Exempt Veteran Organizations.

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

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

Section 2. Amendment of Section. CBJC 69.05.040 Exemptions, is amended to read:

69.05.040 Exemptions.

The tax levied under this chapter shall not apply to the following transactions:

...

(12) Sales, services and rentals to a buyer, or made by a seller, organized and administered solely by an organization that has a current 501(c)(3), ~~or 501(c)(4)~~, or 501(c)(19) exemption ruling from the Internal Revenue Service and an exemption certificate from the manager, provided this exemption applies to sellers only if the income from the sale is exempt from federal income taxation. This exemption does not apply to the sale of pull-tab games.

...

Section 3. Effective Date. This ordinance shall be effective 30 days after its adoption.

Adopted this _____ day of _____, 2022.

Attest:

Beth A. Weldon, Mayor

Elizabeth J. McEwen, Municipal Clerk

MEMORANDUM



DATE: July 29, 2022

TO: Assembly Finance Committee

FROM: Jeff Rogers, Finance Director

SUBJECT: **Partial Repeal of Non-Profit Sales Tax Exemption**

105 Municipal Way
Juneau, AK 99801
Phone: (907) 586-5215
Fax: (907) 586-0358

As drafted, Ordinance 2022-16 would eliminate the sales tax exemption for the sale of *goods* by non-profit organizations. The sale of services would remain exempt.

Non-profit organizations sell all manner of goods and services, and it is difficult to generalize. However, the sale of goods is more the exception than the rule. Healthcare, educational programming, live arts and culture events, and activism/membership are all generally services rather than goods. For non-profit organizations, the sale of goods may be either primary or ancillary to their primary mission. We commonly think sales ancillary to primary mission as “fundraisers.” For example:

- Sales more primary to organizational mission:
 - An arts organization might sell paintings, drawings, or other tangible artworks
 - A cultural organization might sell crafts, artifacts, objects, or interpretive materials inherently connected to that culture
 - A sports organization might sell sporting equipment for use by their players
 - A health organization might sell books, devices, and testing supplies for use by their patients
- Sales less primary to organizational mission (“fundraisers”):
 - A scouting organization might sell cookies/popcorn to raise funds for scouting activities
 - A sports organization might sell cookie dough, gifts, etc. to raise funds for their sporting activities
 - An environmental organization might sell books to raise funds for the advancement of their environmental cause
 - An arts and culture organization might sell logo clothing to raise funds for their programming

The Committee will need to carefully and closely define exactly what sales should become taxable.

Of note, in recent discussions, committee members have asked about the application of CBJ 69.05.040(1), regarding casual and isolated sales:

(1)Casual and isolated sales. As used in this subsection, casual and isolated sales means retail sales, rentals, or services not:

(a)Pursuant to a business license;

(b)By sellers representing themselves to be in the business of making such retail sales, rentals or services; or

(c)Including business personal property leased or rented in the regular course of business engaged in by that seller.

Presently, the CBJ Sales Tax Office (STO) interprets the casual and isolated sales exemption quite narrowly. Generally, the STO interprets this exemption only to refer to person-to-person sales, including garage sales and the sale of personal belongings from person-to-person. Under current interpretations, none of the non-profit sales of goods described above would qualify as a casual and isolated sale.

Presented by: COW
Presented: 05/16/2022
Drafted by: R. Palmer III

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2022-16

**An Ordinance Amending the Uniform Sales Tax Code to Repeal the
Exemption of Sales by Non-profit Organizations.**

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

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

Section 2. Amendment of Section. CBJC 69.05.040 is amended to read:

69.05.040 Exemptions.

The tax levied under this chapter shall not apply to the following transactions:

...

(12) ~~Sales, Services~~ services and rentals to a buyer, or made by a seller, organized and administered solely by an organization that has a current 501(c)(3) or 501(c)(4) exemption ruling from the Internal Revenue Service and an exemption certificate from the manager, provided this exemption applies to sellers only if the income from the sale is exempt from federal income taxation. This exemption does not apply to the sale of pull-tab games.

...

Section 3. Effective Date. This ordinance shall be effective on January 1, 2023, if the proposition required by Ordinance 2022-17 (summer sales tax increase) is approved by a majority of the qualified voters of the City and Borough voting on the proposition at the next regular municipal election.

Adopted this _____ day of _____, 2022.

Attest:

Beth A. Weldon, Mayor

Elizabeth J. McEwen, Municipal Clerk



TO: Carole Triem, Chair, Assembly Finance Committee
FROM: George Schaaf, Parks & Recreation Director
DATE: July 29, 2022
RE: Dimond Park Field House staffing

The Parks & Recreation Department would like to hire a full-time Recreation Coordinator I (Range 10) to avoid interruptions in service at the Dimond Park Field House as operations return to pre-pandemic levels. In this fiscal year, no additional appropriations would be necessary to fund this position, the costs of which could be offset by increased revenues and savings elsewhere in the Department's FY 2023-24 budget, resulting in a reduced Departmental lapse at year end.

The Field House serves more than 75,000 youth and adults throughout the year, including 20 user groups ranging from the Juneau School District to youth and adult sports teams. It provides critical services to childcare providers, many of whom rely on the "Turf for Tots" program during inclement weather. The facility also offers Juneau's only indoor walking track, which is heavily used by people of all ages throughout the year.

CBJ acquired the Dimond Park Field House in 2021 and began managing the facility on July 1, 2021. At that time, the Department proposed a conservative budget that reflected reduced operations during the COVID-19 pandemic. This budget included just one full time employee and eight part-time employees – fewer than when the Field House was managed by Eaglecrest. The facility is currently operating on a limited schedule (three days per week) with just two part-time employees. Senior Parks & Recreation employees fill in throughout the week, impacting the Department's ability to process permit applications in a timely manner, manage adult sports, and provide community programs. This is contributing to employee burnout.

Normally the Field House is open 14 hours per day, seven days a week. Due to lack of staff, it is currently closed four days per week (Friday, Saturday, Sunday, and Monday). It is open on Tuesday, Wednesday, and Thursday, but on a reduced schedule (8 a.m. – 1 p.m.). Without additional staff, we will be unable to accommodate hundreds of hours of facility rentals by core user groups this fall, including Juneau School District teams. While we rely on part-time employees to open and close the building and to staff it over the weekend, part-time employees are limited to a maximum of 970 hours per year. Due to the nature of this work, most part-time employees are in school or have other jobs during the week. With just one full-time employee, things like personal leave, sickness, and vacancies in other positions will result in cancelled rentals and unplanned closures. No other CBJ facility is able to serve the public seven days a week with just one full time employee.

While the Assembly does not directly manage personnel, the Manager traditionally brings increases in staffing to the Assembly for approval. The issue of staffing at the Field House was raised during the FY2023-24 budget process through the pending list. While the Assembly agreed to take on the facility in the winter (with an implied budget increment), the Assembly declined to support an additional FTE in May. The Manager has asked me to raise this issue again, so that the Assembly more clearly understands the choice: Either reduce operating hours and cancel rentals for core user groups, or consent to the addition of this full time employee.

CBJ Restricted Budget Reserve

Resolution 2629, Section 1

It is the intent of the Assembly that the amount of the CBJ budget reserve be adjusted on an annual basis based on general governmental revenues from the most recently audited annual financial statements, using the Government Finance Officers Association's recommended reserve target of not less than two months (16.7%) of annual operating revenues.

	Audited Revenues	Projected Revenues	Required RBR Balance (16.7%)	Required Contribution	Actual Contribution	Proposed Contribution	Loan Appropriation from RBR	RBR Ending Balance	CBJ Debt to RBR
FY15								\$ 12,410,000	
FY16	\$ 105,078,435		\$ 17,548,000	\$ (5,138,000)	\$ 1,000,000			\$ 13,410,000	\$ 4,138,000
FY17	\$ 104,585,745		\$ 17,466,000	\$ (4,056,000)	\$ 1,400,000			\$ 14,810,000	\$ 2,656,000
FY18	\$ 109,007,254		\$ 18,204,000	\$ (3,394,000)	\$ 1,050,000			\$ 15,860,000	\$ 2,344,000
FY19	\$ 114,007,769		\$ 19,039,000	\$ (3,179,000)	\$ 400,000			\$ 16,260,000	\$ 2,779,000
FY20	\$ 115,324,800		\$ 19,259,000	\$ (2,999,000)	\$ -		\$ (3,000,000)	\$ 13,260,000	\$ 5,999,000
FY21	\$ 106,249,712		\$ 17,744,000	\$ (4,484,000)			\$ 1,200,000	\$ 14,460,000	\$ 3,284,000
FY22		\$ 112,946,300	\$ 18,862,000	\$ (4,402,000)			\$ 1,200,000	\$ 15,660,000	\$ 3,202,000
FY23		\$ 126,990,800	\$ 21,207,000	\$ (5,547,000)			\$ 200,000	\$ 15,860,000	\$ 5,347,000



City and Borough of Juneau
City & Borough Manager's Office
155 South Seward Street
Juneau, Alaska 99801
Telephone: 586-5240 | Facsimile: 586-5385

TO: Chair Triem and Assembly Finance Committee

DATE: July 29, 2022

FROM: Rorie Watt, City Manager

RE: Gastineau Lodges Housing Project Pre - Development Loan

During the 2021 Affordable Housing Fund solicitation, CBJ received a proposal from a private development group for a pre-development loan of \$700K for a 72-unit apartment building in Downtown Juneau. The scoring team (including a banker and a developer) supported a loan to the private development group only if the loan was collateralized (note that this is a different approach than we have taken in giving outright grants from the AHF to the non-profit agencies).

The Developer has proposed that CBJ accept the development property as collateral for the loan, it is three separate buildable lots, each about 5,000 sf, for a total of 14,995SF of property that is zoned Mixed Use – the CBJ zoning district with the fewest development restrictions.

The assessor has this property valued at \$134,100 and a recently provided appraisal has the property valued at \$795,000. Given these very different values, if we are to accept the land as collateral for a \$700K loan, then we need confidence in the appraisal. The appraisal is attached.

Valuation Discussion:

Rarely is any buildable lot worth as little as \$44,700 (each lot being one third of the total), much less MU zoned property. However, these lots have constrained road access (narrow Gastineau Avenue), are relatively steep, are in previously mapped hazard zones and have been undeveloped for a very long time. These facts all support low valuations.

The appraiser finds other MU parcels as comparables and values the property similar to other MU or MU2 properties, including the former public safety building site where we propose to place the new City Hall. These other sites are flat, some are not in mapped hazard areas and have superior road access. Regardless, there is a good argument that downtown, MU property is scarce and offers much opportunity. Yet, I find the appraised value to be quite aggressive.

I am persuaded that our assessed value could be low, and that the appraisal is too high. Provided that CBJ is comfortable with accepting some risk, using the property as collateral could be acceptable when bundled with other risk mitigating requirements into a loan.

Risk/Reward:

Making progress on housing is a highest goal of the CBJ. In order to make faster progress, we are going to have to be more aggressive in policy, in land sale, in development decisions and/or in use of municipal funds. Understanding this delicate balance, I have worked with the developer to come up with an approach that may thread the proverbial needle.

Proposed Loan Parameters:

- A. Up to \$350,000 collateralized by the property, to be used for new invoiced expenditures for permitting, mobilization, ordering of long lead retaining wall materials. We would attach a lien to any building materials.
- B. No further disbursements until grading, drainage and Conditional Use permitting has been achieved.
- C. Disbursements of up to an additional \$350,000 to reimburse for invoiced work that improves the property (utilities, grading, drainage, retaining walls), provided that the developer match expenditures with loan funds on a 1:1 basis.

Analysis:

If we make this loan and the project fails, we will acquire the property and it may take a long time to shop the property to another willing developer. If failure occurs before site work begins, then our risk will be \$350K less the salable value of the property (which may be as much as \$215K, assuming the assessor valuation reflects the market, or none, assuming the median between the assessed and appraised value exceeds the market value).

If failure occurs after site work begins, then the risk includes a calculus of whether funds invested in site work increases the value of the property. The requirement that the developer simultaneously invests funds mitigates the risks.

Of course, if the project succeeds, there will be approximately \$20M of local expenditures and the addition of 78 units to our housing stock. The funding is proposed to come from a HUD loan program which will have affordability requirements (thereby making it unnecessary for CBJ to separately require).

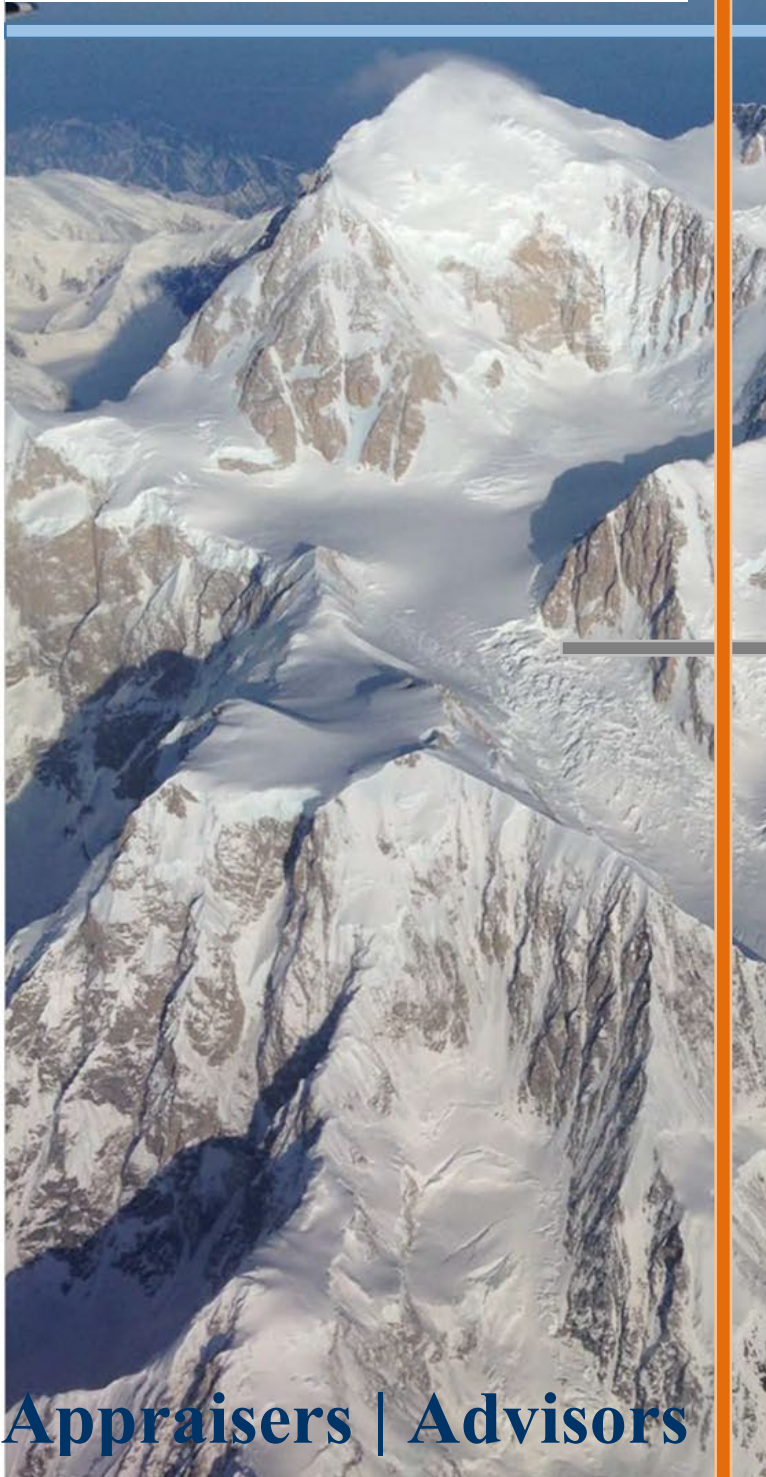
The developer advises that there is still a funding gap on the order of \$1.3M and that they intend to pursue private equity as well as grant funding (including from CBJ). I recommend that the Assembly consider this loan proposal as a stand-alone decision.

Recommendation:

If the Assembly feels comfortable understanding the risk a pre-development loan of up to \$700,000, then it should forward an appropriation Ordinance, designating the Affordable Housing Fund as the funding source.

RELIANT

LLC



Appraisers | Advisors



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Appraisal Assignment of:

Gastineau Lodge Apartments Site

0 Bulger Way

Juneau, AK 99801

Latitude: 58.299154, Longitude: -134.402836

Reliant Reference Number: 22-0665

As of: July 21, 2022

Prepared for:

Gastineau Lodge Apartments, LLC



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Anchorage, Alaska 99507
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Letter of Transmittal

August 3, 2022

Mr. Steven Soenksen
Gastineau Lodge Apartments, LLC
PO Box 020870
Juneau, AK 99802

RE: **Gastineau Lodge Apartments Site**
0 Bulger Way
Juneau, AK 99801

Dear Mr. Soenksen:

At your request, an appraisal of the above referenced property has been prepared. The results of the assignment are presented in *Appraisal Report* format. The purpose of the assignment is to estimate the market value of the real estate in its current As Is condition. The *Fee Simple* interest in the subject has been analyzed.

The client(s) of this assignment is Gastineau Lodge Apartments, LLC. The intended user(s) of the report are Mr. Steven Soenksen and Mr. Douglas J. Trucano, Gastineau Lodge Apartments, LLC, for the intended use of prospective financing decisions. Although other parties may in some cases obtain a copy of this report, it should not be relied upon by anyone other than the intended user(s), or for anything other than the intended use.

This assignment has been prepared and presented in conformance with the scope of work developed in consultation with the client, the current Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation, as well as the bylaws of the Appraisal Institute.

The subject is a 14,995 sq. ft. site lying to the south side of Gastineau Ave. The subject's exterior has been observed, and photographs taken by Greg Bucklin, MAI. Market information and data regarding other similar real estate has been obtained. This data has been analyzed using appropriate techniques and methodologies necessary to develop a credible and reliable estimate of market value.



RE: **Gastineau Lodge Apartments Site**

As a result of research and analysis, the value estimate(s) for the subject is/are as follows:

FINAL MARKET VALUE ESTIMATE	
Gastineau Lodge Apartments Site	
Property Rights	Fee Simple
Condition	As Is
Effective Date of Appraisal	July 21, 2022
Final Market Value Estimate	\$795,000

The value estimates are based on a marketing period of approximately 6 months and an exposure period of approximately 6 months. The value opinion reported above is qualified by certain assumptions, limiting conditions, certifications, and definitions, which are set forth in the body of the report. This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits and Addendum. Thank you for the opportunity to be of service. If you have any questions, please feel free to call.

Respectfully submitted,

A handwritten signature in black ink that reads 'Kim M. Wold'.

Kim Wold

Senior Appraiser

Alaska Certified General – No. 52

kim@reliantadvisory.com

Description of Site

Gastineau Lodge Apartments Site

Name	Gastineau Lodge Apartments Site
Address	0 Bulger Way Juneau, AK 99801
Geo Coordinates	Latitude: 58.299154, Longitude: -134.402836
Physical Location	The subject is located on the south side of Gastineau Ave.
Assessor's Tax Parcel Number(s) ⁹	1C070H020120
Abbreviated Legal Description	<i>Lots 12, 13, and 14, Block 2, Pacific Coast Addition</i> (Per Tax Assessor Records)

Gross Site Area	Summary of Site Area			
	Parcel ID	Gross Land Area (Acres)	Gross Land Usable Land Area (Sq Ft)	Usable Land Area (Sq Ft)
		0.34	14,995	0.34 14,995

SOURCE Tax Assessor Records

Upon review of the site’s physical and economic characteristics, there do not appear to be any factors that would reduce the usable area. Nonetheless, a survey of the site indicating usable area was not provided to the appraiser. The market value of this report assumes that all of the site’s gross land area is usable. In the event that a portion of the site were found to be un-usable, the market value of the subject could be less than the current estimate.

Excess Land / Surplus Land

A review of the subject’s land-to-building ratio and comparison with typical market parameters suggests the subject does not have excess or surplus land. Therefore, after careful consideration, the subject is concluded to not include any excess land.

Shape The subject has a rectangular configuration.

Street Frontage The subject has approximately 98' of frontage on Bulger Way and 145' of frontage on Gastineau Ave.

⁹ Per Tax Assessor Records.

Access	Access to and from the subject is considered average relative to competing properties.
Exposure	Exposure of the subject is considered average relative to competing properties.
Adjacent Land Uses / Businesses	
	NORTH Vacant land
	SOUTH Tourism retail
	EAST Multifamily apartment
	WEST Vacant land
Topography	The subject has a sloping topography, lying below street grade. Please refer to the topographical map exhibit that follows.
Soil Conditions	Soils conditions in the subject's market are not uniform and can vary widely from one site to another. No soils report has been provided but soils conditions are reported to be average. It is an ordinary assumption of this report that the soil conditions are typical of the neighborhood and generally similar to those found at the land sale comparables utilized in this report.
Wetlands	No surface water was noted during the walk-through and the subject does not appear to contain any wetlands.
Drainage / Hydrology	The adequacy of site drainage requires detailed information on rainfall, soil conditions, topography and wetlands and can only be fully ascertained by a professional engineer that specializes on hydrology. A hydrology study was not available to the appraiser. In absence of a formal hydrology study, the adequacy of drainage can only be ascertained by site observation over an extended period of time. For this reason, many drainage issues are not identified until the time of actual development. Drainage issues will also most commonly manifest during peak spring break up, when the combination of new moisture and snow melt maximize runoff. Absence of storm drain systems, low lying locations that are below grade the presence of water bodies and highways increase the risk of drainage issues. Any statement with respect to the adequacy of drainage is based on the perspective of a "typical" market participant and is not a formal conclusion that hydrology issues are not present, rather that they would not be apparent to a typical market participant. No obvious drainage issues were apparent during the site visit and no significant standing bodies of water were present.
Flood Zone	The Flood Emergency Management Agency or FEMA has prepared flood insurance rate maps for various communities in the State. According to the flood insurance map, community panel number 02110C1567E, issued by the Federal Emergency Management Agency and last updated September 18,

Gastineau Lodge Apartments Site

Description of Site

2020, the subject is located within zone “X”, described as follows:

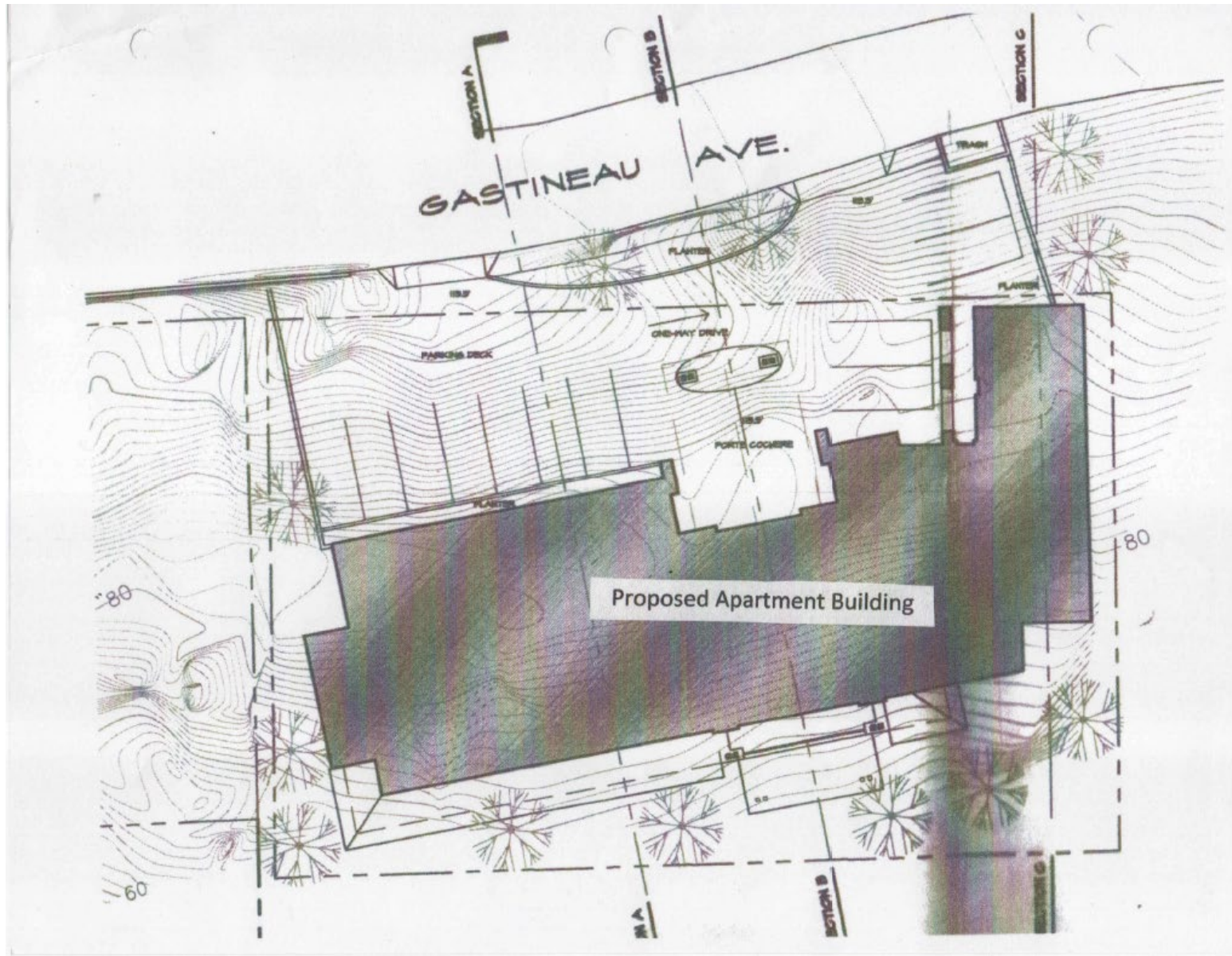
**ZONE C / X
(UNSHADED)** Minimal risk areas outside the 1-percent and .2-percent-annual-chance floodplains. No BFEs or base flood depths are shown within these zones. (Zone X (unshaded) is used on new and revised maps in place of Zone C.)

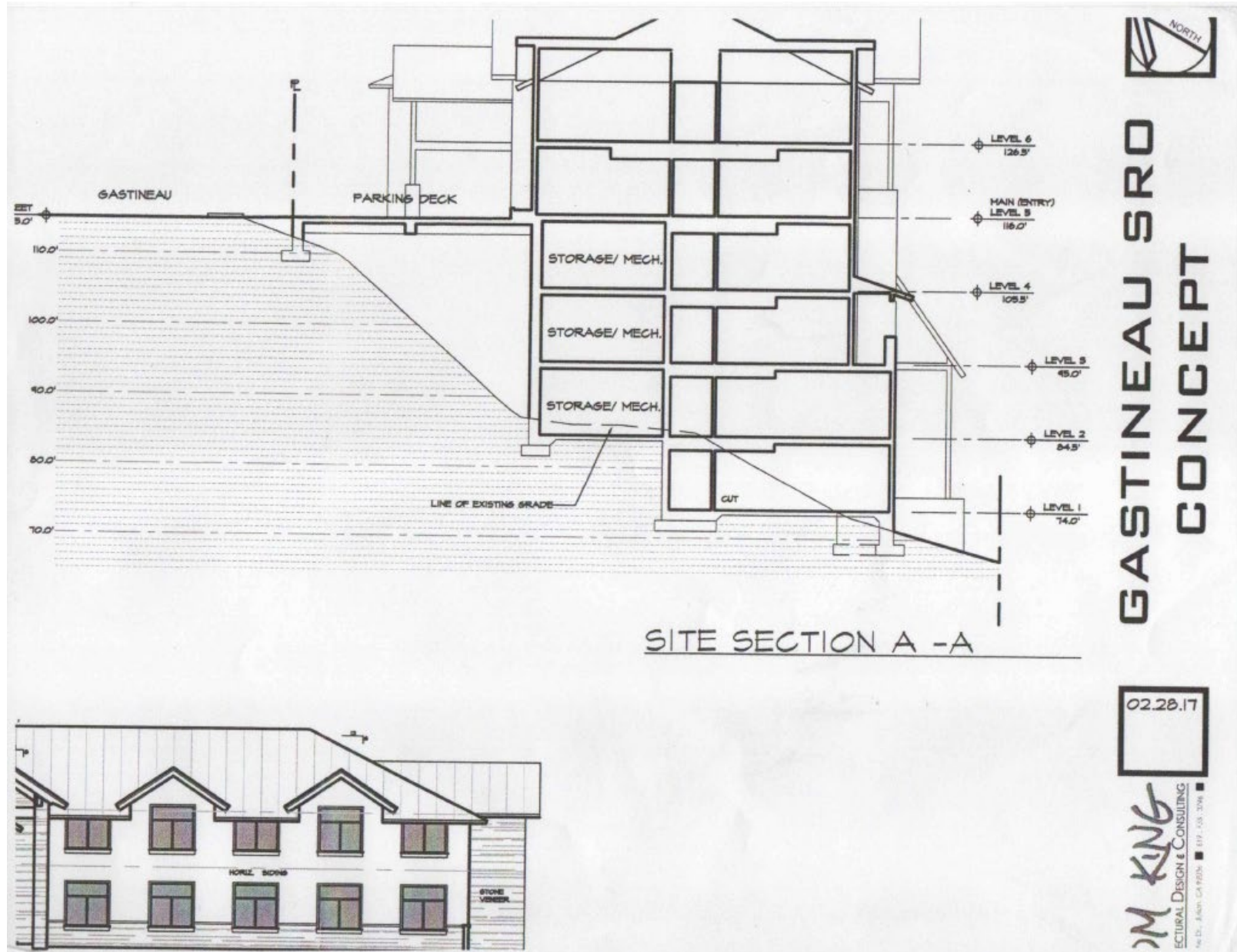
Utilities The subject is vacant land. All utilities are available to the site.

Aerial Photograph Exhibit



Site Plan and Topographical Map Exhibit





Zoning	Mixed Use
MIXED USE, MU, JUNEAU	<p>The MU, mixed use district, reflects the existing downtown development pattern and is intended to maintain the stability of the downtown area. Multifamily residential uses are allowed and encouraged. In addition to residential uses, other allowed uses include office uses, food service, retail, and minor utility facilities. Minimum lot size is 4,000 SF with a minimum lot width of 50' and a minimum depth of 80'. There are no limits on structure height or maximum lot coverage. All setbacks are 0'.</p> <p>The subject's zoning is not unduly restrictive, permits a wide variety of uses that are consistent with its highest and best use as vacant, and does not appear to materially limit the economic potential or functional utility of the property.</p>
Easements, Covenants, Encroachments & Restrictions	<p>No title report was provided for the appraiser's review. Two easements were noted along the Gastineau Ave frontage which have minimal impact on the site's utility. It is understood that there are no legal restrictions that would adversely affect use or marketability of the property. Title and land use, however are legal issues and an attorney should be consulted relating to questions on these matters. It is an assumption of this report that there are no restrictions that would adversely affect use or marketability of the property.</p>
Functional Utility	<p>There are no known physical or economic characteristics that limit the site's development potential and level of functional utility. The subject is generally physically and economically similar to other sites within the market segment that it competes. Overall, the site is concluded to provide average functional utility.</p>

Property Assessment & Taxes

Summary of Property Assessment & Taxes

Real Property Properties located within the subject’s market are assessed by the assessor every year. By statute, each property must be assessed at 100% of market value. The millage rate (on which property taxes are based) is determined annually based on spending and assessment levels. Millage rates vary constantly and are influenced by state law and services provided in each individual district. The assessed value of all properties located within a district is divided by a particular year’s budget requirements to arrive at a millage rate. Thus, actual spending determines the amount of tax, and assessment allocates the tax among property owners. Therefore, an increase or decrease in total assessment will not, by itself, result in a change in the total property tax collected.

The subject’s current assessed value and taxes are shown on the table that follows.

Property Assessment & Tax Summary Exhibit

MOST RECENT PROPERTY ASSESSMENT & TAXES					
Tax Parcel Number	Assessment			Mill Rate	Taxes
	Land	Improvements	Total		
Year	2022				
1C070H020120	\$134,100	\$0	\$134,100	1.056%	\$1,416

Land Valuation

Introduction

Methodology	Land is customarily valued as though unimproved and available for development to the use, which would justify the highest price and the greatest net return. Sales of unimproved land most similar to the subject are investigated and the most appropriate transactions are analyzed. The land value estimate traditionally reflects the fee simple value of raw land with good soils, available access, available utilities, minimal site work completed, generally level and at grade, with no site improvements (paving, landscaping, lighting, fencing, etc.).
Units of Comparison	Units of comparison, components into which properties may be divided for purposes of comparison, are derived from comparable sales data. Brokers, developers and other market participants indicated a common unit of comparison for properties in this market is the price per land unit.

Comparable Data

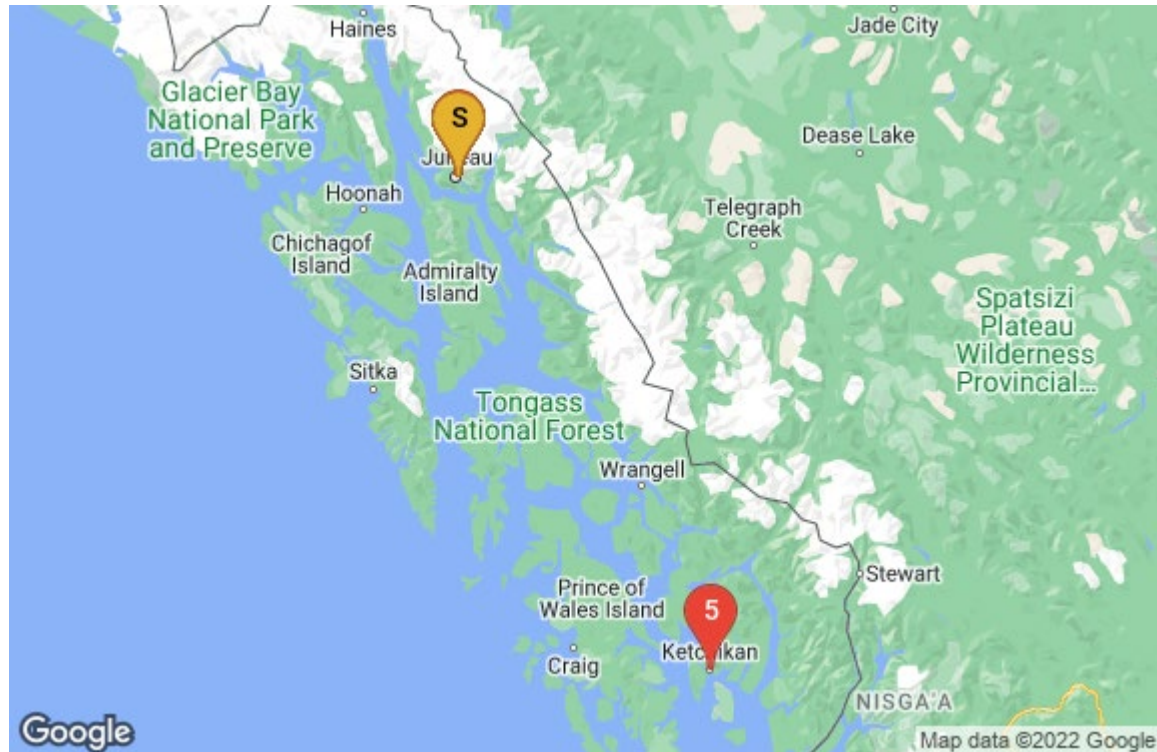
Sources of Data	The following transactions were obtained from various sources including web sites (Alaska Multiple Listing Service, Loopnet and Craigslist), brokers, assessors, appraisers, other individuals and most notably the Reliant, LLC internal database.
Availability of Data	The availability of comparable data is a function of the subject’s location, property type, property size, market size and market activity. There are a limited number of properties with similar physical and economic characteristics to the subject, and these are traded infrequently. Therefore, market research identified limited transactions involving properties that are directly similar to the subject, and all of the comparables required substantial upward or downward adjustment. Nonetheless, the comparable transactions bracket the subject physically and economically, and after adjustment (indicating the lower and upper value indications) provide a reasonable basis for estimating market value.
Presentation of Data	The most relevant data for these transactions is presented on the following summary table. The following map highlights the location of the comparables relative to the subject. Photographs and relevant discussion on each comparable are also presented. Detailed sheets containing additional documentation on the physical and economic characteristics of the transactions are presented in the Addenda.

Summary of Comparable Land Sales Exhibit

No.	Name	Usable Land SF	Utilities	Soil Conditions	Current Use	Access / Exposure	Shape	Date	Actual Price	Price
	Legal Description	Acres		Zoning			Topography	Transaction Type		
L-1	First National Bank Building - 7716	5,943	All utilities	Average	Vacant	Average	Irregular	Mar-16	\$600,000	\$600,000
	Lot 3 and Por Lot 2 Block G, and Lot 4 Block 3, Juneau	0.14		Mixed Use			Benched	Closed Sale		\$100.96 /SF
L-2	450 Whittier St. - 3643	14,658	All Available	Average	Vacant Land	Average /	Rectangular	Sep-18	\$450,000	\$858,000
	Lt 14, Blk 68, Tideland's Addition	0.34		Mu2, Mixed Use 2			Generally Level	Closed Sale		\$58.53 /SF
L-3	Breffini Place Properties - 10459	16,204	All	Average	Vacant Land	Good	Irregular	Sep-21	\$1,350,000	\$1,350,000
	Lots 1A and 2A, Block 13, Plat 85-148 and Lots 3 and	0.37		Mu			Bench/Slope	Closed Sale		\$83.31 /SF
L-4	Goldstein Land - 10493	4,913	All Utilities	Average	Vacant	Average	Rectangular	Jan-21	\$286,000	\$286,000
	Lot 3, Block 4, Juneau Townsite	0.11		Mu			Level	Closed Sale		\$58.21 /SF
L-5	Ellis Land - 10494	5,164	All Utilities	Average	Vacant	Average	Irregular	Nov-21	\$210,000	\$210,000
	Ptn Lot 16, Lot 17, Block 15, USS 437	0.12		CC			Benched	Closed Sale		\$40.67 /SF
L-6	Gunakadeit Pocket Park - 10891	2,018	All Utilities	Average	Vacant	Average	Rectangular	Apr-22	\$171,000	\$171,000
	Lot 9, Block 13, Plat 85-148	0.05		Mixed Use			Benched	Closed Sale		\$41.94 /SF
Subj.	Gastineau Lodge Apartments Site	14,995	All Utilities	Average	Vacant Land	Average /	Rectangular	Appraisal	- - -	\$795,000
	Lots 12, 13, and 14, Block 2, Pacific Coast Addition	0.34		Mixed Use			Sloped			\$53.02 /SF

(1) "Price" shown for analysis purposes may reflect adjustments for conditions of sale, soil conditions, utility extensions or other items. Please refer to the individual comparable's comments.

Map of Comparable Land Sales Exhibit



Description of Data

Sale No. L-1



Downtown Juneau historic building with frontage on both Front Street and N Franklin Street. The purchaser planned to renovate the building with new retail storefronts and apartments above. The top floor was formerly used as a theater and requires repurposing. Since the sale the Franklin Street space has been renovated and leased to Devils Club Brewing. This is analyzed as a land sale because the improvements failed to contribute to the overall property value.

Sale No. L-2



This is the sale of land in Juneau. At the time of the sale, there was a building on the site. The buyer intended on demolishing the building with an estimated cost of \$408,000 for demo. This was added to the sale price of

\$450,000 for an analysis price of \$858,000.

Sale No. L-3



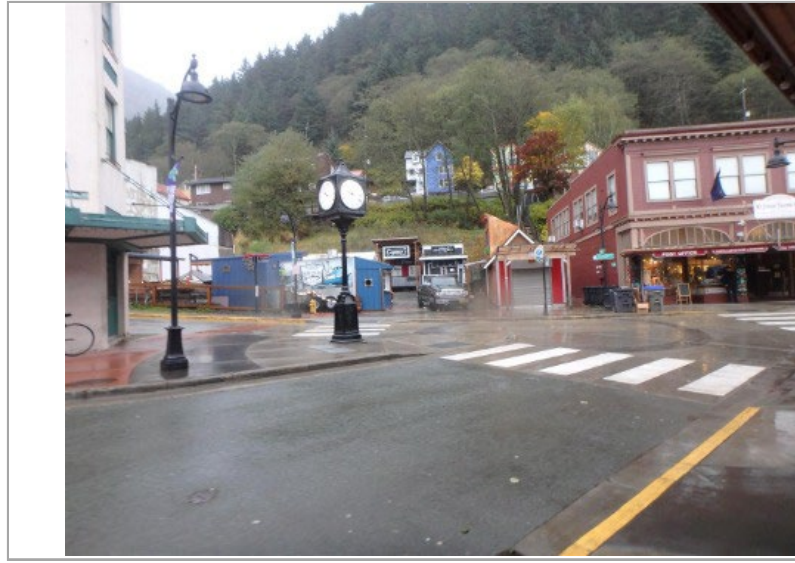
This is a downtown Juneau parcel that was formerly occupied by the Gastineau Apartments which were demolished in 2016 after a 2012 fire. The site is tiered, the lower portion has 62' of frontage on S Franklin Street and is flat to a depth of about 75' from street front, and an area of about 3,900 sq ft. The mid tier slopes upward from about 10 feet above the lower tier to a bench about 30 feet higher than the lower tier, an area measuring about 6,900 sq ft and a depth of another 75'. The remaining 5,400 sq ft at the rear of the property slopes upward another 30' to a retaining wall that shores up Gold Street, which is the northern boundary of this property, another 50' of depth from S Franklin. In 2019 the property was leased to a food truck operator who then entered a lease to own arrangement in 2020 which would allow for half of the \$3,000 monthly rent to be credited toward the \$1.35 million sale price at closing, which was set to occur by October 2021.

Sale No. L-4

This is a lot located mid-block in downtown Juneau. The property is encumbered with an access easement in favor of an adjacent property. The only utility for the site is as a parking lot.

Sale No. L-5

This is two lots located mid-block in downtown Ketchikan. The site is a secondary location. The topography is benched and would require extensive site work.

Sale No. L-6

This is a property located on the periphery of the tourist district. The site has a sloping topography and is partially encumbered with easements.

Overview of Adjustments

Nature of Adjustments

Adjustments to the comparables are necessary to reflect advantages and disadvantages relative to the subject. Ideally, quantitative adjustments are determined through paired sale analysis or other definitive data. However, when quantitative adjustments cannot be reliably ascertained - as is typically the case in Alaskan markets due to data limitations - qualitative adjustments may be applied through a weighted analysis of each comparable based on its relative merits. These adjustments may be supported by available market data, discussions with local market participants, and/or supplementary information contained within the appraiser's files.

Note that qualitative adjustments - based on the above as well as on appraiser judgment - are applied on a numeric (percentage) basis in this appraisal. Ultimately, the adjustment grid presented further in this chapter is not intended to imply that all of the adjustments were performed on a strictly quantitative basis. Rather, the adjustment grid is presented to more precisely communicate the appraiser's opinion on the direction and degree of adjustment required to a given comparable. Moreover, it should be recognized that the elements of comparison shown in the adjustment grid are those considered most significant and relevant. While they help explain the appraiser's reasoning and support for the reconciled value estimate, they are not the only elements of comparison considered. Other differences where adjustments have not been made explicitly are not deemed material and are therefore implicitly considered in the appraiser's analysis of the comparables and the reconciled value estimate. Finally, certain adjustments to the transaction prices may have already been made and reflected in the initial "Analysis Prices" shown in the table, as described in the preceding

	comments for the individual comparables.
Usable Land Area	Non-usable areas due to topography, wetlands, overhead utilities or other issues are subtracted from gross site area.
Property Rights Conveyed	When real property rights are sold, the contract may include rights that are less than or more than all the real property rights. Examples include the inclusion of another property, personal property, or the sale of a property subject to a below market or above market lease. Therefore, the sale price of the comparable property must be adjusted to reflect the property rights that are similar to those being appraised. In this analysis, the comparables are adjusted to reflect the fee simple sale price of the real property. Adjustments to the comparables are required in cases where the property interest sold was less than or greater than the fee simple value.
Financing Terms	Seller-provided financing can play an important role in the sale of a project. Low down payments and terms that are significantly less stringent than those available in the market at the time of sale contribute to sale prices in excess of that obtainable by an all-cash or typically financed (by a disinterested third party) buyer. In order to analyze all properties on a comparable basis, those sales with financing not typically available for the property at the time of sale must be converted to typical terms and cash equivalency.
Conditions of Sale	Adjustments for conditions of sale are intended to reflect the motivations of the buyer and the seller. Conditions of sale that are outside the definition of market value must be adjusted to reflect a fully marketed property with adequate exposure and an arms-length transaction where neither the buyer nor the seller is unduly motivated. Adjustments may be required to properties where one party was unusually motivated, foreclosure sales, properties that were not fully exposed to the market, and active listings that have not closed.
Market Conditions	In the process of completing this assignment, or as part of previously completed assignments for similar properties in this segment, consideration was given to available paired sales, rent trends, assessment trends, MLS trends, economic studies, published articles and discussions with market participants. Based on the available data, market values have generally been increasing in recent years as the available supply of substitute properties has decreased and the number of buyers actively seeking properties has increased. A 2.0% annual adjustment is made through July 21, 2022.
Location	Location is a broad term that includes non-property specific factors such as neighborhood and surrounding demographics and property specific factors such as surrounding streets, street frontage, access, exposure, number of corners, traffic counts, adjacent properties and other factors. Where appropriate adjustments for certain components of location may be performed individually.
Size	If an adequate supply of larger sites exists then generally smaller parcels tend to sell for higher prices per sq ft. If supply of larger parcels is limited

then they occasionally sell for a premium.

A review of data indicates that within the subject's market smaller parcels tend to sell for higher prices per sq ft than larger parcels. Larger parcels than the subject are adjusted upward while smaller parcels are adjusted downward.

Use / Zoning

Differences in the current use or the highest and best use of a potential comparable and the subject must be analyzed. Site development potential depends heavily on zoning requirements. Zoning determines how large a structure and for what type of use a site can be developed. Adjustments are required to comparables with zoning designations that provide a lower or higher level of overall functional utility relative to the subject's zoning.

Topography

Topography refers to whether a site is level or sloping and at, above, or below the grade of surrounding streets. Adjustment is required to those comparables that have dissimilar topography relative to the subject. In certain cases, the slope of the topography is so severe that the impacted area is not usable and is therefore excluded from usable site area. In other cases, the sloping area is still usable but is not desirable because it increases development costs and requires mitigation prior to development.

Easements

Sale L-4 is adjusted for the fact that it has an access easement, which impairs the usability of the property. Sale L-6 also had significant easements; however, no adjustment is necessary because the area encumbered by the easements (2,059 sq. ft.) has been deducted from the total site area to yield the usable site area. The remaining comparables had typical easements along the perimeter, similar to the subject, and no adjustments were necessary.

Detrimental Conditions

The subject, as well as Sales L-1 through L-5 are unencumbered by detrimental conditions. Sale L-6 had contamination that created a perception of future environmental risks. The sale value is adjusted upward to account for this fact.

Other

The adjustments listed above are not inclusive of all the adjustments considered by the appraiser. Physical and economic differences where adjustments have not been explicitly made are implicitly considered in the appraiser's analysis of the comparable and value estimate.

Adjustment Grid Exhibit

Land Analysis Grid			L-1		L-2		L-3		L-4		L-5		L-6	
Name	Gastineau Lodge		First National Bank		450 Whittier St. - 3643		Brefinni Place		Goldstein Land - 10493		Ellis Land - 10494		Gunakadeit Pocket	
City	Juneau		Juneau		Juneau		Juneau		Juneau		Ketchikan		Juneau	
Date	7/21/2022		3/30/2016		9/21/2018		9/30/2021		1/5/2021		11/12/2021		4/28/2022	
Price	Appraisal		\$600,000		\$858,000		\$1,350,000		\$286,000		\$210,000		\$171,000	
Usable Land SF	14,995		5,943		14,658		16,204		4,913		5,164		2,018	
\$/Sq Ft	---		\$100.96		\$58.53		\$83.31		\$58.21		\$40.67		\$84.74	
Transaction Adjustments														
Property Rights	Fee Simple		Fee Simple		0.0%		Fee Simple		0.0%		Fee Simple		0.0%	
Financing	Conventional		Conventional		0.0%		Cash		0.0%		Cash		0.0%	
Conditions of Sale	Arms Length		Arms Length		0.0%		Arms Length		0.0%		Arm's Length		0.0%	
Adjusted Usable Land SF Unit Price			\$100.96		\$58.53		\$83.31		\$58.21		\$40.67		\$84.74	
Market Cond. Thru	7/21/22	2.0%	13.3%		7.9%		1.6%		3.1%		1.4%		0.5%	
Adjusted Usable Land SF Unit Price			\$114.40		\$63.15		\$84.65		\$60.02		\$41.22		\$85.12	
Location	Average		Good		Good		Good		Good		Below Average		Good	
% Adjustment			-30%		-20%		-30%		-10%		20%		-30%	
\$ Adjustment			-\$34.32		-\$12.63		-\$25.40		-\$6.00		\$8.24		-\$25.54	
Usable Land SF (Size)	14,995		5,943		14,658		16,204		4,913		5,164		2,018	
% Adjustment			-5.33%		0.00%		0.28%		-7.18%		-6.66%		-10.00%	
\$ Adjustment			-\$6.10		\$0.00		\$0.24		-\$4.31		-\$2.75		-\$8.51	
Topography	Sloped		Benched		Generally Level		Bench/Slope		Level		Benched		Benched	
% Adjustment			-10%		-10%		0%		-20%		-10%		-10%	
\$ Adjustment			-\$11.44		-\$6.32		\$0.00		-\$12.00		-\$4.12		-\$8.51	
Zoning	Mixed Use		Mixed Use		Mu2, Mixed Use 2		Mu		Mu		CC		Mixed Use	
% Adjustment			0%		0%		0%		0%		0%		0%	
\$ Adjustment			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	
Easements	Typical		Typical		Typical		Typical		Access		Typical		Typical	
% Adjustment			0%		0%		0%		30%		0%		0%	
\$ Adjustment			\$0.00		\$0.00		\$0.00		\$18.00		\$0.00		\$0.00	
Detrimental Conditions	None		None		None		None		None		None		Environmental	
\$ Adjustment			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$9.61	
Adjusted Usable Land SF Unit Price			\$62.54		\$44.21		\$59.50		\$55.70		\$42.60		\$52.17	
Net Adjustments			-38.1%		-24.5%		-28.6%		-4.3%		4.8%		-38.4%	
Gross Adjustments			64.7%		40.3%		32.4%		72.4%		38.5%		62.0%	

Discussion & Analysis After Adjustment

The comparables bracket the physical and economic characteristics of the subject. They bracket the market value of the subject on an unadjusted basis, and inferior comparables were adjusted upward while superior comparables were adjusted downward. Prior to adjustments, the sale prices fall within a wide range. After adjustments this range is narrowed substantially, supporting the overall reasonableness of the adjustments made. A review of the gross adjustments made to the comparables indicates large physical differences between many of the comparables and the subject. Comparables requiring a lower degree of gross adjustment are generally the most reliable indicators of value. Comparables requiring higher degrees of gross adjustment are generally less reliable indicators of value, but may still be meaningful and given weight if the adjustments made were strongly supported.

Prior to adjustment, the comparables range from \$40.67 to \$100.96/sq ft, with an average of \$71.07/sq ft. After adjustment, they range from \$42.60 to \$62.54/sq ft, with an average of \$52.79/sq ft. Thus, the range before adjustment is \$60.29/sq ft, and this decreases to \$19.94/sq ft after adjustment. Sale L-5, which is the lowest indicator, has a configuration that is problematic.

After careful consideration, based on analysis of the data presented previously as well as data contained within the appraiser's work file the market value of the subject is estimated at \$53.00/sq ft.

Test of Reasonableness

Other Noteworthy Transactions

Multifamily land sales in Juneau, shown on the following grid, indicate prices paid of \$13,571 to \$45,000 per planned unit. The subject has a significantly higher density, which would bring the price per unit down. The subject site also affords limited parking. Therefore, the subject price per unit should fall at or below the indicated range of the multifamily land sales.

Multifamily Land Sales Exhibit

No.	Name	Land SF	Utilities	Zoning	Current Use	Date	Actual Price	Price
No.	Address	Acres				Transaction Type	Property Rights	\$ / Unit
I-1	12410 Mendenhall Loop Rd - 2585	149411	All Available	LC, Light	Vacant Land	Oct-15	\$1,200,000	\$1,200,000
	12410 Mendenhall Loop Rd	3.43	/			Closed Sale	Fee Simple	\$28,571.43
I-2	R&S Construction Land - 3427	70591	All Available	LC	Vacant Land	Apr-18	\$1,023,613	\$1,023,613
	3005 Clinton Dr	1.62	/			Closed Sale	Fee Simple	\$42,650.54
I-3	Jordan Ave Land - 3829	22401	All Available	LC, Light	Vacant Land	Feb-13	\$313,614	\$313,614
	NKA Jordan Ave.	0.51	/			Closed Sale	Fee Simple	\$26,134.50
I-4	Building Pros - 3831	10504	All Available	GC, General	Vacant Land	Jun-18	\$180,000	\$180,000
	8600 Bk Airport Blvd	0.24	/			Closed Sale	Fee Simple	\$45,000.00
I-5	4090 Delta Drive - 7723	79279	All available	D18	Vacant	Jun-20	\$400,000	\$190,000
	4090 Delta Drive	1.82	/			Closed Sale	Fee Simple	\$13,571.43
I-6	River Park Apt Land - 10893	99685	All utilities	D-10 Residential	Vacant	Aug-13	\$300,000	\$600,000
	1901 Davis Ave	2.28845	/			Closed Sale	Fee Simple	\$26,086.96
I-7	Cinema Dr Condo Land - 10894	214315.2	All utilities	D-15 Residential	Vacant	Dec-19	\$1,000,000	\$1,000,000
	9090 Cinema Dr	4.92	/			Closed Sale	Fee Simple	\$18,518.51

Land Value Conclusion

LAND VALUE CALCULATION		
Usable Land Area		14995 Sq Ft
Land Value / Sq Ft	x	\$53.00
Estimated Land Value		\$794,735
Rounded		\$795,000