

Juneau Affordable Housing Commission

Commissioners

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January 17, 2012

Mayor Bruce Botelho & Assembly
City and Borough of Juneau
155 S. Seward Street
Juneau, AK 99801

Re: Support for House Bill 264, "An Act allowing a deferral of municipal property taxes on the increase in the value of real property attributable to subdivision of that property; and providing for an effective date."

Dear Mayor Botelho and Assembly Members:

Juneau's Representative Cathy Munoz has offered the above legislation, which would fix tax assessments at the undeveloped land value for up to five years from the date of subdivision through development, subject to limitations which can be imposed by local governments to fit community needs. A copy of the bill just filed, is attached. The Affordable Housing Commission believes the bill will remove an important disincentive for development of privately owned land by reducing the carrying cost of property taxes on land before it can be effectively sold or become revenue producing.

High housing costs have been part of Juneau's reputation for a long time. The ACCRA Cost of Living Index compares living costs in various U.S. cities, including several in Alaska. As of the third quarter of 2011, Alaska's Capital City is about 40 percent more expensive to live in than the "average" US city, and about 9 percent more expensive than Anchorage. Our housing costs are about 79% higher than in the average US city and this dramatically inflates Juneau's cost of living overall. In a 2010 economic climate survey, completed by the Juneau Economic Development Council, Juneau business owners ranked high housing costs third on the list of most significant barriers to operating their businesses. Housing is especially burdensome for lower income residents. Forty-five percent of renters in Juneau spend more than 30% of their income on rent (2005-2007 American Community Survey 3-Year Estimates Survey). While there are many contractors capable of building residential housing units in Juneau, over the past several years, only 2 are building more than 2 units per year.

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The City and Borough of Juneau has taken steps to address affordable housing. Since 2007, the CBJ established an Affordable Housing Commission, amended the Title 49 Land Use Code to include an affordable housing overlay zone and a permitting option for the creation of Single-Room Occupancy apartments, updated the Comprehensive Plan to identify buildable lands within the Urban Service Area, and provided gravel at cost as well as buildable land to developers for affordable housing projects, amongst other initiatives.

The Juneau Affordable Housing Commission supports the concept of tax deferral to remove a disincentive for real estate development. House Bill #264 offers a new tool to help make Juneau's housing more affordable. We respectfully request the City and Borough of Juneau adopt a resolution in support of its passage and enactment. Please let me know if you have questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan Wilson". The signature is fluid and cursive, with the first name "Alan" being more prominent than the last name "Wilson".

Alan Wilson

Chair, Affordable Housing Commission

cc:

Representative Beth Kerttula

Representative Cathy Munoz