



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

Memorandum

TO: Jim Dinley, Municipal Administrator
Mayor Westover and Members of the Assembly

FROM: Wells Williams, Planning Director

SUBJECT: Review Draft
Request for Conceptual Proposals (RFCP)
Old City Shops Affordable Housing Project

DATE: September 17, 2012

The Planning Office was tasked with the development of a Request for Proposals (RFP) for the sale of the Old City Shops property. Attached is a review draft of the document prepared for the Assembly's review. Specific Assembly guidance is requested on the draft's general approach and detailed content before it is released.

It was staff's understanding that the Assembly desired Request for Proposals that could generate a wide range of interest. Since there was not a specific type of project in mind, the document was prepared to encourage responses ranging from private sector housing contractors to organizations that specialize low income housing projects.

It was initially assumed that the development of the RFP would be a straight forward proposition. A review of the earlier effort that resulted in a quality submittal from Trapline Partners, quickly uncovered the complexity of this endeavor.

Materials from the Previous Request for Proposals

A significant amount of effort went into earlier affordable housing efforts on the Old City Shops property. The effort involved sizable time commitments from individuals including the previous municipal affordable housing coordinator, Public Works staff, the Municipal Attorney, a review committee, Trapline Partners, and the Assembly. A large number of the documents that were prepared as part of that earlier effort were reviewed prior to the development of this current draft. While the current general proposal takes a slightly different approach, those earlier documents were heavily used.

In addition to the current draft Request for Conceptual Proposals (RFCP), a number of earlier materials are provided. The single most useful set is a packet that was submitted to the Assembly as background to Assembly Ordinance 2008-05. The 2008-05 packet is supplemented

Providing for today...preparing for tomorrow

with some of Trapline Partner's drawings. These documents are essential to the understanding of the Old City Shops site.

The Current Proposed Process

In an effort to attract the largest amount of potential interest, the current RFCP draft describes a two step process.

The first step is the Conceptual Proposal phase that would result in the submittal of a general plan for the property, description of how the goal of affordable housing would be achieved, and a land purchase (or lease) proposal. Firms and organizations would be given approximately three months to submit their proposals. The review process would occur in early 2013.

After the Assembly selects a specific proposal, negotiations would then start with successful candidate. The individual or firm would then have the confidence to submit a more detailed proposal and more detailed plans.

Trapline Partners went through a huge amount of effort in developing their proposal. Private sector contractors may not be in the position to submit as much information, initially, as Trapline was able to provide.

Outstanding Issues with Draft 1 of the RFCP

The current Request for Conceptual Proposals used the 2007 Request for Proposal document as starting point. The outline was relied upon and most of the structure remains the same. The two substantive differences are 1) the use of a two step submittal and selection process, and, 2) the current proposal process does not include specific options for housing components and what affordable housing standards must be met.

The site details, including acreages and historical property values, were left basically unchanged. The narrative on the Property History was slightly updated to reflect the Vosburg/Bauder request for a 40 foot by 90 foot strip adjacent their new vet clinic.

The opportunities for neighborhood review, included in the 2007 effort, were retained. This extensive outreach process is essential. It was an impressive approach several years ago and will serve the community well even if potential responders don't fully appreciate the time it will require.

The Planning Office considers it important that the Assembly address specific points in their review of the Draft Request for Conceptual Proposals. Those discussion points, outlined in the questions below, include:

1. Is the proposed two step, Conceptual and Full Proposal, process appropriate?
2. Is proposal process that invites responders to come up with their own method of achieving the goal of affordable housing the way the Assembly desires to proceed?

3. In slight restatements of Question Two, is the Assembly comfortable with a proposal process that does not detail what must be included in a purchase or rental option? Is the Assembly also comfortable in an approach that does not tie the definition of affordable housing to specific metrics?
4. Should the municipality invest in an upfront replatting of the property, prior to the issuance of the RFCP, that separates out Vosburg/Bauder request?
5. Should the municipality go through the effort of updating land values prior to the issuance of the RFCP?

While the Planning Office has made its best attempt at creating a draft, decision on each of the discussion points above are essential to determining how the process moves forward.

Request for Conceptual Proposals

Old City Shops Affordable Housing Project

City and Borough of Sitka, Alaska October 2012

- I. Overview
- II. Property History
- III. General Requirements
- IV. Proposal Format and Content
- V. Documents to be Provided in Second Proposal (If Selected)
- VI. Evaluation Criteria and Selection Process
- VII. Schedule
- VIII. Where to Submit the Conceptual Proposal and the Deadline
- IX. Appendices

I. Overview

The City and Borough of Sitka, Alaska is requesting conceptual proposals from construction firms and qualified organizations for the Old City/State Shops property in the 1300 and 1400 block of Halibut Point Road. The proposals shall meet the broad goal of developing an affordable housing project on the parcels.

The proposal process is a two step process designed to 1) solicit initial interest in the development of the property and 2) allow the firm or organization to further refine their proposal following the municipality's selection of a successful candidate.

This request for conceptual proposals includes many of the elements of the RFP for the property that resulted in the submittal by Trapline Partners in 2007. The Trapline Partners affordable housing project was not pursued to completion due to financing issues. Interested organizations and firms are encouraged to acquaint themselves with that earlier process.

The 2012 process is broader than the early effort, has fewer initial submittal guidelines, and provides more time for the submittal of conceptual designs.

The general goal of providing affordable housing remains in the forefront and will guide the selection process. The basic evaluation criteria also remain an integral part of this process.

II. Property History

Through Ordinance No. 2006-32 approved in the October 2006 municipal election, the voters of Sitka authorized the City and Borough of Sitka to dispose of the "Old City Shops" property located at 1306, 1410, and 1414 Halibut Point Road for an affordable housing project, without being subject to competitive bidding.

The three lots contain a total of approximately 3.3 acres. Approximately 1.66 acres of buildable land that was valued at \$620,000 in 2007.

1414 Halibut Point Road (the Old State Shops portion of the property) shall not be built upon until its hill side is stabilized to prevent future landslides. There is a documented history of slides along the 1400 Block of Halibut Point Road and the most recent slides have been analyzed in two geo technical reports prepared for the City and Borough.

This left approximately 1.10 acres of buildable land, not including setbacks and easements that were previously valued at \$484,000.

In the fall of 2012, the City and Borough Assembly indicated that it would be receptive to a request from the owners of Lot B of Little Critter Subdivision for a portion of the property located at 1306 Halibut Point Road. A request for a 40 foot wide by 90 foot deep area, adjacent the vet clinic has been received from Victoria Vosburg and Burgess Bauder. Responders to this Request for Conceptual Proposals shall recognize that this strip is not available at this time. Responders shall further recognize that the land value estimates and acreages, in the property history above, have not been adjusted for the Vosburg/Bauder request.

The property is zoned R-2 Multifamily Residential District. The Sitka Zoning Code provides development standards for properties in the R-2 zones. The Sitka Subdivision Code allows for planned unit developments that encourage innovative site planning and flexibility in zoning regulations. The Old City Shops property is long and narrow with a substantial amount of the property being undeveloped hillside. Proposers are to assume that they will replat the parcels and that relief will be granted from many zoning standards.

III. General Requirements

The intended medium-density, family-friendly, mixed-income project may be ownership units, rental units, or a mixture of both. The City and Borough of Sitka is flexible in housing types and mixes, and encourages developers to exercise utmost creativity to develop an aesthetically pleasing project that meets the targeted functions.

It is the explicit goal of the City and Borough of Sitka that the new affordable housing units will serve low-income families and the community. It is desired that the design be architecturally tasteful in appearance and economical in operation.

Proposers may target the entire property or only a specific portion of it.

In the event buildings are planned for the Old State Shops parcel at 1414 Halibut Point Road, a plan for a future analysis and stabilization of the historic landslide area shall be provided.

Potential Amenities -

- Adequate parking spaces (1.5 parking spaces per unit)
- Indoor community space
- Children's play area
- Laundry facilities
- Indoor mail receptacles
- Sheltered bus stop (that does not impede traffic flow on Halibut Point Road)
- Energy-efficient building
- Accessible units (UFAS, at least 25% of all units)
- Universal interior design (all)
- Computer area (could be part of other common space)
- Covered bicycle storage

- Partial covered parking and walkways from parking to building
- Individual unit lockable storage
- Space sufficient to convert to a childcare facility in the future

IV. Proposal Content and Format

The Conceptual Proposal shall include a narrative, proposed subdivision plat, and building site plan.

A. Letter of Transmittal

B. Project Narrative

1. Please describe in sufficient detail what your vision for the site is. The City and Borough of Sitka will consider imaginative proposals that utilize the entire site or only a portion of the site. Your narrative may include, but may not be limited to: site design, building type(s), number of stories, tenure type(s), mix of incomes, mix of unit sizes, number of accessible units, parking, traffic circulation, community spaces, any on-site facilities, landscaping, storm water management, energy efficiency construction, other amenities, targeted funding sources, time-line, and any planned property management plan.
2. Provide a description of how the project will achieve the broad goal of providing affordable housing in the near and long term.
3. Provide a brief description of the applicant organization, including its experience and the experience of its key individuals who will be working on the project.
4. Provide a list of relevant projects owned, designed, and/or developed by or under the direction of the organization or individual submitting the proposal. Provide three client references.

C. Budget

Submit a rough budget of the total project, including a line item for developer's fee, and fully explain how the project will be funded and financed. The status of all current and proposed financing shall be listed (including any submittal and award dates for housing programs).

D. Land Transaction Option

The present valuation for the entire property is \$620,000. \$136,000 may be deducted from the price if 1414 Halibut Point Road (landslide) is not included. Choose from the following three options and indicate your choice in the Project Narrative. The City and Borough of Sitka may work with the best proposers on how best to address the land slide area separately.

1. Purchase the land at the time the contract is awarded. Proposer will offer a price it deems reasonable to deliver the affordable housing project. It is recommended the price be close to the current valuation of the land.
2. Sign a land control agreement that defers payment of the land until substantial completion of construction. Proposer will pay the current valuation of the land, plus 5% annual interest, at substantial completion of construction. There will be penalties for failing to meet the substantial completion deadline.
3. If project feasibility is prohibited by land cost, then the developer shall take all steps necessary to form an independent nonprofit community land trust (similar to Juneau Housing Trust Inc.), entrust the land to the land trust, then build the affordable housing structures. Once the project is completed, a long-term lease with the land trust shall be

executed by the building(s)'s owner(s), with annual payments to the land trust of no less than the equivalent of the land-only portion of the property tax (or \$3,720 per year for the entire property, at the current value). Payment of the building portion of the property tax by the building(s)'s owner(s) is still due to the City and Borough of Sitka. *(This option was proposed for the Trapline Partners project that was approved by the City and Borough and not completed.)*

V. Documents to be Provided in Second Proposal (If Selected)

While the Conceptual Proposal need only include a narrative, proposed subdivision plat, and building site plan, a detailed series of documents will be required by the firm or organization that the Assembly invites to submit a follow up proposal.

The documents that may be required in a follow up proposal include:

Preliminary site plan	Building configuration	Sample architectural design
Property management	Replacement reserves	Projected operating expense
Hillside stability	Storm water drainage	Landscaping
Traffic impact study	On-site circulation	Pedestrian & parking design
Development budget	Potential funding sources	Timeline

VI. Evaluation Criteria and Selection Process

The City and Borough Assembly, with the assistance of municipal staff, will determine which Conceptual Proposal to pursue. Depending on the scale and quality of the proposals, the Sitka Assembly may choose one or more of the submittals. The Sitka Assembly has the sole discretion to how the process will proceed.

The Assembly may consider the following evaluation criteria.

1. Quality of the proposed use of the site.
2. Quality of the proposed amenities and plans.
3. Quality and cost-effectiveness of the proposal.
4. Ability of the project to provide affordable housing.
5. Ability of the project to continue to provide affordable housing years into the future. ***
6. Attractiveness of purchase or lease terms for acquisition to the municipality. ***
7. Development timetable and ability to acquire all necessary financing. ***
8. Qualifications and experience of the applicant organization or firm.

****THE 2007 REQUEST FOR PROPOSALS LISTED FOUR EVALUATION CRITERIA AND INDICATED THAT A COMMITTEE WOULD USE THOSE CRITERIA IN REVIEWING THE PROPOSAL. A DETAILED STRUCTURE FOR REACHING AFFORDABLE HOUSING GOALS WAS INCLUDED. THE THREE CRITERIA ABOVE THAT ARE MARKED WITH *** ASTERISKS HAVE BEEN ADDED TO THIS CURRENT DOCUMENT SINCE IT IS INHERENTLY MORE FLEXIBLE.*

VII. Schedule (tentative and subject to revision after submittal deadline)

Advertise the RFP	October 16, 2012
Proposals Due at CBS Clerk Office (4:00 PM)	January 4, 2013
Packets and Review Panel Comments to Assembly	January 10, 2013
CBS Assembly Work Session	January 17, 2013

CBS Assembly Public Meeting with Neighborhood
Assembly Selection of Conceptual Proposal
Submittal Deadline for Full Proposals
Assembly and Public Review Full Proposal
Replatting, Authorization Ordinance, Agreements

January 25, 2013
February 12, 2013
April __, 2013
April __, 2013
Beginning May 2013

VIII. Where to Submit the Conceptual Proposal and the Submittal Deadline

Please submit **8 sets** of the completed Conceptual Proposal in an envelope marked:
Old City Shops Affordable Housing Project RFCP

Date the proposal and deliver it to:
City and Borough of Sitka
Municipal Clerk
100 Lincoln Street, Room 301
Sitka, Alaska 99835

Proposals shall be received at the office of the Municipal Clerk until 4:00 PM, January 4, 2013.

Prior to the submittal, inquires may be directed to Wells Williams, Planning Director, City and Borough of Sitka at wells@cityofsitka.com while phone inquiries can be made to (907) 747-1824, emails are requested to allow for tracking of potential questions. Thank you.

IX. Appendices – *A SERIES OF APPENDICES WILL BE ADDED PRIOR TO THE ISSUANCE OF THIS RFCP*

**Attachments to September 17, 2012 Memorandum
Old City Shops Affordable Housing Project
Request for Conceptual Proposals
Draft #1**

Vicinity Maps

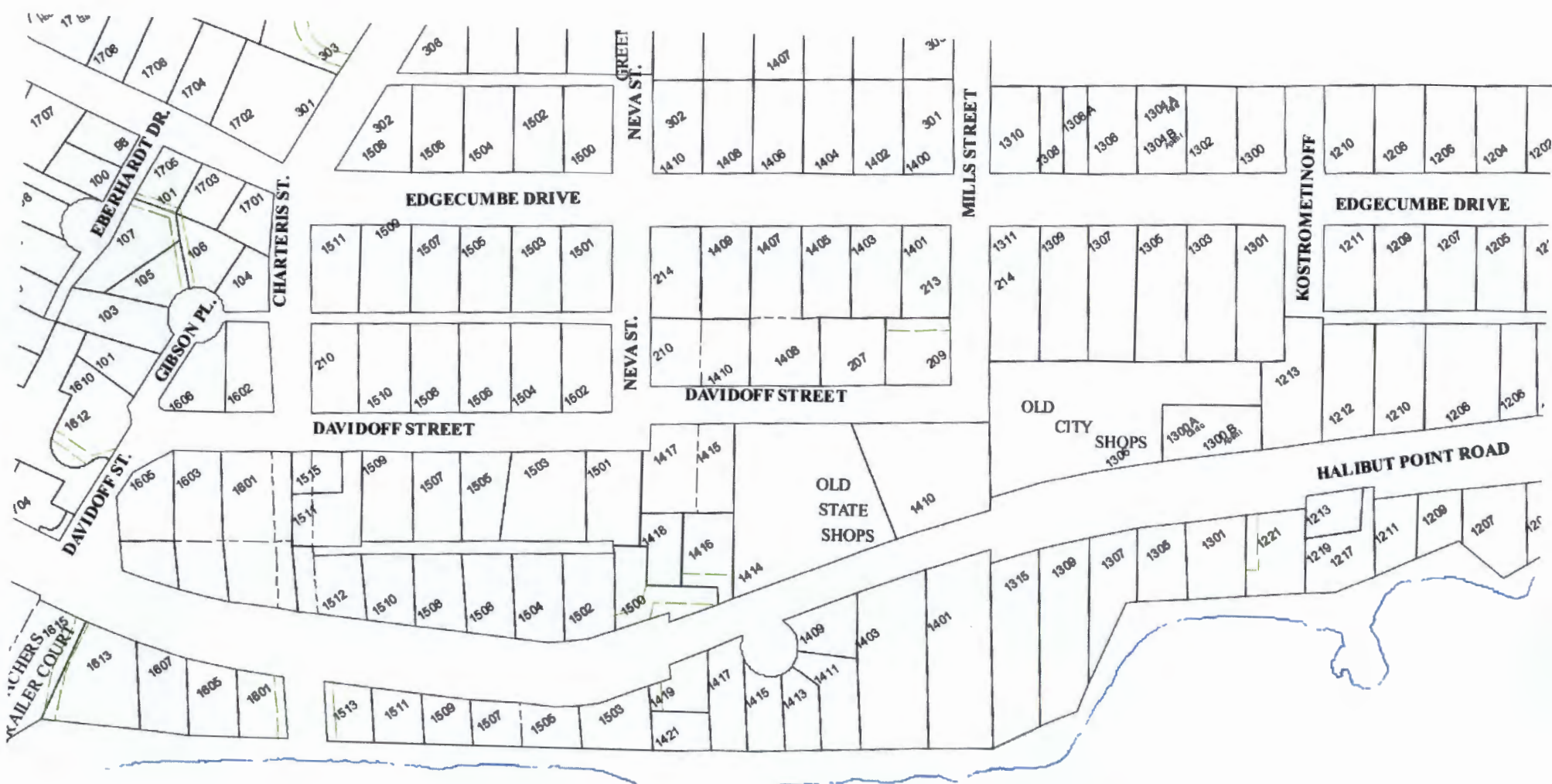
Vosburg/ Bauder Request

Ordinance 2006-32 and Text of Ballot Proposition

Packet for Ordinance 2008-05 (First Reading)

(Packet contains draft agreements, 2007 RFP, property site plans, property valuation from Jim Corak, a 2007 document on housing options, and other materials)

Two maps submitted from Trapline Partners for Dana Bay Homes – 2008 project not pursued





EDGE CUMBE DR.

MILLS ST.



60' PROPOSED LOT EXPANSION

36' PROPOSED LOT EXPANSION

DAVIDOFF ST.

STEEP SLOPE

TOP OF BANK

TOE OF BANK

VET. OFFICE

SHED

FENCED AREA
ELECTRICAL WAREHOUSE

ELECTRICAL SHOPS

PUBLIC WORKS SHOP

STATE STORAGE WAREHOUSE

GRAVEL DRIVEWAY

HALIBUT POINT ROAD



Victoria Vosburg and Burgess Bauder
1315 HPR
Sitka, AK 99835
747-3788

8/30/2012

Proposal to Purchase Portion of Lot 1A of Little Critter Subdivision adjacent to Lot 1B

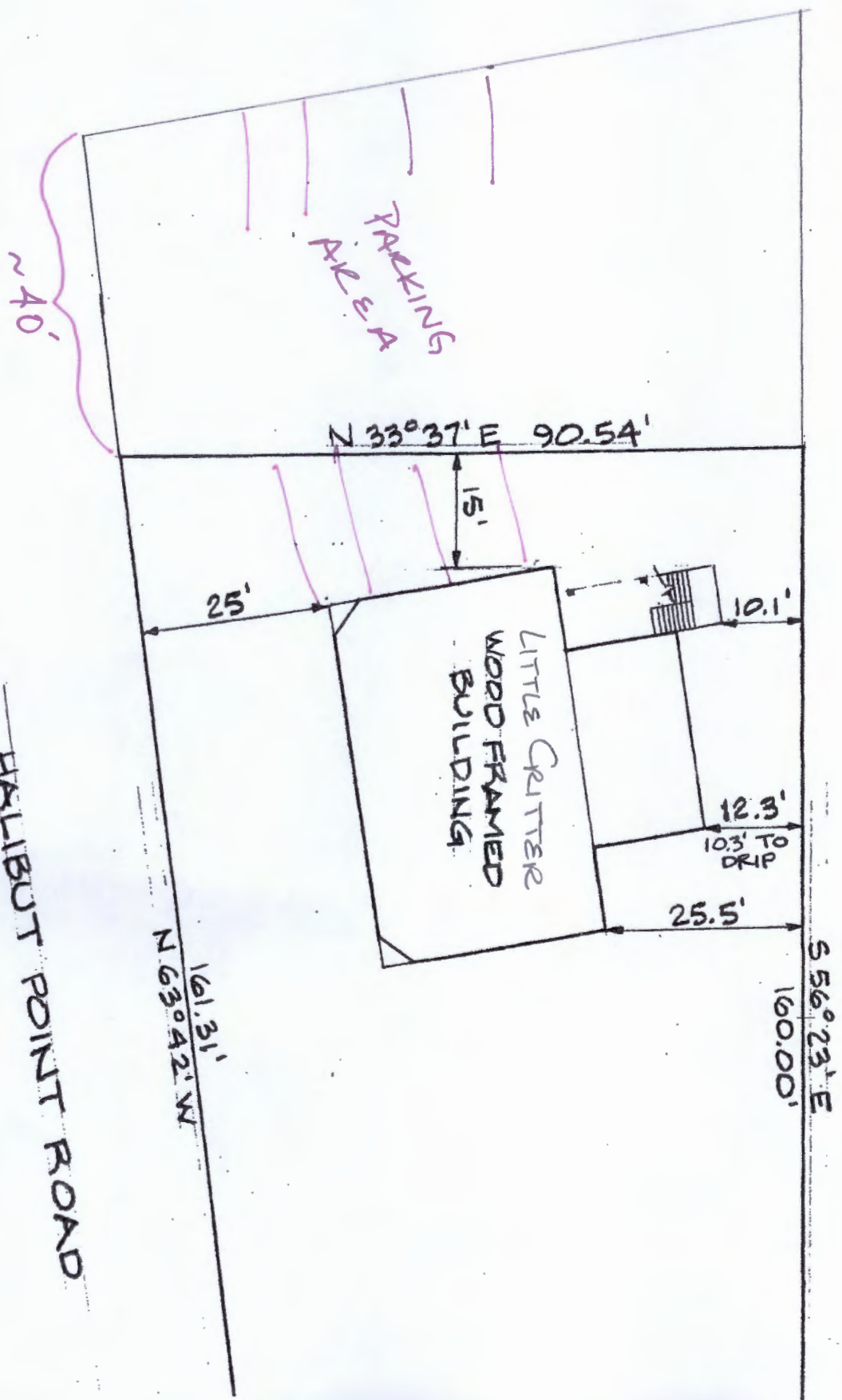
We, Victoria Vosburg and Burgess Bauder, would like to consider purchasing a strip of land approximately 40 feet wide at the south end of the old city shops. This additional land would be used for parking as the demand for veterinary services located in the Little Critter Building continues to increase. Eventually, and possibly in conjunction with the developer of the old city shop land, we would like to have a paved and landscaped lot. In order to provide adequate width at the back of the lot, the strip would be slightly wider at the back. See drawing for clarification.

When we purchased Lot 1B, the land was valued based on the fact that only part of it was usable. We think this is also true for the strip we are looking to purchase. The back portion contains an open drainage ditch. We were told during construction of our building that it was important to keep it in place due to the large amount of run-off from the hillside above. The strip would be approximately 90x40' which is 3600 square feet.

In closing, we would like to continue to pursue the purchase of this land and will wait to hear from you on the next step in the process. I feel it is important to move forward as soon as possible because of the plans to utilize the old city shop land.

SITE PLAN

HALIBUT POINT ROAD



CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2006-32

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA, ALASKA AUTHORIZING THE DISPOSAL OF THE "OLD CITY SHOPS" PROPERTY LOCATED AT 1306, 1410 AND 1414 HALIBUT POINT ROAD FOR AN AFFORDABLE HOUSING PROJECT THAT IS NOT SUBJECT TO COMPETITIVE BID TO THE VOTERS AT THE REGULAR ELECTION ON OCTOBER 3, 2006

1. **CLASSIFICATION.** Portions of this ordinance are of a permanent nature depending upon the approval by the voters of the ballot question in Section 5 at the regular election on October 3, 2006. Though no part of this ordinance is intended to become part of the Sitka General Code.

2. **SEVERABILITY.** If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and application to any person or circumstance shall not be affected.

3. **PURPOSE.** On October 3, 2000 a majority of qualified voters of the municipality authorized the sale of the "Old City Shops" property by competitive bid. Since 2000 the need for affordable housing in Sitka has grown. Acquiring affordable property appears to be the main deterrent for obtaining affordable housing in Sitka. The City and Borough has no longer a need for the "Old City Shops" property as the facilities have been relocated. The City and Borough of Sitka identified affordable housing as its number one priority in Sitka. It would be in the interest of the citizens of Sitka to authorize the disposal of this property for an affordable housing project to facilitate that priority.

4. **ENACTMENT.** NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that affordable housing is a number one priority in Sitka and that disposing of the "Old City Shops" property for that need is in the best interest of the municipality. The disposal of the property for such purposes by competitive bidding is inappropriate. The City and Borough is authorized to dispose of the "Old City Shops" property, without being subject to competitive bidding, for the purpose of developing an affordable housing project that is available to all, regardless of ethnicity. The terms of such disposal are subject to approval by a subsequent ordinance of the Assembly.

5. **BALLOT QUESTION.** The following question shall be placed before the voters at the general election to be held on October 3, 2006:

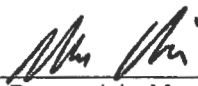
Shall the City and Borough of Sitka dispose of the "Old City Shops" property located at 1306, 1410 and 1414 Halibut Point Road for an affordable housing project without being subject to competitive bid, as previously required by Ordinance 2000-1584, and that will be available to all regardless of ethnicity?

YES () NO ()

Informational: A yes vote on this ordinance would mean you intend to rescind the requirement under Ordinance 2000-1584 that the property must be sold by competitive bid, passed by the voters in 2000, and that you want the property used for an affordable housing project that is available to all ethnic groups.


6. **EFFECTIVE DATE.** Section 4 of this ordinance shall become effective upon ratification of the election results if the voters approve the question at the regular election held on October 3, 2006.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska on this 27th day of July, 2006.



Marko Dapceвич, Mayor

ATTEST:



Colleen Pellett, MMC
Municipal Clerk

SAMPLE BALLOT BACK

INSTRUCTIONS TO VOTER: To vote for the issue/candidate of your choice, fill in the oval next to the issue/candidate you want to vote for. Place your ballot inside the secrecy sleeve and then take your ballot to the ballot box.

If you make a mistake while voting, return the ballot to the election official for a new one. A vote which has been erased or changed will not be counted.

BALLOT PROPOSITIONS CONTINUED

PROPOSITION NO. 2 (Ordinance 2006-32)

Shall the City and Borough of Sitka dispose of the "Old City Shops" property located at 1306, 1410 and 1414 Halibut Point Road for an affordable housing project without being subject to competitive bid, as previously required by Ordinance 2000-1584, and that will be available to all regardless of ethnicity?

YES NO

Informational: A yes vote on this ordinance would mean you intend to rescind the requirement under Ordinance 2000-1584 that the property must be sold by competitive bid, passed by the voters in 2000, and that you want the property used for an affordable housing project that is available to all ethnic groups.

PROPOSITION NO. 3 (Ordinance 2006-33)

Shall the salary of assembly members be increased from \$300 to \$500 per month and the salary of mayor be increased from \$500 to \$800 per month?

YES NO

PROPOSITION NO. 4 (By Initiative Petition Ordinance 2006-38)

Shall the City and Borough of Sitka amend its sales tax code provisions to tax fish charter customers at a flat rate of \$10 per fish box for packaged fish and/or seafood obtained as part of the charter, effective January 1, 2007, and the collected sales tax deposited in the following funds and in the following ratios?

- a. 20% Harbor Fund
- b. 30% Sitka Permanent Fund
- c. 20% Fisheries Enhancement Fund - available to be used for any fisheries enhancement proposal upon approval of the proposal by the assembly; and
- d. 30% General Fund

YES NO

PROPOSITION NO. 5 (By Initiative Petition Ordinance 2006-39)

Shall Sitka General Code Section 18.12.014 be repealed and reenacted?

To read as follows:

18.12.014 Requirement for a Public Vote and Disclosure of Information for Land Disposals Related to a Dock or Vessel Transfer Facility that could be used by Large Cruise Ships.

A. Notwithstanding Sections 2.38.080 A.7 and 2.38.090 or any other provision of law, any ordinance authorizing the sale, lease or disposal of any real property of the City and Borough for a dock or vessel transfer facility that could be used by cruise ships exceeding three hundred feet in length shall be effective only after an affirmative vote of the electorate. Not less than thirty days prior to the election, the City and Borough shall make available to the electorate the terms of the proposed sale, lease or disposal of real property and a summary of the direct anticipated costs to the City and Borough.

B. This section applies to tidelands and other real property owned by the City and Borough, including any real property in Sawmill Cove.

YES NO

TURN BALLOT OVER TO CONTINUE VOTING

POSSIBLE MOTION

I MOVE TO APPROVE Ordinance 2008-05
on FIRST reading.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2008-05

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AWARDING TRAPLINE-CDI DEVELOPERS, LLC'S PROPOSAL REGARDING PHASE 1 TO THE HALIBUT POINT ROAD AFFORDABLE HOUSING PROJECT, AS MODIFIED BY THE ASSEMBLY, AND TO AUTHORIZE THE MUNICIPAL ADMINSITRATOR TO SIGN THE APPROPRIATE DOCUMENTS TO AWARD THE PROPOSAL AND TO DISPOSE OF CITY AND BOROUGH PROPERTY AT 1306, 1410, AND 1414 HALIBUT POINT ROAD THROUGH THE OPTION TO LEASE AND LEASE AGREEMENTS NEEDED BY THE HALIBUT POINT ROAD AFFORDABLE HOUSING PROJECT PROPOSAL

1. **CLASSIFICATION.** This ordinance is of a permanent nature but is not intended to become a part of the Sitka General Code ("SGC").

2. **SEVERABILITY.** If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and application to any person or circumstance shall not be affected.

3. **PURPOSE.** Ordinance No. 2006-32, approved in the October 2006 municipal election by the voters of Sitka, authorized the City and Borough of Sitka to dispose of the "Old City Shops" property located at 1306, 1410, and 1414 Halibut Point Road for an affordable housing project, without being subject to competitive bidding. The City and Borough of Sitka issued a *Request for Proposals (RFP), for Professional Development Services and Land Sale, for the Halibut Point Road Affordable Housing Project*, in the fall of 2007, which was approved by the Assembly. The RFP sets minimum requirements for affordability and stipulates public participation and Assembly approval of the HPR Affordable Housing Project design as it develops. The RFP states, "All areas of the proposer(s)'s response are subject to review and amendment by the City and Borough of Sitka." In particular, it requires diagrammatic design concepts be developed and presented to the Assembly for its approval, and requiring public participation.

One responsive proposal was received. It came from Trapline-CDI Developers, LLC, ("Developer") a joint venture between Community Development Inc. (CDI) an Idaho based non-profit and Trapline, LLC, and Anchorage based for profit developer. The Developers have built or rehabilitated more than 200 units (6 projects) in Alaska using Low Income Housing Tax Credits (LIHTC) to finance the affordable housing projects. They have assembled a team, which includes Bettisworth Welsh Whiteley LLC,

1 Architects, Dawson Construction, and Somerset Pacific Property Management
2 Professionals.

3
4 The Developer proposes to use LIHTC to finance the majority of the project along with
5 other funding sources for its full funding. This proposed project is a “private venture”
6 with federal and other funding, which have strict guidelines and oversight. It will not be
7 financed, built, or managed by the City and Borough of Sitka. The risk involved in
8 developing the project falls on the Developer. The Developer shall be required to pay
9 property taxes as well as annual lease payments equivalent to the property value of the
10 leasehold interest in the land (currently estimated to be \$3,720). The City and Borough
11 of Sitka’s contribution to the HPR Affordable Housing Project is the land, or its use
12 (lease) for the project. The risk to the City and Borough of Sitka lies in the possible
13 failure of the project and its construction, which would delay disposal of the property for
14 affordable housing.

15
16 The Assembly finds that the Developer’s proposal is responsive, but requires
17 modification as allowed for by the RFP. The Assembly shall work with the Developer to
18 make those modifications, which will be reached after public input. Based on the
19 modifications that will be developed by the Assembly, and the fact that the Developer’s
20 35% design is subject to Assembly approval before construction is authorized, as well as
21 being subject to Assembly approval for any significant design changes after 35% design
22 approval, the Assembly accepts the Developer Phase 1 of the proposal, and authorizes the
23 Municipal Administrator to sign all necessary documents to implement the Proposal
24 award.

25
26 Further, the Assembly authorizes the disposal of the City and Borough of Sitka property
27 at 1306, 1410, and 1414 Halibut Point Road, which has already been approved for
28 disposal by the voters for an affordable housing project, based on their approval of
29 Ordinance 2006-32, and authorizes the Municipal Administrator to execute the necessary
30 documents, which shall include an Option to Lease and Lease Agreement, and are
31 contingent on the Developers agreeing and complying with the terms of this Ordinance.

32
33 4. **ENACTMENT.** NOW, THEREFORE, BE IT ENACTED by the
34 Assembly of the City and Borough of Sitka, the following:

- 35
36 A. Award Trapline-CDI Developers, LLC’s proposal regarding Phase 1 to the
37 Halibut Point Road Affordable Housing Project, as modified by the
38 Assembly;
39
40 B. Authorize the Municipal Administrator to execute the necessary documents
41 to implement the Proposal award regarding Phase 1;
42

1 C. Authorizes the disposal of the City and Borough of Sitka property at 1306,
2 1410, and 1414 Halibut Point Road, which has already been approved for
3 disposal by the voters for an affordable housing project, based on their
4 approval of Ordinance 2006-32; and

5
6 D. Authorizes the Municipal Administrator to execute the necessary
7 documents for the land disposal, which shall include an Option to Lease
8 and Lease Agreement, and are contingent on Trapline-CDI Developers,
9 LLC agreeing and complying with the terms of this Ordinance.

10
11 5. **EFFECTIVE DATE.** This ordinance shall become effective on the day
12 after the date of its passage.


13
14 PASSED, APPROVED, AND ADOPTED by the Assembly of the City and
15 Borough of Sitka, Alaska this day of _____, 2008.



16
17
18
19
20 _____
Marko Dapcevich, Mayor


21 **ATTEST:**

22
23
24
25 _____
26 Colleen Pellett, MMC
27 Municipal Clerk

MEMORANDUM

To: Mayor Dapcevich and Assembly Members
John Stein, Administrator 

Through: Joe Castro, P.E. Public Works Director 
Daniel Jones, P.E., City and Borough Engineer 

From: Kelli Cropper, Project Manager 

cc: Dave Wolff, Finance Director
Theresa Hillhouse, City Attorney
Sitka Community Development Corporation (SCDC)

Date: 16 January, 2008

Subject: Halibut Point Road Affordable Housing Project- Recommendation for Award of Professional Services Contract to Trapline-CDI Developers, LLC ("Developers"), and Disposal of Old City Shop Property located at 1306, 1410, and 1414 Halibut Point Road through a Lease Option to Developer so It may qualify for Tax Credit financing to construct the Affordable Housing Project.

Background

Through Ordinance No. 2006-32 approved in the October 2006 municipal election, the voters of Sitka authorized the City and Borough of Sitka to dispose of the "Old City Shops" property located at 1306, 1410, and 1414 Halibut Point Road for an affordable housing project, without being subject to competitive bidding. The City of Sitka issued a *'Request for Proposals (RFP), for Professional Development Services and Land Sale, for the Halibut Point Road Affordable Housing Project'*, Fall of 2007.

In an effort to generate the greatest number of Proposals, the RFP was developed by Felix AuYeung, Affordable Housing Program Manager, and approved by the Assembly, with maximum flexibility regarding the type of Affordable Housing that would be considered, including units for ownership, or units for rental, or a mix of the two. The RFP sets minimum requirements for Affordability and stipulates Public Participation and Assembly Approval of the HPR Affordable Housing Project design as it develops.

Portions of The Old City Shops property located at 1306, 1411, and 1414 Halibut Point Road sits below an unstable hillside, where landslides have occurred in the past. The most recent occurred 22 November 2005 during the Thanksgiving rain and wind Storm, where one of the landslides, dernelished the Old DOT Shop building at 1414 HPR, damaged the adjacent Old City Shop building, and closed HPR for a period of time due to the landslide debris in the

roadway. Both Geotechnical Landslide investigations prepared after the event predict additional landslides may occur unless steps are taken to stabilize the hillside. Neither the City nor the upland residents have taken the steps required to stabilize the slope.

The HPR Affordable Housing RFP addresses the issue with the following note, *"However, 1414 Halibut Point Road shall not be built upon until its hill side is stabilized to prevent future landslides, leaving approximately 1.10 acres..."*

Analysis

One responsive Proposal was received.

It came from Trapline-CDI Developers, LLC, ("Developer") a joint venture between Community Development Inc. (CDI) an Idaho based non-profit and Trapline, LLC, and Anchorage based for profit developer. The Developers have built or rehabilitated more than 200 units (6 projects) in Alaska using Low Income Housing Tax Credits (LIHTC) to finance the affordable housing projects. They have assembled a team, which includes Bettisworth Welsh Whiteley LLC, Architects, Dawson Construction, and Somerset Pacific Property Management Professionals.

The developers propose to use LIHTC to finance the majority of the project along with other funding sources for its full funding. This proposed project is a "private venture" with Federal and other funding, which have strict guidelines and oversight. It will not be financed, built, or managed by the City of Sitka. The risk involved in developing and operating the project falls on the Developer, but as stipulated in the RFP, public participation and Assembly approval of the design are required for the project to be constructed. The City's contribution to the HPR Affordable Housing Project, is the land, or its use (lease) for the project. The risk to the City, lies in the possible failure of the project and its construction, which would delay disposal of the property for affordable housing.

The Developer team includes Dawson Construction working in a Guaranteed Maximum Price (GPM) capacity, which means that Dawson Construction will work with the Designers to ensure that actual building costs will be no greater than the budget (maximum price). The budget is locked in at 35% design and as the design develops the Contractor prepares cost information, including constructability costs, and offers cost saving ideas in order to stay within the GPM or project budget.

Public Meetings were held January 9 and 10, 2008, where the developer presented Its Proposal. The building concept included in the Proposal would construct two multi-unit multi-story affordable rental unit complexes with one, two, and three bedroom units for phase one and phase two, set back on the site into the hillside, stabilizing it and leaving green space along the roadway. There was Public comment and concern regarding building height, density, traffic impacts, and the 'aesthetics' of the buildings. There was also Public comment regarding the need for this type of housing, and the attributes of using Tax Credits to finance the affordable housing and thereby assuring through Tax Credit regulation, the units would

be affordable for 30 years, the inclusion of Property Management Services, and the provision of a sinking fund for building maintenance, etc.

The RFP states, "All areas of the proposer(s)'s response are subject to review and amendment by the City and Borough of Sitka." It also requires diagrammatic design concepts be developed and presented to the Assembly for approval with public participation. Developing a site/building design, that has Community and Assembly backing meets the stated requirements of the RFP.

The Developers are presently developing additional diagrammatic design concepts, based on the comments from the two previous meetings, for presentation at the 22 January 2008 Assembly meeting. This work, being done voluntarily by the Developers before Award, will supplement the design concept presentation, public participation, and Assembly approval process required per Task 2 "Design Phase", section B "Public Review" of Section V "Scope of Services", of the RFP.

Timeline & Procedures- Trapline-CDI Developers, LLC, for HPR Affordable Housing Project- Only Phase One listed- Phase Two would occur on same dates one year later.

11/13/07 through 3/1/08-	CBS review of Proposal CBS- Award of Professional Development Services Contract CBS- Award Lease Option
4/1/08	<i>Developer</i> -Tax Credit pre-application due
4/1/08 through 11/08	Project design to 35% with Public participation Assembly approval of 35% design <i>Contractor</i> -Construction guaranteed maximum price (GPM) <i>Developer</i> -AHFC Final tax credit application documents prepared.
11/08	<i>Developer</i> - AHFC Final tax credit application
11/08 through 4/09	AHFC reviews applications
4/09	AHFC notifies Developer that application is approved Developer completes building design docs-fast tracks
6/09	Developer closes project financing and exercises lease option on property
6/09 through 11/09	<i>Contractor</i> - Construction

OPTION TO LEASE REAL ESTATE AGREEMENT

This OPTION TO LEASE REAL ESTATE AGREEMENT ("Agreement"), dated as of _____, 200__, is by and between the City and Borough of Sitka, a municipal corporation ("Owner"), and Trapline-CDI Developers, LLC, a limited liability corporation ("Lessee").

RECITALS

A. Owner is the owner of certain real property located in the City and Borough of Sitka, Alaska, more particularly described in attached Exhibit A ("Property"), incorporated by reference in this Agreement. No personal property is included in the Property.

B. Lessee is a limited liability corporation which proposes to design and construct, and possibly operate after construction, an affordable housing project in Sitka, Alaska on the Property, based on its response for proposal (Proposal), submitted on November 13, 2007, and as modified by the Assembly for the City and Borough of Sitka.

C. Lessee desires to acquire from Owner and Owner desires to grant Lessee an irrevocable option to lease the Property in an "as is" condition, on the terms and conditions set forth herein.

D. If the option granted Lessee in this Agreement is exercised, the parties wish to provide for the terms of the lease pursuant to this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Owner and Lessee agree as follows:

ARTICLE I

OPTION TO LEASE PROPERTY

1.1 Grant of Option. Owner hereby grants Lessee an irrevocable option ("Option") to lease the Property on the terms and conditions hereinafter set forth for a period commencing on the execution of this Agreement and terminating at 5:00 p.m. Alaska Standard time, June 30, 2009 ("Option Period").

1.2 Exercise of Option. The option may be exercised by Lessee at any time during the Option Period by delivery of written notice of election to exercise the Option to Owner, provided the Lessee has satisfied the following conditions:

1.2.1 Within thirty (30) days of the execution of this Agreement, Lessee has entered into a Contractual Agreement for Professional Development Services with the Owner regarding the Proposal project;

1.2.2 By November 30, 2008, Lessee completes the project design to 35% as set forth in its Proposal, and as modified and approved by the Assembly for the City and Borough of Sitka;

1.2.3 By June 30, 2009, Lessee obtains necessary financing in order to be able to begin construction of the Proposal project, with the construction of the Proposal project subject to modification and approved by the Assembly for the City and Borough of Sitka;

1.2.4 Lessee enters into a lease with Owner regarding the Property that complies with the terms and conditions as set out in this Agreement; and

1.2.5 Lessee fulfills all other obligations as set out in this Agreement that are required to be met at the time it exercises its Option to Lease.

If Lessee fails to timely deliver such notice of exercise, this Agreement shall terminate, Escrow Holder shall deliver to Owner the applicable Option Payment (as provided below) and neither party shall have any further liability hereunder (except as expressly provided in Section 4.2).

1.3 Option Payment. Upon execution and delivery of this Agreement, Lessee will deliver to Owner ONE THOUSAND and 00/100 Dollars (\$1,000.00) ("Option Payment").

If Lessee does not exercise the Option during the Option Period or if Lessee exercises the Option but thereafter defaults hereunder, Owner shall be entitled to retain the Option Payment.

If Lessee exercises the Option during the Option Period, Lessee's Option Payment shall be applied towards the first Rent payment as provided in Article II and Section 8.3.

1.4 Termination. At any time during the Option Period, Lessee may give written notice to Owner that Lessee elects to terminate this Agreement. In such event, this Agreement shall terminate, Owner shall retain the Option Payment it has received and neither party shall have any further liability hereunder (except as expressly provided in Section 4.2).

ARTICLE II RENT AND TERMS

2.1 Rent and Terms. If Lessee exercises the Option, the rent for the Property ("Rent") shall be equal to the real estate or land only portion of the property tax assessed on the Property, which is estimated to be approximately THREE THOUSAND, SEVEN HUNDRED AND TWENTY and 00/100 Dollars (\$3,720.00), annually, based on the current estimated value of the Property by the Assessor for the City and Borough of Sitka. The Developer shall also be required to pay property taxes. The term of the lease will be 50 years from the date of the exercise of the Option. Lessee shall indemnify, hold harmless and defend Owner from all claims for personal and property damage arising out of the use of the Property during the term of the lease and provide

insurance policies naming the Owner as an insured in a form acceptable to the Owner. Lessee shall indemnify, hold harmless and defend Owner from all claims related to the condition of the Property. Lessee shall leave the Property in a neat, clean, and weather-tight condition in the event the lease is terminated and/or at the end of the lease, or be responsible to the Owner for payment of all clean-up and related costs, counsel and legal fees, expenses, and liabilities reasonably incurred in obtaining possession of the Subject Property and establishing the Lessor's title free and clear of this Lease upon expiration or earlier termination of this lease. Owner will require other lease terms which would be found in a reasonable lease for an affordable housing project between a municipal corporation and a developer/operator.

2.2 Escrow Holder. _____ (“Escrow Holder”) An Escrow Holder shall be designated by mutual agreement of Owner and Lessee. If Lessee exercises the Option, Escrow Holder shall be responsible for closing the lease transaction as provided therein.

ARTICLE III TITLE TO PROPERTY

3.1 Title to Real Property. If Lessee exercises the Option, Owner shall lease to Lessee at Closing, as hereinafter defined, the Property. Owner, at Closing, shall have marketable and insurable fee simple title to the Real Property. Evidence of marketable and insurable fee simple title shall be the issuance by a mutually acceptable title insurance company (“Title Company”) of a standard leasehold interest owner’s Policy of Title Insurance (“Title Policy”).

ARTICLE IV INSPECTION AND EVALUATION OF THE PROPERTY

4.1 Due Diligence Materials. The Lessee acknowledges that it has examined the Property and any present improvements including any public improvements presently located there and knows the condition of them and accepts them in their present condition and without any representations or warranties of any kind or nature whatsoever by the Lessor as to their condition or as to the use or occupancy which may be made of them. The Lessee assumes the sole responsibility for the condition of any improvements located on the Property. The foregoing shall not be deemed to relieve the Lessor of its general municipal obligations.

Within five (5) business days after the execution of this Agreement, Owner shall provide or make available to Lessee for inspection and copying, to the extent available or within Owner’s possession or control, copies of all agreements, environmental surveys and reports concerning the Property.

4.2 Inspection. Lessee shall have until the expiration of the Option Period in which to conduct its review of the Property. Lessee’s review may include a physical and environmental inspection of the Property, as well as a review of the feasibility of the Property for Lessee’s intended use. Lessee and its consultants, their equipment, vehicles and machinery, shall have access to the Property for the purpose of investigating of the environmental, physical and other conditions of the Property (“Investigation Activities”). These activities may include drilling test wells, testing water

movement through wells and building an unpaved access road for trucks and heavy equipment to accomplish the testing. Lessee shall work with the Owner to develop and implement an agreeable plan for the Investigation Activities. Lessee shall indemnify and hold Owner harmless from and against all damage to persons or property (including reasonable attorneys' fees) incurred by Owner arising out of and limited to the Investigation Activities, except to the extent that such claims are caused by any act or omission of Owner. This indemnity shall survive termination of this Agreement. Lessee shall repair any damage to the Property caused by Lessee or its consultants during the Inspection Activities, including properly closing in place all test wells that will remain on the Property. In no event will Lessee be liable for, or required to indemnify Owner on account of, any preexisting soil, environmental, physical or other condition on, over, under or concerning the Property.

ARTICLE V TITLE

5.1 Title. During the Option Period, Lessee shall review title to the Property, including the following:

5.1.1 Current preliminary commitment for title insurance for the Real Property ("Title Report") issued by the Title Company together with copies of all exceptions noted therein;

5.1.2 Any existing and proposed easements, covenants, restrictions, agreements or other documents or matters that affect the Property and that are not disclosed by the Title Report, copies of which Owner shall provide to Lessee within five (5) business days after the date of this Agreement; and

5.1.3 An ALTA/ACSM survey of the Property to be obtained at Lessee's option and expense. The survey shall be acceptable to, and certified to, Lessee, be in sufficient detail to provide the basis for the Title Policy without boundary, encroachment or survey exceptions (except as may be approved by Lessee) and show the location of all easements and improvements, the square footage of the Property and any and all other pertinent information with respect to the Property.

ARTICLE VI CONDITIONS PRECEDENT TO CLOSING

6.1 Lessee's Conditions. If Lessee exercises the Option, Lessee's obligations under this Agreement are expressly conditioned on, and subject to satisfaction of the following conditions precedent:

6.1.1 Representations and Warranties True. The representations and warranties of Owner contained herein shall be true and correct as of the Closing Date.

6.1.2 No Change in Physical Condition. The Property shall be in substantially the same condition as on the date that Lessee exercised the Option.

The conditions set forth in this Section 6.1 above are intended solely for the benefit of Lessee. If any of the foregoing conditions are not satisfied, Lessee shall have the right at its sole election either to waive the condition in question and proceed with the lease or, in the alternative, to terminate this Agreement.

6.2 Owner's Conditions. If Lessee exercises the Option, Owner's obligations under this Agreement are expressly conditioned on, and subject to satisfaction of the following conditions precedent:

6.2.1 Representations and Warranties True. The representations and warranties of Lessee contained herein shall be true and correct as of the Closing Date.

The conditions set forth in this Section 6.2 above are intended solely for the benefit of Owner. If any of the foregoing conditions are not satisfied, Owner shall have the right at its sole election either to waive the condition in question and proceed with the lease or, in the alternative, to terminate this Agreement.

ARTICLE VII MAINTENANCE PENDING CLOSING

7.1 Maintenance Pending Closing. At all times before the Closing, Owner shall manage and maintain the Property in a manner consistent with Owner's past practices. Owner agrees to not construct any improvements on the Property.

7.2 Condition of Title. Owner hereby agrees that it will take no action that will adversely affect title to a leasehold interest in the Property or development of the Property.

ARTICLE VIII CLOSING AND ESCROW

8.1 Closing.

8.1.1 If Lessee exercises the Option, the Closing hereunder ("Closing") shall be held and delivery of all items to be made at the Closing under the terms of this Agreement shall be made at the offices of Escrow Holder not later than thirty (30) days following the exercise of the Option on a date designated by Lessee on at least ten (10) days written notice to Owner ("Closing Date").

8.1.2 If the Closing does not occur on or before the Closing Date, Escrow Holder shall, unless it is notified by both parties to the contrary within five (5) days after the Closing Date,

return to the depositor thereof items that may have been deposited hereunder. Any such return shall not, however, relieve either party hereto of any liability it may have for its wrongful failure to close, such as provide in Section 1.3.

8.1.3 Lessee shall be entitled to possession of the Property on the Closing Date.

8.2 Delivery by Owner. Not later than one business day before the Closing Date, Owner shall deposit with Escrow Holder at the following:

8.2.1 A lease with terms that comply with this Agreement and are acceptable to Owner and Lessee, duly executed by Owner and a memorandum of lease in recordable form if requested by Lessee;

8.2.2 Such resolutions, authorizations, certificates and other documents or agreements relating to Owner as are reasonably required in connection with this transaction; and

8.2.3 Owner's estimated closing statement.

8.3 Delivery by Lessee. On or before the Closing Date, Lessee shall deposit with Escrow Holder the rent for the first rental period (less a credit for the Option Payment thereon), and shall deposit the following:

8.3.1 A lease with terms that comply with this Agreement and are acceptable to Owner and Lessee, duly executed by Lessee;

8.3.2 Such resolutions, authorizations, certificates and other documents or agreements relating to Lessee, as are reasonably required in connection with this transaction; and

8.3.3 Lessee's estimated closing statement.

8.4 Other Instruments. Owner and Lessee shall each deposit such other instruments as are reasonably required by Escrow Holder or lender for Lessee or otherwise required to close the escrow and consummate the lease of the Property in accordance with the terms hereof.

8.5 Costs and Expenses. Lessee shall pay the premium for the Title Policy, escrow, and the recording costs for the lease or a memorandum of lease.

ARTICLE IX REPRESENTATIONS AND WARRANTIES

To induce Lessee to enter into this Agreement and the transactions contemplated hereby, the parties make the following representations and warranties as of the date of this Agreement and again as of the Closing Date:

9.1 Owner's Representations. Owner represents and warrants to Lessee as follows:

9.1.1 Title. Owner has good, marketable and indefeasible title to the Property.

9.1.2 Tenant Leases. There are no leases, licenses or other agreements granting any person or persons the right to use or occupy the Property or any portion thereof.

9.1.3 Litigation. There is no claim, litigation, proceeding (including eminent domain proceedings) or governmental investigation pending, or, so far as is known to Owner, threatened against or relating to Owner, Owner's properties or business, the Property, the transactions contemplated by this Agreement or any dispute arising out of any contract or commitment entered into regarding the Property.

9.1.4 No Defaults. Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby will conflict with or constitute a default under any agreement or instrument that affects the Property or to which the Property is subject.

9.1.5 No Prior Options, Sales or Assignments. Owner has not granted any options nor committed nor obligated itself in any manner whatsoever to sell the Property or any portion thereof to any party other than Lessee.

9.1.6 Organization. Owner is a municipal corporation, validly existing under the laws of the State of Alaska. This Agreement has been duly authorized, executed and delivered by Owner.

Owner hereby agrees to defend, protect, indemnify and hold Lessee harmless from any and all loss, damage, liability or expense, including attorneys' fees and costs, Lessee may suffer as a result of any breach of or any inaccuracy in the foregoing representations and warranties.

9.2 Lessee's Representations.

To induce Owner to enter into this Agreement and the transactions contemplated hereby, the parties make the following representations and warranties as of the date of this Agreement and again as of the Closing Date:

9.2.1 Organization. Lessee is a limited liability corporation validly existing under the laws of the State of Alaska. This Agreement has been duly authorized, executed and delivered by Lessee.

9.2.3 Litigation. There is no claim, litigation, proceeding (including eminent domain proceedings) or governmental investigation pending, or, so far as is known to Lessee, threatened against or relating to Lessee, Lessee's properties or business, or the transactions contemplated by this Agreement.

Lessee hereby agrees to defend, protect, indemnify and hold Owner harmless from any and all loss, damage, liability or expense, including attorneys' fees and costs, Owner may suffer as a result of any breach of or any inaccuracy in the foregoing representations and warranties.

ARTICLE X
DEFAULT; REMEDIES

10.1 Default by Lessee. If Lessee exercises the Option and thereafter fails, without legal excuse, to complete the lease of the Property, the Option Payment shall be forfeited to Owner as the sole and exclusive remedy available to Owner for such failure, except as otherwise provided in this Agreement, such as in Section 4.2.

10.2 Default by Owner. In the event of a breach or default in or of this Agreement or any of the representations, warranties, terms, covenants, conditions or provisions hereof by Owner, Lessee shall have, in addition to a claim for damages for such breach or default, and in addition and without prejudice to any other right or remedy available under this Agreement or at law or in equity, the right to terminate this Agreement upon written notice without liability to Owner; and receive a return of the Option Payment.

10.3 Attorneys' Fees. If either party brings an action or other proceeding against the other party to enforce this Agreement or any instrument executed pursuant hereto, or by reason of any breach or default hereunder or thereunder, the party prevailing in any such action or proceeding shall be paid all costs and reasonable attorneys' fees by the other party.

ARTICLE XI
MISCELLANEOUS

11.1 Brokers and Finders. Each party represents to the other that no broker has been involved in this transaction whose commission shall be paid by Owner. In the event of a claim for broker's fee, finder's fee, commission or other similar compensation in connection herewith other than as set forth above, Lessee, if such claim is based upon any agreement alleged to have been made by Lessee, hereby agrees to indemnify Owner against and hold Owner harmless from all damages, liabilities, costs, expenses and losses (including, without limitation, reasonable attorneys' fees and costs) that Owner may sustain or incur by reason of such claim, and Owner, if such claim is based upon any agreement alleged to have been made by Owner, hereby agrees to indemnify Lessee against and hold Lessee harmless from all damages, liabilities, costs, expenses and losses (including, without limitation, reasonable attorneys' fees and costs) that Lessee may sustain or incur by reason of such claim. The provisions of this Section 11.1 shall survive the termination of this Agreement or the Closing.

11.2 Notices. All notices, demands, requests, consents and approvals which may, or are required to, be given by any party to any other party hereunder shall be in writing and shall be deemed to have been duly given if delivered personally, sent by a nationally recognized overnight delivery service, or if mailed or deposited in the United States mail and sent by registered or certified mail, return receipt requested, postage prepaid to:

If to Lessee: Trapline-CDE Developers, LLC
1113 W. Fireweed Lane, #202
Anchorage, Alaska 99503
Attn: Glenn Geller, Manager

with a copy to:

Attn: _____

If to Owner: City and Borough of Sitka
100 Lincoln Street, Room 301
Sitka, Alaska 99835
Attn: Municipal Administrator

with a copy to:

City and Borough of Sitka
100 Lincoln Street, Room 201
Sitka, Alaska 99835
Attn: Public Works Director

or to such other addresses as either party hereto may from time to time designate in writing and deliver in a like manner. Notices may also be given by facsimile transmission with verbal confirmation of receipt from the receiving party. All notices that are mailed shall be deemed received two business days after mailing. All other notices shall be deemed complete upon actual receipt or refusal to accept delivery.

11.3 Amendment; Waiver. No modification, termination or amendment of this Agreement may be made except by written agreement or as otherwise may be provided in this Agreement. No failure by Owner or Lessee to insist upon the strict performance of any covenant, duty, agreement, or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or any other covenant, agreement, term or condition. Any party hereto, by notice as provided in Section 11.2 hereof, may, but shall be under no obligation to, waive any of its rights or any conditions to its obligations hereunder, or any duty, obligation or covenant of any other party hereto. No waiver shall affect or alter this Agreement, and each and every covenant, agreement, term and condition of this Agreement shall continue in full force and effect with respect to any other then existing or subsequent breach thereof. All the terms, provisions, and conditions of this Agreement shall inure to the benefit of and be enforceable by Owner's or Lessee's respective successors and assigns.

11.4 Survival. All provisions of this Agreement which involve obligations, duties or rights that have not been determined or ascertained as of the Closing Date or the recording of the Deed and all representations, warranties and indemnifications made in or to be made pursuant to this Agreement shall survive the Closing Date and/or the recording of the Deed.

11.5 Captions. The captions of this Agreement are for convenience and reference only and in no way define, limit or describe the scope or intent of this Agreement.

11.6 Merger of Prior Agreements. This Agreement and the exhibits hereto constitute the entire agreement between the parties with respect to the Option to Lease and the basic terms of the lease of the Property and supersedes all prior and contemporaneous agreements and understandings between the parties hereto relating to the subject matter hereof.

11.7 No Joint Venture. It is not intended by this Agreement to, and nothing contained in this Agreement shall, create any partnership, joint venture or other arrangement between Lessee and Owner. No term or provision of this Agreement is intended to be, or shall be, for the benefit of any person, firm, organization or corporation not a party hereto, and no such other person, firm, organization or corporation shall have any right or cause of action hereunder.

11.8 Governing Law; Time. This Agreement and the right of the parties hereto shall be governed by and construed in accordance with the laws of the State of Alaska. Time is of the essence of this Agreement.

11.9 Authority. The parties signing below represent and warrant which they have the requisite authority to bind the entities on whose behalf they are signing.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

LESSEE:

_____,
a _____

By: _____

Name: _____

Title: _____

OWNER:

_____,
a _____

By: _____

Name: _____

Title: _____

Exhibit A

LEGAL DESCRIPTION

Affordable
Attractive
Accessible
Available
Appropriate

100 Lincoln Street
Sitka, Alaska 99835

**Office for Affordable Housing
City and Borough of Sitka**

November 23, 2007

To: Sitka Assembly, Municipal Administrator, Public Works Department
Re: Halibut Point Road Affordable Housing RFP Response Comments

RFP Response Comment

The City and Borough of Sitka received one qualified proposal from its Halibut Point Road affordable housing RFP. This response is not the same one as the last one received through the first RFP released earlier this year. However, this current proposal also plans to utilize Low-Income Housing Tax Credits (LIHTC) for affordable rentals. This choice, combined with the public exposure of the Assembly debates around ownership housing, is an indication that private development of affordable ownership homes may not be financially profitable on this site. Given the flexibility of the current RFP, including the possibility of free land, the disinterest and non-response for affordable ownership homes means that the highest and best affordable housing use of this R2-zoned land is a rental project, for now and the immediate future.

As such, the question facing the City and Borough of Sitka becomes: is this affordable rental proposal satisfactory for the community?

First, the need is there. The lower-income population who are not yet in a position to buy a home is one of many affordable housing needs in Sitka. Waiting lists at Paxton Manor, Spruce Grove, and Tyson Terrace, along with the independent market study required for the tax credit application will demonstrate such a need. One example of a household who would qualify for this housing is a 3-person family with a single wage-earner. Working the full-time 40-hour work week at \$15 an hour, a wage earned by many workers including bank tellers, supermarket clerks, university tutors, and City librarians, this household would earn \$31,200 a year, or below 50% of area median income (AMI). For a safe and decent 2-bedroom tax credit apartment, this household would pay about \$780, including all utilities, a rent virtually impossible to find in Sitka at today's market rate. The lifting of this family's housing burden to 30% of its income would allow it to be more financially stable and save for other expenses.

Second, tax credits are not just a free ride for the City, but have additional perks. For affordable family rental apartments, LIHTC is the only game around. This federal subsidy, allocated through the IRS and distributed by AHFC at the state level, makes affordable rentals possible. For this particular proposal, the \$7,905,349, 21-unit project only has \$425,000 of financing, with the rest paid for

through tax credits. Solely because of this funding source, the project can target low and very-low income households and charge them rents they can actually afford. But better yet, LIHTC also relieves the City from major oversight. Because tax credits are created by the IRS and financed by private investors, they come with strict requirements established by the IRS as well as watchful eyes of investors protecting their investment. LIHTC requires projects to demonstrate financial solvency, maintain affordability for 30 years, and file annual income certifications of their tenants. Violations result in the loss of tax credits, which are very costly to owners. The City would be guaranteed long-term affordable units, without the cost or worry of enforcement.

Third, the proposal is at minimum adequate. If the City had sold the land to a private developer, and that developer went to the Planning Commission with this exact plan, there would be no code findings and the project would be allowed to proceed. The proposal meets all R2 requirements, including density (21 multi-family units on 63,100 square feet), setbacks (observed, see drawings), lot coverage (well below 50%), height limit (less than 40 feet), and parking spaces (31 spots for 21 units, which includes 6 one-bedroom units).

Fourth, the RFP holds the proposal to a higher standard. Although sufficient as a private development on privately-owned land, the City is interested in a high-quality, architecturally-significant product that provides residents with excellent amenities and quality of life. Below, I review the evaluation criteria listed in the RFP. Kelli Cropper (Project Manager, CBS Public Works) is the other member of review committee providing comments to the Assembly.

a. Quality of the Proposed Use of the Site

- *Is the proposal appropriate for the town of Sitka?*

Yes. Phase I of the proposal would add 20 sorely-needed affordable rental units (plus 1 manager's unit) to Sitka. The inclusion of 11 units targeted at 30% and 40% AMI is exceptional and should be applauded, as they provide housing opportunities for the most difficult-to-serve population. The multi-family residential use conforms to the zoning allowed for this site, which is within walking distance to supermarkets and other amenities. While other sites are becoming available for single-family ownership homes, and no ownership proposals were submitted in two separate RFP's, this site is appropriate for rental units.

Concern: I would rather see Phase I start with Building B because the design seems very well suited to stabilize the slide area in Lot 1414. The 4-story building would be entirely embedded in the hillside, have a better southern exposure, and offer more initial units. Tax credits would pay for the most difficult improvement for the site. If the revised Phase I met the rental needs in Sitka, then Lot 1306 could potentially be used for condos or townhouses that would be 2 or 3 stories tall, retain the tree buffer on the top of the shorter hill, and share the play

area constructed in Lot 1410. Alternatively, another option would be to construct both Phases simultaneously, with a modest reduction in total affordable units from 44 to 41 or 38. (See next item for reason for reduction.)

- *Is the design architecturally significant and attractive adjacent to an arterial road?*

This question is better suited for Kelli, who has an architectural background. Based on my own experience, an earth-sheltered approach here is a creative one given the hillside topography of the site. Not only does the building capitalize on the slope and gain energy efficiency, it also increases the amount of open space available for a play area, greenspace, parking, and separation from the road. Covered parking under the building is also a good idea that frees up open space and prevents the site from turning into a giant paved parking lot.

Concern: To improve on the preliminary architectural design of the proposal, I would recommend reviewing #99 "Main Building," #110 "Main Entrance," and #112 "Entrance Transition" in *A Pattern Language* by Christopher Alexander. Based on these design principles, I would explore the idea of adding a centering element to the buildings, one that would (1) mark a clear entrance to the building visible from the street; (2) provide a transition, such as an indoor lobby/foyer area, where the person entering could warm up, check their mailbox, and read the bulletin board, before entering an elevator or going up an indoor staircase; (3) break the façade of building and introduce a different surface material with different-shaped windows that would likely illuminate the stairwell; (4) break the roofline and introduce a high point that would mark the center and new entrance; and (5) provide a third set of stairs for improved access and egress, particularly for the middle units. Because the building stretches between setback lines, such a change would necessitate either a reduction in the number of units or a conversion of larger units to smaller ones.

Additionally or alternatively, the proposed community space area could be reworked to provide the necessary emphasis and entrance to mass the building around the middle open space. Ideally, a tenant should be able to go from her unit to the community space, which includes the laundry facility and computer room, without being exposed to outdoor conditions.

- *Has the developer thoughtfully planned for a positive neighborhood impact?*

The developer recessed the building away from the road and created a green buffer from the street. Two curb cuts and car entry points access the two buildings, thus controlling disruptions to Halibut Point Road. Pedestrian sidewalks have direct access to the buildings

without having to cross the parking area. The entrance in Lot 1306 provides access to the veterinarian hospital. The play area is large and fenced in, with an additional median before reaching the sidewalk. A bus turnout and bus shelter is provided for area residents.

b. Quality of the Proposed Amenities and Plans

- *Did the developer integrate an effective blend of features and amenities in the project to improve the residents' quality of life?*

The developer provided a good, site-specific vision for the project. The southward facing windows will have good natural light and views of the ocean. The abundance of open space, play space, and landscaping should mitigate the higher density of the project. All units will be accessible by elevator, and 3 units set aside for persons with physical disabilities. A computer area is provided for tenant use, and could be moved to end of the laundry room, accessed through the community room, since the computer area would benefit more from a window than the laundry room. Covered bike storage is provided, but the space is likely too small. However, individual storage is also provided, and tenants have the option of storing their bicycles in their own storage unit. Exterior bike racks are also provided; but they will likely be underutilized unless shelter is provided. Finally, the developer's understanding of property management is outstanding, and a supportive services plan would truly improve the residents' well-being.

Concern: It may be worth considering to alternate the unit arrangement from living room-bedroom, living room-bedroom, to bedroom-bedroom, living room-living room. As good as wall insulation should be, it does not hurt to aggregate sleeping quarters together and activity space together. However, this shift will cause a less desirable arrangement of balconies, with balconies paired adjacent to each other, thereby reducing privacy and requiring solid partitions that would obstruct light and views. On the same note, for the end units, bedrooms should probably not be adjacent to the staircase, unless the wall is absolutely soundproof or the staircase is seldom used, as would be the case if there were a center stairwell in the middle of the building.

- *Are the required features and amenities well designed?*

Parking is adequate, with the majority of spaces and their walkway covered. The community spaces are well located to overlook the outdoor play space. The outdoor play area is large, with nice bonus features. Laundry facility has 4 sets of machines. Mail receptacles are sheltered, but unconditioned. Green space is vast and functionally designed. The sheltered bus stop is centrally located, and will be used for both school buses and public transportation. The developer will meet BEES requirement, and the earth-sheltered design is inherently more energy efficient.

Concern: The community space in Building A is too small, but if Phase II were constructed, the combined community space with Building B would be adequate. Rather than developing a full basketball court, I would rather see part of the play structure in the outdoor play area sheltered so that kids can play outside even when it is raining or snowing. Tenants should not have to be exposed to outdoor conditions when accessing the laundry facilities. The manager's office takes away from the community space and should be glazed to overlook the entry and the play area. The long hallways with minimal natural light will be costly to illuminate, even with energy-efficient lighting.

- *Do the plans address all of the issues listed in the RFP?*

Yes, the narrative and drawings address all the issues in the RFP.

c. Quality and Cost-Effectiveness of the Proposal

- *Are the design, costs, budget, timeline, and property management plan in the proposal realistic?*

Yes. The design makes good architectural sense and uses the site well. The budget is very high considering each unit will cost about \$300,000 in hard costs and \$375,000 in total costs. However, as long as AHFC approves the proposal for tax credits, the project will be paid for. These numbers reaffirm the idea that low-income housing is NOT low-cost housing. This budget, primarily funded by LIHTC, promises a high-quality product at a guaranteed affordable rent for 30 years. Set for construction completion in March of 2010, the timeline is realistic and closely matches my own estimate. The project is set back one year because the second RFP missed the annual funding cycle for LIHTC.

Concern: The proposal was very light on an actual property management plan and projection of operating revenues and expenses. However, given Somerset Pacific's property management portfolio and experience with LIHTC, I feel comfortable the details can be supplied as the development progresses. Furthermore, in order to apply for tax credits through AHFC, the developers will be required to submit a full pro forma detailing solvent operating projections.

- *Does the narrative demonstrate a clear understanding of what affordable housing entails?*

Yes. It is abundantly clear that the proposers have developed affordable housing projects before and understands the nuances and challenges of such developments. I am impressed with their spread of targeted income categories, from 60% AMI all the way down to 30%, which is far above and beyond the RFP's required 25% of units serving households at 50% AMI.

- *Is the long-term viability of the project sound?*

Given the cost of the project, the construction should be first-rate. In addition, since the developers will be financing a very small amount at below-market interest rates, there will be very minimal operating costs outside of regular maintenance and property management. Rental incomes should be sufficient to pay for the expenditures and reserves. Finally, AHFC and tax credit syndicators will scrutinize the viability of the project as the most critical part of the application process.

d. Qualifications and Experience of the Applicant Organization(s)

- *Does the applicant have a successful history carrying out similar projects?*

Yes, the developer is one of two major affordable housing developers in the state of Alaska. Also, Dawson Construction and Somerset Pacific are experienced general contractor and property management firms with established track records.

- *Can the community be confident that the applicant will complete the project on time, on budget, and on target?*

Yes. The developer will lose construction interest if delayed. The tax credit portion of the budget is fixed once approved, and cost overruns after contingency will come out of the developer's fee. Tax credit regulations will ensure the project is on target and serve the targeted populations as proposed. Finally, given the scale of the project and the experience of the developer, I feel confident the project will succeed.

- *Is the developer willing to work with the City and Borough of Sitka to refine the design?*

Yes. I spoke with the developer over the phone and he has done other projects in small Alaskan communities like Fairbanks and Girdwood, where the public had substantial input into the project. The developer has an excellent grasp of affordable housing and is willing to work with Sitka to improve its preliminary design.

Finally, the developer chose Option 3 as the land transaction option (because land cost is not an eligible basis for tax credits). Contrary to the narrative, the developers shall not sign a long-term lease with the City and Borough of Sitka. Given the language in the ballot question authorizing the disposal of the former City Shops site for affordable housing, the City may not be interested in retaining ownership of the land. As described in Section VIII, part E of the RFP, the developer shall be responsible for forming a nonprofit community land trust, which could be modeled after Juneau Housing Trust, Inc., executing a long-term lease agreement with the trust, and making annual payments to the trust, which would in turn determine independently whether it wants to utilize the revenue to pursue affordable housing directly, distribute contributions to other affordable housing agencies, or forward payments to the City and Borough of Sitka.

Summary

- No affordable ownership response. Will not likely receive one in the future.
- Need is real. Waiting lists at other affordable apartment complexes.
- Tax credits will not cost the City a cent. They will also regulate the project's long-term affordability, viability, and property management.
- As a private development, the proposal is adequate and meets all planning code requirements.
- As a publicly scrutinized project, the proposal has many merits and will likely go through some improvements before final design approval.
- Developer will form a nonprofit community land trust to hold the land.

Conclusion

The Trapline-CDI rental proposal is starting at a very strong preliminary design, as detailed in the above-listed merits, and if awarded, would follow through the phases as described in Section V of the RFP. Because of my resignation, I recommend appointing City Staff Kelli Cropper from Public Works as the staff liaison and project manager for this project.

If awarded, the developer would sign a contract with the City, then work toward incorporating suggestions from the Assembly and developing refined drawings for public review. The developer would also provide Ms. Cropper working Pro Formas as well as evidence of the process of establishing a community land trust. The developer is required to present its design concepts to the Assembly and allow for public participation. The Assembly maintains active control over the project as Assembly approvals will be necessary to authorize Notices to Proceed for finalizing the design and for the start of construction.

In my professional opinion, I believe this is a satisfactory proposal that both meets the lower-income affordable housing need in Sitka and creatively uses the site for a suitable and architecturally significant affordable housing purpose. If awarded, the proposed design will go through the public process and a series of refinements to ensure that the final product is desirable for the Sitka community. I support this tax-credit-based proposal and would like to see it move forward.

Sincerely,

Felix AuYeung

Affordable Housing Program Manager
City and Borough of Sitka

Request for Proposals

By the City and Borough of Sitka, Alaska
Professional Development Services and Land Sale

Halibut Point Road Affordable Housing Project

The City and Borough of Sitka, Alaska is requesting proposals from qualified organizations for the project described herein. The following subjects are discussed in this RFP to assist you in preparing your proposal.

- I. Introduction
- II. Affordable Ownership Project
- III. Affordable Rental Project
- IV. Affordable Mixed-Tenure Project
- V. Scope of Services
- VI. General Requirements
- VII. Schedule
- VIII. Proposal Format and Content
- IX. Evaluation Criteria and Selection Process
- X. Appendices

I. Introduction

Through Ordinance No. 2006-32 approved in the October 2006 municipal election, the voters of Sitka authorized the City and Borough of Sitka to dispose of the "Old City Shops" property located at 1306, 1410, and 1414 Halibut Point Road for an affordable housing project, without being subject to competitive bidding. The three lots contain approximately 1.66 acres of buildable land and is valued at \$620,000. However, 1414 Halibut Point Road shall not be built upon until its hill side is stabilized to prevent future landslides, leaving approximately 1.10 acres of buildable land, not including setbacks and easements, valued at \$484,000.

The intended medium-density, family-friendly, mixed-income project may be ownership units, rental units, or a mixture of both. The City and Borough of Sitka is flexible in housing types and mixes, and encourages developers to exercise utmost creativity to develop an aesthetically pleasing project that meets the targeted functions. Proposers may target the entire property or only a specific portion of it.

The selected proposer(s) must have strong architecture, construction, and property management experience and/or support. It is the explicit goal of the City and Borough of Sitka that the new affordable housing units will serve low-income families and the community for many years to come, and that the design be architecturally significant in appearance, practical in utility, durable in construction, and economical in operation.

Preliminary plans or brief statements of intention required for this project include:

Preliminary site plan	Building configuration	Sample architectural design
Property management	Replacement reserves	Projected operating expense
Hillside stability	Storm water drainage	Landscaping
Traffic impact study	On-site circulation	Pedestrian & parking design
Development budget	Potential funding sources	Timeline

All areas of the proposer(s)'s response are subject to review and amendment by the City and Borough of Sitka.

II. Affordable Ownership Project

An affordable ownership project shall have at least 16 affordable units and at least 80% of units affordable. Affordable units must set a sales price affordable to households at or below 80% of median income. Ownership units may be single-family detached homes, cluster homes, zero-lot line homes, townhouses, and/or multi-family condos. Please observe the maximum sales price chart for affordable units.

Unit Size	Single-Family	Multi-Family
1+	n/a	\$ 154,300
2	\$ 217,650	\$ 175,450
2+	\$ 229,700	\$ 186,000
3	\$ 251,400	\$ 205,000
3+	\$ 261,050	\$ 213,400
4	\$ 280,500	\$ 230,450

"+" means an additional den or family room. All ownership units are expected to be BEES rated at 5 or 5-plus stars. Square footage is not listed but should be reasonable, and is subject to review and amendment by CBS. Multi-family prices assume a \$100 per month association or condo fee. The unit prices for both types drop \$16,000 for every \$100 per month of association fees. It is recommended single-family units avoid the necessity for association fees if possible.

For ownership units, the following common features and amenities are:

REQUIRED

- Adequate parking spaces (2 parking spaces per unit)
- Sheltered mail receptacles
- Sheltered bus stop (that does not impede traffic flow on Halibut Point Road)

HIGHLY RECOMMENDED

- Accessible units (UFAS, at least 25% of all units)
- Universal interior design and visitable units (all)
- Healthy building materials

In the event the sales price is below the appraised market value of the home, the proposer(s) shall bear the responsibility for protecting the subsidized difference by drafting a long-term resale restriction agreement, subject to City and Borough of Sitka review and approval, legally tying the agreement to the property, and administering the process in future resales. It is recommended that the appraised value of the homes be the same as the sales price, below the maximum limit.

III. Affordable Rental Project

An affordable rental project shall have at least 20 affordable units and at least 75% of units affordable. Affordable rentals must set a rental price affordable to households at or below 60% of median income. In addition, at least 25% of units must be targeted for households at or below 50% of median income. Rental units may be single-family detached homes, cluster homes, zero-lot line homes, townhouses, and/or multi-family apartments. Rents including applicable utility allowances will observe the most recent LIHTC 60% and 50% limits, as found in Appendix 3.

For multi-family rental units, the follow common features and amenities are:

REQUIRED

- Adequate parking spaces (1.5 parking spaces per unit)
- Indoor community space (occupancy capacity of at least 50% of all tenants)
- Children's play area (indoors and/or outdoors, outdoor area partially sheltered)
- Laundry facilities
- Indoor mail receptacles
- Green space (developer's discretion)
- Sheltered bus stop (that does not impede traffic flow on Halibut Point Road)
- Manager's office (could be attached to manager's unit)
- Energy-efficient building

HIGHLY RECOMMENDED

- Accessible units (UFAS, at least 25% of all units)
- Universal interior design (all)
- Computer area (could be part of other common space)
- Covered bicycle storage
- Native-plants landscaping
- Healthy building materials

DESIRED

- Partial covered parking and walkways from parking to building
- Individual unit lockable storage
- Visitable units (all)
- Space sufficient to convert to a childcare facility in the future

IV. Affordable Mixed-Tenure Project

An affordable mixed-tenure project shall have at least 16 affordable units. Ownership units shall have at least 80% of units affordable to households at or below 80% of median income and follow all ownership guidelines listed in Part II. Rental units shall have at least 75% of units affordable to households at or below 60% of median income, have at least 25% of units affordable to households at or below 50% of median income (which is a subset of the 75% affordable units), and follow all rental guidelines listed in Part III.

V. Scope of Services

The proposal shall consist of a preliminary affordable housing design narrative and any visual supplements appropriate for the demonstration of the design product. The City and Borough of Sitka may choose one or more awardees depending on the scale and quality of the proposals. The winning proposer(s) will be sold part or all of the "old City Shops" property (under one of three available options described in Section VIII), and will sign a contractual agreement with the City and Borough of Sitka to design and build the proposed project as described in the narrative, furnishing all labor, materials, equipment, tools, supervision, and other facilities necessary to perform the desired services, in accordance with the standards and criteria of the City and Borough of Sitka and the State of Alaska and in accordance with the best industry standards of the architectural, engineering, and construction professions.

This work includes, but is not limited to the following:

Task 1: Programming Phase

The developer(s) shall begin by meeting with the Affordable Housing Program Manager to discuss overall site planning and budget.

- A. Overall Site Planning: Draft project site plan, and if necessary, coordinate among multiple awardees to establish continuity and coherence and to determine overlapping-use components.
- B. Budget: The team(s) will develop a working Pro Forma that details all soft and hard construction costs, identifies potential funding and financing sources, and projects 15 years of operating and property management budgeting, all based on the targeted rental and sales price criteria.

Deliverables: Letter reports from the developer(s) to the Office for Affordable Housing summarizing each meeting with the Affordable Housing Program Manager and the design decisions or directions understood will be required within seven days of each meeting.

Task 2: Design Phase

The developer(s) shall commence with the Design Phase once a Notice to Proceed with design is issued.

- A. Design Concepts: The developer(s) shall hire a qualified architect to develop diagrammatic design concepts including the site plan, exterior elevation views, floor plans, exiting strategies, and critical vertical sections. The design shall incorporate all the features and amenities submitted in the winning proposal. The plans must be developed in sufficient detail to demonstrate coordination of the different building components and allow for the preparation of each individual divisions cost estimate. The developer shall provide an updated Pro Forma.
- B. Public Review: The developer(s) shall present the design concepts in a presentation to the Sitka Assembly, with time allowed for public participation. The developer(s) must obtain Sitka Assembly approval of the design concepts, or the contract shall terminate. The Affordable Housing Program Manager will work with the developer(s) to filter the feedback received and incorporate desired changes into the design.
- C. Finalizing the Design: Once a satisfactory initial design is developed and approved by the Sitka Assembly, a Notice to Proceed with finalizing design will be issued. If no finalized design is approved by the Sitka Assembly, the contract shall terminate. Upon receipt of the Notice to Proceed, the developer(s) may proceed to prepare all necessary construction documents for the entire project in accordance with good design practice and all requirements of agencies having jurisdiction over the work. The substantial aspects of the design as indicated by the drawings and specifications shall comply with requirements and regulations adopted pursuant to the Occupational Safety and Health Act (OSHA), the American with Disabilities Act (ADA), and all requirements of local and state building, fire, mechanical, electrical, and other codes in effect. The developer(s) shall provide the final pre-construction Pro Forma confirming that the rental and/or sales criteria will be met.

Deliverables: One full set of all design documents, bi-monthly progress reports, and cost estimates as described above. The developer(s) will be required to make at least two presentation to the Sitka Assembly and the public regarding the design concept and the final design. More presentations may be required if requested by the Sitka Assembly, or if substantial changes need to be implemented.

Task 3: Construction Completion

The developer(s), following a Notice to Proceed with construction from the City and Borough of Sitka, shall take all steps necessary to complete construction of the project in accordance with the approved plan, budget, and timeline. Changes in the work that potentially will impact the project’s intended functions or the rental and sales price criteria must be first authorized by the City and Borough of Sitka.

Deliverables: Bi-monthly progress reports and Pro Forma updates including construction expenditures.

VI. General Requirements

The following information is presented as a general guideline for the preparation of the proposals. It is not intended to be an exhaustive list of project requirements.

- a. It is the responsibility of the organizations submitting proposals to determine the actual efforts required to complete the project.
- b. The City and Borough of Sitka will review the designs at the programming and design phases. The developer(s) should expect substantial input from the City and Borough of Sitka. All review comments shall be complete and returned within 10 working days of receipt.
- c. After award of the RFP, the developer(s) will be required to provide insurance certificates that meets the following minimum requirements.

Type of Coverage

General Liability

Single Limit	\$1,000,000
Aggregate	\$2,000,000
* premises operations	
* products/completed operations	
* blanket contractual	
* broad form property damage	
* personal injury	
* independent contractors	

Professional Errors and Omissions \$1,000,000

Worker’s Compensation in accordance with applicable law

Comprehensive Automotive Liability \$300,000
including all owned, hired and non-owned vehicles

Insurance Notes

The City and Borough of Sitka shall be named as an additional named insured on all insurance policies. The City and Borough of Sitka shall also be granted a full waiver of any rights of subrogation. These requirements extend to all sub-contractors. Any waivers or adjustments to these rates may be requested of the City and Borough of Sitka and will be reviewed on a case-by-case basis.

For the construction phase, the developer(s) shall provide copies of performance and payment bonds to the City and Borough of Sitka. These bonds are required within 30 days after the RFP award.

VII. Schedule

Advertise the RFP	September 27, 2007
Proposals Due at CBS Clerk Office (4:00 PM)	November 13, 2007
Packets and Review Panel Comments to Assembly	November 27, 2007
CBS Assembly Work Session with Review Panel	December 11, 2007
CBS Assembly Award of Professional Services	January 8, 2008
Programming Phase	Jan. – March, 2008
Design Development Phase Review & Approval	April - August, 2008
Final Design, Permitting, and Construction	TBD by Developer
Construction Completion	December 31, 2009

VIII. Proposal Format and Content

Please direct questions regarding this proposal to **Felix AuYeung**, Affordable Housing Program Manager, City and Borough of Sitka, 907-747-3845 or felix@cityofsitka.com. Any response to substantive questions that could apply to other proposers shall be posted on the City and Borough of Sitka web page relating to the RFP, at www.cityofsitka.com/housing/rfp.html.

Proposals which fail to provide the following information and/or documents listed in this section will be considered incomplete and deemed non-responsive by the City and Borough of Sitka. However, the City and Borough of Sitka reserves the right to waive irregularities or informalities in the proposals. The contract will be awarded to the respondent(s) that best meets the goal of the RFP, as determined by the Sitka Assembly in its sole discretion.

PROPOSAL FORMAT

- A. **Letter of Transmittal**
- B. **Understanding of Affordable Housing** (Answer questions in Appendix 4)
- C. **Project Narrative**
 1. Please describe in sufficient detail what your vision for the site is. The City and Borough of Sitka will consider imaginative proposals that utilize the entire site or only a portion of the site. Your narrative may include, but may not be limited to: site design, building type(s), number of stories, tenure type(s), mix of incomes, mix of unit sizes, number of accessible units, parking, traffic circulation, community spaces, on-site facilities, landscaping, storm water management, energy efficiency, cold climate maritime construction, other amenities, targeted funding sources, timeline, and property management plan. (See Sections I through IV for the features, amenities, and plans required and desired.)

2. Provide a brief description of the applicant organization, including its experience and the experience of its key individuals who will be working on the project.
3. Provide a list of relevant projects owned, designed, and/or developed by or under the direction of the organization or individual submitting the proposal. Provide three client references.

D. Budget

Submit a rough budget of the total project, including a line item for developer's fee, and explain how the project will be funded and financed to meet the targeted price requirements.

E. Land Transaction Option

The present valuation for the entire property is \$620,000. \$136,000 may be deducted from the price if 1414 Halibut Point Road (land slide) is not included. Choose from the following three options and indicate your choice in the Proposed Project Summary Table (Appendix 5). The City and Borough of Sitka may work with the best proposers on how best to address the land slide area separately.

1. Purchase the land at the time the contract is awarded. Proposer will offer a price it deems reasonable to deliver the affordable housing project. It is recommended the price be close to the current valuation of the land.
2. Sign a land control agreement that defers payment of the land until substantial completion of construction. Proposer will pay the current valuation of the land, plus 5% annual interest, at substantial completion of construction. There will be penalties for failing to meet the substantial completion deadline.
3. If project feasibility is prohibited by land cost, then the developer shall take all steps necessary to form an independent nonprofit community land trust (similar to Juneau Housing Trust Inc.), entrust the land to the land trust, then build the affordable housing structures. Once the project is completed, a long-term lease with the land trust shall be executed by the building(s)'s owner(s), with annual payments to the land trust of no less than the equivalent of the land-only portion of the property tax (or \$3,720 per year for the entire property, at the current value). Payment of the building portion of the property tax by the building(s)'s owner(s) is still due to the City and Borough of Sitka.

F. Proposed Project Summary Table (Appendix 5)

- G.** Please submit **8 sets** of the completed proposal in an envelope marked:
HPR Affordable Housing Project RFP

Date the proposal and deliver it to:
City and Borough of Sitka
Municipal Clerk
100 Lincoln Street, Room 301
Sitka, Alaska 99835

Proposals shall be received at the office of the Municipal Clerk until 4:00 PM, November 13, 2007.

IX. Evaluation Criteria and Selection Process

A review committee composed of housing and social service professionals will first evaluate the proposals and compile comments to the Sitka Assembly. Depending on the scale and quality of the proposals, the Sitka Assembly may choose one or more awardees, or withhold award if none of the bids are determined to be acceptable at the sole discretion of the Sitka Assembly. Because the Sitka Assembly will make the final decision, proposers or their agents shall not lobby individual Assembly members, but may present their proposals before the Sitka Assembly in a properly noticed public meeting.

It is important to keep in mind that design and ideas are inherently subjective, and while the Sitka Assembly may avail itself of comments from the review committee and opinions from its professional staff, the Sitka Assembly has the sole discretion to make or not make any award.

In addition to the completeness of the response to the RFP, the review committee will use the criteria below in generating comments to the Sitka Assembly. The review committee may also choose to contact selected proposers to discuss the proposal and seek clarifications.

- a. Quality of the Proposed Use of the Site.
Is the proposal appropriate for the town of Sitka? Is the design architecturally significant and attractive adjacent to an arterial road? Has the developer thoughtfully planned for a positive neighborhood impact?
- b. Quality of the Proposed Amenities and Plans.
Did the developer integrate an effective blend of features and amenities in the project to improve the residents' quality of life? Are the required features and amenities well designed? Do the plans address all of the issues listed in the RFP?
- c. Quality and Cost-Effectiveness of the Proposal.
Are the design, costs, budget, timeline, and property management plan in the proposal realistic? Does the narrative demonstrate a clear understanding of what affordable housing entails? Is the long-term viability of the project sound?
- d. Qualifications and Experience of the Applicant Organization/Individual.
Does the applicant have a successful history carrying out similar projects? Can the community be confident that the applicant will complete the project on time, on budget, and on target? Is the developer willing to work with the City and Borough of Sitka to refine the design?

X. Appendices

1. AHFC Income Limit Chart
2. HUD Utilities Allowance Chart
3. LIHTC Rent Limit Chart
4. Affordable Housing Questions (mandatory for rental projects only)
5. Proposed Project Summary Table
6. Parcel Maps (2)
7. Topographical Map
8. Property Valuation by the City Assessor (2)
9. Zoning and Planning Information (3: setbacks, easement, water/sewer)
10. Agreement with Veterinary Hospital (The developer is required to provide water and sewer utility connection to the adjacent veterinary hospital.)
11. Assembly Report on Basic Configuration Options for City Shops

Request for Proposals

By the City and Borough of Sitka, Alaska Professional Development Services and Land Sale

Proposals for purchase and development of real estate will be received at the Office of the Municipal Clerk, City Hall, City and Borough of Sitka, 100 Lincoln Street, Sitka, Alaska until 4:00 P.M., Tuesday, **November 13, 2007**. The time of receipt will be determined by the City Clerk's time stamp. Proposals received after the time fixed for the receipt of the bids shall not be considered.

The proposal consists of the affordable housing design narrative and any visual supplements appropriate to the demonstration of the design product. The applicant will also select one land transaction option. Depending on the scale and quality of the proposals, the Sitka Assembly may choose one or more awardees, or withhold award if none of the bids are determined to be acceptable at the sole discretion of the Sitka Assembly.

The winning developer(s) will sign a contractual agreement with the City and Borough of Sitka to design and build the proposed project as described in the narrative, furnishing all labor, materials, equipment, tools, supervision, and other facilities necessary to perform the desired services. The work includes, but is not limited to, the following:

Purchase the property and provide professional design and construction services for affordable housing at 1306, 1410, and 1414 Halibut Point Road. The site has between 1.10 to 1.66 acres of buildable land, not including setbacks and easements. The intended medium-density, family-friendly, mixed-income project may be ownership units, rental units, or a mixture of both. Minimum numbers and percentages of affordable units are specified in the RFP.

The project must include on-site amenities such as adequate parking, sheltered bus stop, and in the case of multi-family housing, also indoor community space, children's play area, laundry facilities, etc. Other amenities are highly recommended and desired. The developer is also required to provide water and sewer utility connection to the adjacent veterinary hospital.

After award of a contract or contracts, the winning developer(s) will continue to work with the City and Borough of Sitka and undergo a formal public process to develop the final design prior to the start of construction. Once the design has been approved by the Sitka Assembly, the winning developer(s) shall proceed to complete construction within the time limit specified in the proposal. Final rent and/or sale prices must be at or below the originally agreed upon affordable prices.

Please direct all questions regarding this project to:

Felix AuYeung
Affordable Housing Program Manager
907-747-3845
felix@cityofsitka.com

The City and Borough of Sitka reserves the right to accept or reject any or all proposals, to waive irregularities or informalities in the proposals, and to award the land and contract to the respondent(s) that best meets the discretion of the Sitka Assembly.

Dated this 27th day of September, 2007.

CITY AND BOROUGH OF SITKA

John C. Stein, Municipal Administrator

Advertised on 9/28, 10/1, 10/3, 10/5 in:
Daily Sitka Sentinel (9/28, 10/1, 10/3, 10/5) Juneau Empire (9/28, 10/1, 10/3, 10/5)
Anchorage Daily News (9/28, 10/1, 10/3, 10/5) Seattle Daily Journal of Commerce (9/28, 10/1)



2006 Housing Income Limits²
State of Alaska
Effective 03/08/2006

Census Area	Income Level	Household Size							
		1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons
Anchorage Borough MFI=76900	100% ⁴	55,100	63,000	70,800	78,700	85,000	91,300	97,600	103,900
	80% ^{1,3}	41,700	47,700	53,650	59,600	64,350	69,150	73,900	78,650
	60%	33,060	37,800	42,480	47,220	51,000	54,780	58,560	62,340
	50% ^{1,2}	27,550	31,500	35,400	39,350	42,500	45,650	48,800	51,950
	30% ¹	6,550	18,900	21,250	23,600	25,500	27,400	29,300	31,150
Aleutians East Borough MFI=61,100	100% ⁴	47,700	54,600	61,400	68,200	73,700	79,100	84,600	90,000
	80% ^{1,3}	38,200	43,650	49,100	54,550	58,900	63,300	67,650	72,000
	60%	28,620	32,760	36,840	40,920	44,220	47,460	50,760	54,000
	50% ^{1,2}	23,850	27,300	30,700	34,100	36,850	39,550	42,300	45,000
	30% ¹	4,300	16,350	18,400	20,450	22,100	23,750	25,350	27,000
Aleutians West Census Area MFI=84,900	100% ⁴	62,600	71,500	80,500	89,400	96,600	103,700	110,900	118,000
	80% ^{1,3}	41,700	47,700	53,650	59,600	64,350	69,150	73,900	78,650
	60%	37,560	42,900	48,300	53,640	57,980	62,220	66,540	70,800
	50% ^{1,2}	31,300	35,750	40,250	44,700	48,300	51,850	55,450	59,000
	30% ¹	8,750	21,450	24,100	26,800	28,950	31,100	33,250	35,400
Bethel Census Area MFI=45,200	100% ⁴	47,800	54,600	61,500	68,300	73,800	79,200	84,700	90,200
	80% ^{1,3}	38,250	43,700	49,200	54,650	59,000	63,400	67,750	72,150
	60%	28,680	32,760	36,900	40,980	44,280	47,520	50,820	54,120
	50% ^{1,2}	23,900	27,300	30,750	34,150	36,900	39,600	42,350	45,100
	30% ¹	4,350	16,400	18,450	20,500	22,150	23,800	25,400	27,050
Bristol Bay Borough MFI=73,300	100% ⁴	51,300	58,600	66,000	73,300	79,200	85,000	90,900	96,800
	80% ^{1,3}	41,050	46,900	52,800	58,650	63,350	68,050	72,750	77,400
	60%	30,780	35,160	39,600	43,980	47,520	51,000	54,540	58,080
	50% ^{1,2}	25,650	29,300	33,000	36,650	39,600	42,500	45,450	48,400
	30% ¹	5,400	17,600	19,800	22,000	23,750	25,500	27,300	29,050
Denali Borough MFI=86,500	100% ⁴	60,600	69,200	77,900	85,500	93,400	100,300	107,300	114,200
	80% ^{1,3}	41,700	47,700	53,650	59,600	64,350	69,150	73,900	78,650
	60%	36,360	41,520	46,740	51,900	56,040	60,180	64,380	68,520
	50% ^{1,2}	30,300	34,600	38,950	43,250	46,700	50,150	53,650	57,100
	30% ¹	8,150	20,750	23,350	25,950	28,050	30,100	32,200	34,250
Dillingham Census Area MFI=56,000	100% ⁴	47,700	54,600	61,400	68,200	73,700	79,100	84,600	90,000
	80% ^{1,3}	38,200	43,650	49,100	54,550	58,900	63,300	67,650	72,000
	60%	28,620	32,760	36,840	40,920	44,220	47,460	50,760	54,000
	50% ^{1,2}	23,850	27,300	30,700	34,100	36,850	39,550	42,300	45,000
	30% ¹	4,300	16,350	18,400	20,450	22,100	23,750	25,350	27,000
Fairbanks North Star Borough MFI=70,100	100% ⁴	49,100	56,100	63,100	70,100	75,700	81,300	86,900	92,500
	80% ^{1,3}	39,250	44,900	50,500	56,100	60,600	65,100	69,550	74,050
	60%	29,460	33,660	37,860	42,060	45,420	48,780	52,140	55,500
	50% ^{1,2}	24,550	28,050	31,550	35,050	37,850	40,650	43,450	46,250
	30% ¹	4,750	16,850	18,950	21,050	22,750	24,400	26,100	27,800
Haines Borough MFI=60,800	100% ⁴	47,700	54,600	61,400	68,200	73,700	79,100	84,600	90,000
	80% ^{1,3}	38,200	43,650	49,100	54,550	58,900	63,300	67,650	72,000
	60%	28,620	32,760	36,840	40,920	44,220	47,460	50,760	54,000
	50% ^{1,2}	23,850	27,300	30,700	34,100	36,850	39,550	42,300	45,000
	30% ¹	4,300	16,350	18,400	20,450	22,100	23,750	25,350	27,000
Juneau MFI=86,900	100% ⁴	60,800	69,500	78,200	86,900	93,900	100,800	107,800	114,700
	80% ^{1,3}	41,700	47,700	53,650	59,600	64,350	69,150	73,900	78,650
	60%	36,480	41,700	46,920	52,140	56,340	60,480	64,680	68,820
	50% ^{1,2}	30,400	34,750	39,100	43,450	46,950	50,400	53,900	57,350
	30% ¹	8,250	20,850	23,450	26,050	28,150	30,200	32,300	34,400
Kenai Peninsula Borough MFI=66,500	100% ⁴	47,700	54,600	61,400	68,200	73,700	79,100	84,600	90,000
	80% ^{1,3}	38,200	43,650	49,100	54,550	58,900	63,300	67,650	72,000
	60%	28,620	32,760	36,840	40,920	44,220	47,460	50,760	54,000
	50% ^{1,2}	23,850	27,300	30,700	34,100	36,850	39,550	42,300	45,000
	30% ¹	4,300	16,350	18,400	20,450	22,100	23,750	25,350	27,000



2006 Housing Income Limits⁵
State of Alaska
Effective 03/08/2006

Census Area	Income Level	Household Size							
		1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons
Ketchikan Gateway Borough MFI=72,600	100% ⁴	50,800	58,100	65,300	72,600	78,400	84,200	90,000	95,800
	80% ^{1,3}	40,650	46,500	52,300	58,100	62,750	67,400	72,050	76,700
	60%	30,480	34,860	39,180	43,560	47,040	50,520	54,000	57,480
	50% ^{1,2}	25,400	29,050	32,650	36,300	39,200	42,100	45,000	47,900
	30% ¹	5,250	17,450	19,600	21,800	23,550	25,300	27,050	28,800
Kodiak Island Borough MFI=72,900	100% ⁴	51,000	58,300	65,600	72,900	78,700	84,600	90,400	96,200
	80% ^{1,3}	40,800	46,650	52,450	58,300	62,950	67,650	72,300	76,950
	60%	30,600	34,980	39,360	43,740	47,220	50,760	54,240	57,720
	50% ^{1,2}	25,500	29,150	32,800	36,450	39,350	42,300	45,200	48,100
	30% ¹	5,300	17,500	19,650	21,850	23,600	25,350	27,100	28,850
Lake and Peninsula Borough MFI=52,100	100% ⁴	47,700	54,600	61,400	68,200	73,700	79,100	84,600	90,000
	80% ^{1,3}	38,200	43,650	49,100	54,550	58,900	63,300	67,650	72,000
	60%	28,620	32,760	36,840	40,920	44,220	47,460	50,760	54,000
	50% ^{1,2}	23,850	27,300	30,700	34,100	36,850	39,550	42,300	45,000
	30% ¹	4,300	16,350	18,400	20,450	22,100	23,750	25,350	27,000
Matanuska-Susitna Borough MFI=70,400	100% ⁴	49,300	56,300	63,400	70,400	76,000	81,700	87,300	92,900
	80% ^{1,3}	39,400	45,050	50,650	56,300	60,800	65,300	69,800	74,300
	60%	29,580	33,780	38,040	42,240	45,600	49,020	52,380	55,740
	50% ^{1,2}	24,650	28,150	31,700	35,200	38,000	40,850	43,650	46,450
	30% ¹	4,750	16,900	19,000	21,100	22,800	24,500	26,150	27,850
Nome Census Area MFI=54,200	100% ⁴	47,700	54,600	61,400	68,200	73,700	79,100	84,600	90,000
	80% ^{1,3}	38,200	43,650	49,100	54,550	58,900	63,300	67,650	72,000
	60%	28,620	32,760	36,840	40,920	44,220	47,460	50,760	54,000
	50% ^{1,2}	23,850	27,300	30,700	34,100	36,850	39,550	42,300	45,000
	30% ¹	4,300	16,350	18,400	20,450	22,100	23,750	25,350	27,000
North Slope Borough MFI=78,400	100% ⁴	58,300	66,600	75,000	83,300	90,000	96,600	103,300	110,000
	80% ^{1,3}	41,700	47,700	53,650	59,600	64,350	69,150	73,900	78,650
	60%	34,980	39,960	45,000	49,980	54,000	57,960	61,980	66,000
	50% ^{1,2}	29,150	33,300	37,500	41,650	45,000	48,300	51,650	55,000
	30% ¹	7,500	20,000	22,500	25,000	27,000	29,000	31,000	33,000
Northwest Arctic Borough MFI=55,300	100% ⁴	47,700	54,600	61,400	68,200	73,700	79,100	84,600	90,000
	80% ^{1,3}	38,200	43,650	49,100	54,550	58,900	63,300	67,650	72,000
	60%	28,620	32,760	36,840	40,920	44,220	47,460	50,760	54,000
	50% ^{1,2}	23,850	27,300	30,700	34,100	36,850	39,550	42,300	45,000
	30% ¹	4,300	16,350	18,400	20,450	22,100	23,750	25,350	27,000
Prince of Wales-Outer Ketchikan MFI=57,100	100% ⁴	47,700	54,600	61,400	68,200	73,700	79,100	84,600	90,000
	80% ^{1,3}	38,200	43,650	49,100	54,550	58,900	63,300	67,650	72,000
	60%	28,620	32,760	36,840	40,920	44,220	47,460	50,760	54,000
	50% ^{1,2}	23,850	27,300	30,700	34,100	36,850	39,550	42,300	45,000
	30% ¹	4,300	16,350	18,400	20,450	22,100	23,750	25,350	27,000
Sitka City and Borough MFI=77,000	100% ⁴	53,900	61,600	69,300	77,000	83,200	89,300	95,500	101,600
	80% ^{1,3}	41,700	47,700	53,650	59,600	64,350	69,150	73,900	78,650
	60%	32,340	36,960	41,580	46,200	49,920	53,580	57,300	60,960
	50% ^{1,2}	26,950	30,800	34,650	38,500	41,600	44,650	47,750	50,800
	30% ¹	6,150	18,500	20,800	23,100	24,950	26,800	28,650	30,500
Skagway-Hoonah-Angoon MFI=58,700	100% ⁴	47,700	54,600	61,400	68,200	73,700	79,100	84,600	90,000
	80% ^{1,3}	38,200	43,650	49,100	54,550	58,900	63,300	67,650	72,000
	60%	28,620	32,760	36,840	40,920	44,220	47,460	50,760	54,000
	50% ^{1,2}	23,850	27,300	30,700	34,100	36,850	39,550	42,300	45,000
	30% ¹	4,300	16,350	18,400	20,450	22,100	23,750	25,350	27,000
Southeast Fairbanks Census Area MFI=61,600	100% ⁴	47,700	54,600	61,400	68,200	73,700	79,100	84,600	90,000
	80% ^{1,3}	38,200	43,650	49,100	54,550	58,900	63,300	67,650	72,000
	60%	28,620	32,760	36,840	40,920	44,220	47,460	50,760	54,000
	50% ^{1,2}	23,850	27,300	30,700	34,100	36,850	39,550	42,300	45,000
	30% ¹	4,300	16,350	18,400	20,450	22,100	23,750	25,350	27,000



2006 Housing Income Limits⁵
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Census Area	Income Level	Household Size							
		1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons
Valdez-Cordova Census Area MFI=74,500	100% ⁴	52,200	59,600	67,100	74,500	80,500	86,400	92,400	98,300
	80% ^{1,3}	41,700	47,700	53,650	59,600	64,350	69,150	73,900	78,650
	60%	31,320	35,760	40,260	44,700	48,300	51,840	55,440	58,980
	50% ^{1,2}	26,100	29,800	33,550	37,250	40,250	43,200	46,200	49,150
	30% ¹	5,650	17,900	20,100	22,350	24,150	25,950	27,700	29,500
Wade Hampton Census Area MFI=33,800	100% ⁴	47,700	54,600	61,400	68,200	73,700	79,100	84,600	90,000
	80% ^{1,3}	38,200	43,650	49,100	54,550	58,900	63,300	67,650	72,000
	60%	28,620	32,760	36,840	40,920	44,220	47,460	50,760	54,000
	50% ^{1,2}	23,850	27,300	30,700	34,100	36,850	39,550	42,300	45,000
	30% ¹	4,300	16,350	18,400	20,450	22,100	23,750	25,350	27,000
Wrangell-Petersburg Census Area MFI=65,800	100% ⁴	47,700	54,600	61,400	68,200	73,700	79,100	84,600	90,000
	80% ^{1,3}	38,200	43,650	49,100	54,550	58,900	63,300	67,650	72,000
	60%	28,620	32,760	36,840	40,920	44,220	47,460	50,760	54,000
	50% ^{1,2}	23,850	27,300	30,700	34,100	36,850	39,550	42,300	45,000
	30% ¹	4,300	16,350	18,400	20,450	22,100	23,750	25,350	27,000
Yakutat City and Borough MFI=64,500	100% ⁴	47,700	54,600	61,400	68,200	73,700	79,100	84,600	90,000
	80% ^{1,3}	38,200	43,650	49,100	54,550	58,900	63,300	67,650	72,000
	60%	28,620	32,760	36,840	40,920	44,220	47,460	50,760	54,000
	50% ^{1,2}	23,850	27,300	30,700	34,100	36,850	39,550	42,300	45,000
	30% ¹	4,300	16,350	18,400	20,450	22,100	23,750	25,350	27,000
Yukon-Koyukuk Census Area MFI=41,800	100% ⁴	47,700	54,600	61,400	68,200	73,700	79,100	84,600	90,000
	80% ^{1,3}	38,200	43,650	49,100	54,550	58,900	63,300	67,650	72,000
	60%	28,620	32,760	36,840	40,920	44,220	47,460	50,760	54,000
	50% ^{1,2}	23,850	27,300	30,700	34,100	36,850	39,550	42,300	45,000
	30% ¹	4,300	16,350	18,400	20,450	22,100	23,750	25,350	27,000

Notes:

1) Income Categories of 30%, 50% (Very Low-Income) and 80% (Low Income) are provided by HUD

30% MFI is determined by HUD to be 60% of 50% - Very Low Income

According to HUD, 30%, 50% and 80% income categories are rounded by \$50 to reduce administrative burden.

In a small number of areas 30% of MFI is very close to, or below the SSI benefit level. In these areas HUD has readjusted the one-person income so the SSI-dependent households fall below 30% of MFI.

Please note that these are HUD estimates and are made usually with data that is at least one-to-two years old

Family Size adjustments are made for all income groups using the following percentages:

1	2	3	4	5	6	7	8
70%	80%	90%	100%	108%	116%	124%	132%

For family sizes greater than 8, increase percentages by 8% for each additional family member

2) Please note that 50% MFI is not always half of 100% income because of the following adjustments that might be made:

A) If 50% of MFI is lower than the annualized two-bedroom rent for the census area, then it is adjusted to where 35% of the 50% MFI is equal to 85% of the annualized two-bedroom fair-market rent

B) If 50% of the 100% Family Income is higher than the annualized two-bedroom fair-market rent, it is adjusted to where 30% of the 50% MFI category will equal 120% of the annualized two-bedroom fair-market rent.

C) Income limits are kept to prior year levels when FMR adjustments might result in drops in income limits

3) 80% of MFI is subject to adjustment by HUD in areas with unusually-high or unusually-low housing costs

4) 100% is calculated from HUD-provided Low Income Level - 50%

5) HUD is using new OMB-defined metropolitan area definitions with some area subgroupings in calculating these estimates. See Huduser.org for more information.

Alaska Housing Finance Corporation.
 Planning and Program Development
 James Wiedle, Planner I
 1-907-330-8277

**Allowances for
Tenant Furnished Utilities
and Other Services**

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0169
(exp. 7/31/2007)

See Public Reporting Statement and Instruction on back

Locality		Unit Type					Date
Sitka S06		All types					01/01/06
Utility or Service		Monthly Dollar Allowances					
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heating	a. Natural Gas						
	b. Bottle-Gas	70	98	126	154	196	224
	c. Oil	64	89	114	140	178	203
	d. Electric	59	82	105	129	164	187
Cooking	a. Natural Gas						
	b. Bottle-Gas	11	15	20	24	30	35
	c. Oil						
	d. Electric	8	12	15	18	23	26
Other Electric: Lights & Refrigeration		24	34	44	54	68	78
Air Conditioning							
Water Heater	a. Natural Gas						
	b. Bottle-Gas	48	67	86	105	133	152
	c. Oil	27	38	49	60	77	88
	d. Electric	44	62	80	98	124	142
Water & Sewer (Flat rate)		40	40	40	40	40	40
Sewer (include w/water)							
Trash Collection		42	42	42	42	42	42
Range/Microwave (included above)							
Refrigerator (included above)							
Other - specify							

Actual Family Allowances To be used by the family to compute allowance. Complete below for the actual rented.	Utility or Service	
Name of Family	Heating	
Address of Unit	Cooking	
Number of Bedrooms	Other Electric (Lights & Refrigeration)	
	Air Conditioning	
	Water Heating	
	Water	
	Sewer	
	Trash Collection	
	Range / Microwave	N/A
	Refrigeration	N/A
	Other	
	Total	0



Rent & Income Limit Calculator ©

You can view demographic information and a detailed list of affordable housing properties in [compsMART+](#).

Click on the to view a historical chart of the data.

Program and Location Information

Affordable Housing Program	IRS Section 42 Low-Income Housing Tax Credit (LIHTC)
Year	2007 (effective as of 03/20/07)
State	AK
County	Sitka City and Borough
MSA	Sitka City and Borough, AK
Based On	HUD Very Low Income Limits
Persons / Bedroom	1.5 Person / Bedroom
4-person MFI	\$74,700







HUD Published Income Limits

		30%	Very Low	Low
1 Person		\$16,150	\$26,950	\$41,700
2 Person		\$18,500	\$30,800	\$47,700
3 Person		\$20,800	\$34,650	\$53,650
4 Person		\$23,100	\$38,500	\$59,600
5 Person		\$24,950	\$41,600	\$64,350
6 Person		\$26,800	\$44,650	\$69,150
7 Person		\$28,650	\$47,750	\$73,900
8 Person		\$30,500	\$50,800	\$78,650
9 Person		\$32,350	\$53,900	\$83,450
10 Person		\$34,200	\$57,000	\$88,200
11 Person		\$36,050	\$60,050	\$93,000
12 Person		\$37,900	\$63,150	\$97,750

LIHTC Income Limits (Based On HUD Published Very Low Income Limit)

		60.00%	50.00%	140.00%
1 Person		32,340	26,950	45,276
2 Person		36,960	30,800	51,744
3 Person		41,580	34,650	58,211
4 Person		46,200	38,500	64,679
5 Person		49,920	41,600	69,888
6 Person		53,580	44,650	75,012
7 Person		57,300	47,750	80,220
8 Person		60,960	50,800	85,344
9 Person		64,680	53,900	90,552
10 Person		68,400	57,000	95,760
11 Person		72,060	60,050	100,884
12 Person		75,780	63,150	106,092

LIHTC Rent Limits (before utility allowance deduction)
(Based On HUD Published Very Low Income Limit)

Bedrooms (People)	60.00%	50.00%	FMR
Efficiency (1.0) 	808	673	669
1 Bedroom (1.5) 	866	721	771
2 Bedrooms (3.0) 	1,039	866	920
3 Bedrooms (4.5) 	1,201	1,001	1,340
4 Bedrooms (6.0) 	1,339	1,116	1,615
5 Bedrooms (7.5) 	1,478	1,231	

IRS Revenue Ruling 89-24 and the IRS Audit Technique Guide (page 2-4) require that the low-income housing tax credit rent & income levels start their calculations with the HUD published very low-income (VLI) amounts because the HUD published VLI amounts include certain HUD adjustments. These adjustments may raise or may lower the VLI income limits and subsequently rent limits for areas where rental housing costs are unusually high in relation to the median income. The result is that many counties have VLI amounts that are different from 50% of the true statistical MFI published by HUD (the 4-person AMGI we have shown above). Our rent & income calculator starts by default with the HUD published VLI amounts in accordance with IRS Revenue Ruling 89-24. The calculations also round down to the nearest \$50. Utility allowances have been input by the user and are not certified by Novogradac & Company LLP, nor do we make any representation about their accuracy.

Please note that although a particular county's four-person MFI may have decreased from one year to the next, the VLI amount may or may not decrease.

This rent calculator does not calculate low-income housing tax credit income limits or rent limits greater than the 50% LIHTC or 60% LIHTC limits, depending on the minimum set-aside elected with the IRS on Form 8609 in accordance with Internal Revenue Code Section 42(i)(3)(A). In other words, if the 20/50 minimum set-aside was elected then 50% LIHTC is the maximum allowed to qualify as a tax credit unit; or if the 40/60 minimum set-aside was elected then 60% LIHTC is the maximum allowed to qualify as a tax credit unit.

The rent & income limits are applicable beginning with the effective date shown above and are good for 45 days after the next effective date. In other words, there is a grace period of 45 days to implement the new rent & income limits. For more information, see Revenue Ruling 94-57.

Before using these numbers, you should check with your state housing agency to make sure that these numbers agree with the numbers published by the state. Novogradac & Company LLP does not guarantee the accuracy of the amounts shown above. This calculator is designed only to be a quick reference tool. IRS guidelines and actual HUD amounts should be used for any final decisions.

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Request for Proposals

By the City and Borough of Sitka, Alaska
Professional Development Services and Land Sale

Halibut Point Road Affordable Housing Project

B. Understanding of Affordable Rental Housing

1. Referring to the AHFC Income Chart (Appendix 1), what is the income limit of a 3-person household at 50% area median income (AMI) living in Sitka?
2. Referring to the HUD Utilities Allowance Chart (Appendix 2), if the tenant pays for all electricity use including heating, cooking, and other electric, but does not pay for water heater, water and sewer, and trash collection, what is the monthly utility allowance for a 2-bedroom unit?
3. Referring to the LIHTC Rent Limit Chart (Appendix 3), what is the maximum allowable rent that can be charged to a 2-bedroom, 50% AMI, LIHTC unit in Sitka, after subtracting the above utility allowance?
4. Using the "30% Rule" where a maximum of 30% of a household income pays for rent and utilities, what is the maximum monthly rent a household making \$32,000 can pay, after subtracting the above utility allowance for a 2-bedroom unit?

All affordable rental housing must conform to the 30% Rule, or the allowable rent limit if a funding source has a more stringent requirement. Affordable ownership housing price limits were calculated based on: 80% AMI for single-family and 70% AMI for multi-family, 30% mortgage burden for principle and interest only, 1.5 persons per bedroom plus 0.5 person for the extra den, 6.5% market interest rate on a 30-year mortgage, 2.5% down payment, and a \$15,000 price deduction for the first \$100 of multi-family association fee.

Request for Proposals

By the City and Borough of Sitka, Alaska
Professional Development Services and Land Sale

Halibut Point Road Affordable Housing Project

E. Land Transaction Option (see Section VIII(E) in the RFP for description)

Circle **ALL** or fill in _____ which parcel you wish to purchase.

- 1. Purchase land at the award of the contract for \$ _____
- 2. Purchase land deferred until the end of construction
- 3. Form a community land trust and master lease the site

F. Proposed Project Summary Table

Ownership	Sq. Ft. per Unit	Total # of Units	# of 50% AMI	# of 80% AMI	# of Market
Efficiency / Studio					
One-Bedroom					
Two-Bedroom					
Three-Bedroom					
Four-Bedroom					
Total Number of Units					

Rental	Sq. Ft. per Unit	Total # of Units	# of 50% AMI	# of 60% AMI	# of Market
Efficiency / Studio					
One-Bedroom					
Two-Bedroom					
Three-Bedroom					
Four-Bedroom					
Total Number of Units					

Common Areas	How Many?	Sq. Ft. per Item	Comments
Parking			
Community Room			
Manager's Office			
Laundry Facility			
Lockable Storage			

Request for Proposals

By the City and Borough of Sitka, Alaska
Professional Development Services and Land Sale

Halibut Point Road Affordable Housing Project

E. Land Transaction Option (see Section VIII(E) in the RFP for description)

Circle **ALL** or fill in _____ which parcel you wish to purchase.

- 1. Purchase land at the award of the contract for \$ _____
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F. Proposed Project Summary Table

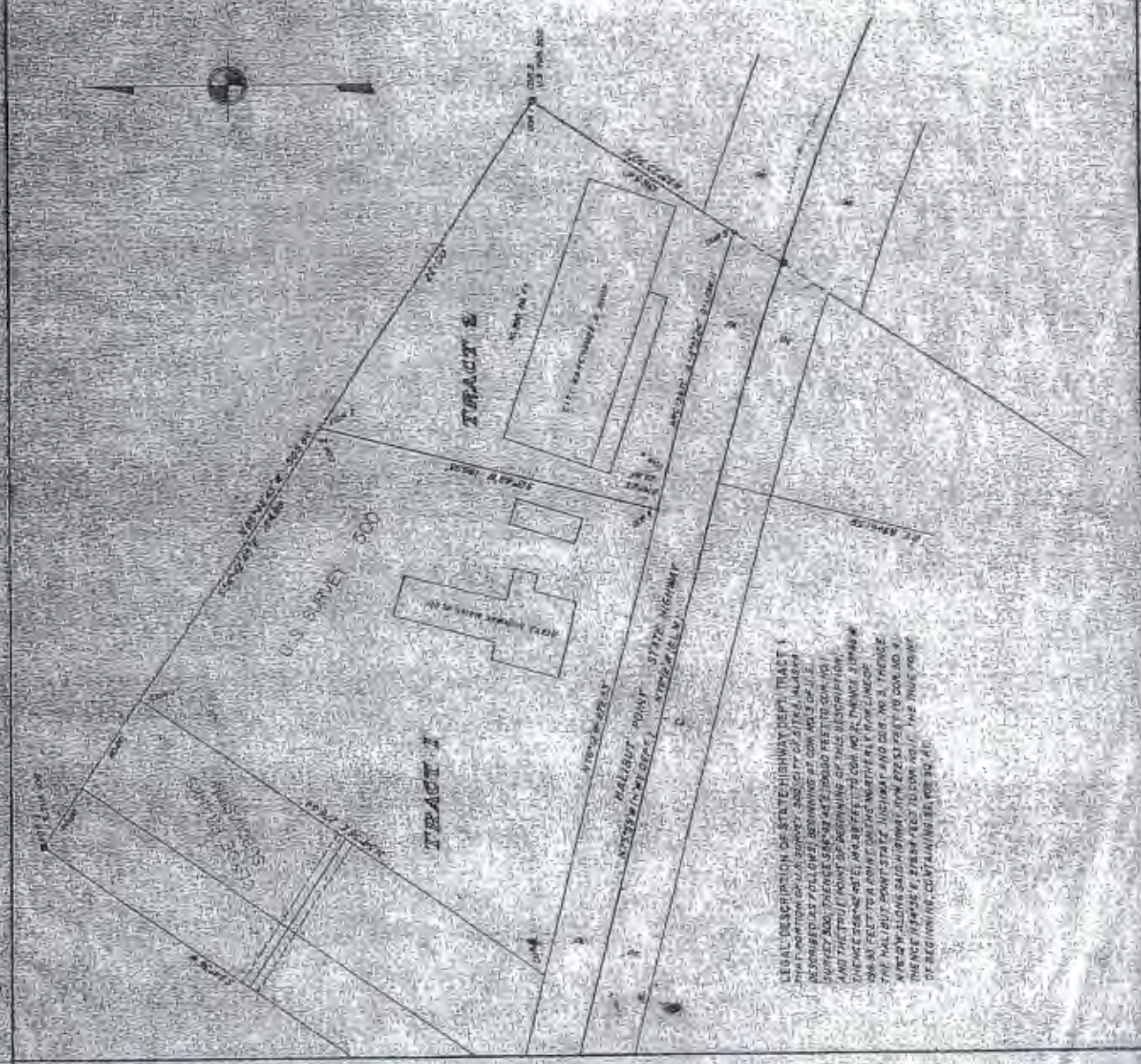
Ownership	Sq. Ft. per Unit	Total # of Units	# of 50% AMI	# of 80% AMI	# of Market
Efficiency / Studio					
One-Bedroom					
Two-Bedroom					
Three-Bedroom					
Four-Bedroom					
Total Number of Units					

Rental	Sq. Ft. per Unit	Total # of Units	# of 50% AMI	# of 60% AMI	# of Market
Efficiency / Studio					
One-Bedroom					
Two-Bedroom					
Three-Bedroom					
Four-Bedroom					
Total Number of Units					

Common Areas	How Many?	Sq. Ft. per Item	Comments
Parking			
Community Room			
Manager's Office			
Laundry Facility			
Lockable Storage			

S-5

DATE FILED: 11/21/63
155 500 Tracts 112



LEGAL DESCRIPTION OF CITY TRACT 2
 THAT PORTION OF U.S. SURVEY 500, CITY OF SITKA, ALASKA
 DESCRIBED AS FOLLOWS: BEGINNING AT CORNER NO. 1 OF
 U.S. SURVEY 500 AS THE TRUE POINT OF BEGINNING AND
 COR. NO. 1 OF THIS DESCRIPTION, THENCE N 85° 45' 45" W
 ALONG THE NORTH BOUNDARY OF U.S. SURVEY 500, 2200
 FEET TO COR. NO. 2, THENCE S 85° 45' 45" W ALONG THE WEST BOUNDARY
 OF U.S. SURVEY 500, 198.88 FEET TO THE POINT ONLY 1/4
 OF THE DISTANCE ALONG THE WEST BOUNDARY OF U.S. SURVEY 500,
 THENCE PROCEED ALONG THE APPROXIMATE BOUNDARY OF TRACT 2
 FEET TO A POINT OPPOSITE, WHEN MEASURED AT RIGHT
 ANGLES TO ENGINEER'S CENTERLINE STATION AT BRIDGE
 AND COR. NO. 3, THENCE ALONG THE LINE OF A 1/2 INCH / 1 FEET
 RADIUS CURVE RIGHT, THE CENTERED AXES OF SAID CURVE
 BEING 4° 47' 14" (SEE PLAN FOR COR. NO. 3), THENCE
 W 53° 23' 10" E ALONG THE EAST BOUNDARY OF U.S. SURVEY 500,
 183.23 FEET TO COR. NO. 4, AND THE TRUE POINT OF
 BEGINNING FOR THIS DESCRIPTION, THE ABOVE DESCRIBED
 TRACT OF LAND CONTAINS 88,900 SQ. FT. AC.



11/21/63

INDEX BY	U.S. STATION
PORTION OF U.S. SURVEY 500 TO BE ACQUIRED FROM ALASKA DEPARTMENT OF MINING'S	
CITY OF SITKA	
SCALE	1" = 40'

SITKA 66-1073

LEGAL DESCRIPTION OF STATE HIGHWAY TRACT 1
 THAT PORTION OF U.S. SURVEY 500, CITY OF SITKA, ALASKA
 DESCRIBED AS FOLLOWS: BEGINNING AT COR. NO. 1 OF U.S.
 SURVEY 500, THENCE S 85° 45' 45" W 2000 FEET TO COR. NO. 2,
 AND THE TRUE POINT OF BEGINNING OF THIS DESCRIPTION,
 THENCE S 85° 45' 45" W 198.88 FEET TO COR. NO. 3, THENCE
 W 53° 23' 10" E ALONG THE EAST BOUNDARY OF U.S. SURVEY 500,
 183.23 FEET TO COR. NO. 4, AND THE TRUE POINT OF
 BEGINNING FOR THIS DESCRIPTION, THE ABOVE DESCRIBED
 TRACT OF LAND CONTAINS 88,900 SQ. FT. AC.



July 20, 2006

To: Administrator John Stein

From: Jim Corak, Assessor

RE: City and State shops land valuation

I have completed a limited valuation of the city and state shops land along Halibut Point Road. The site is actually three parcels identified as Tract 1 and Tract 2 of USS 500, and Lot 1A, Little Critter subdivision. The area contains approximately 3.3347 acres of land. The site is zoned R-2 and has all utilities adjacent to the site along the Highway. The level area contains about 72,100 square feet with an average depth of about 80 feet. The remainder varies from benched sloping land to very steep lands, which a portion has recently slid. The slide area is in the northwest corner and affects about 20,000 square feet.

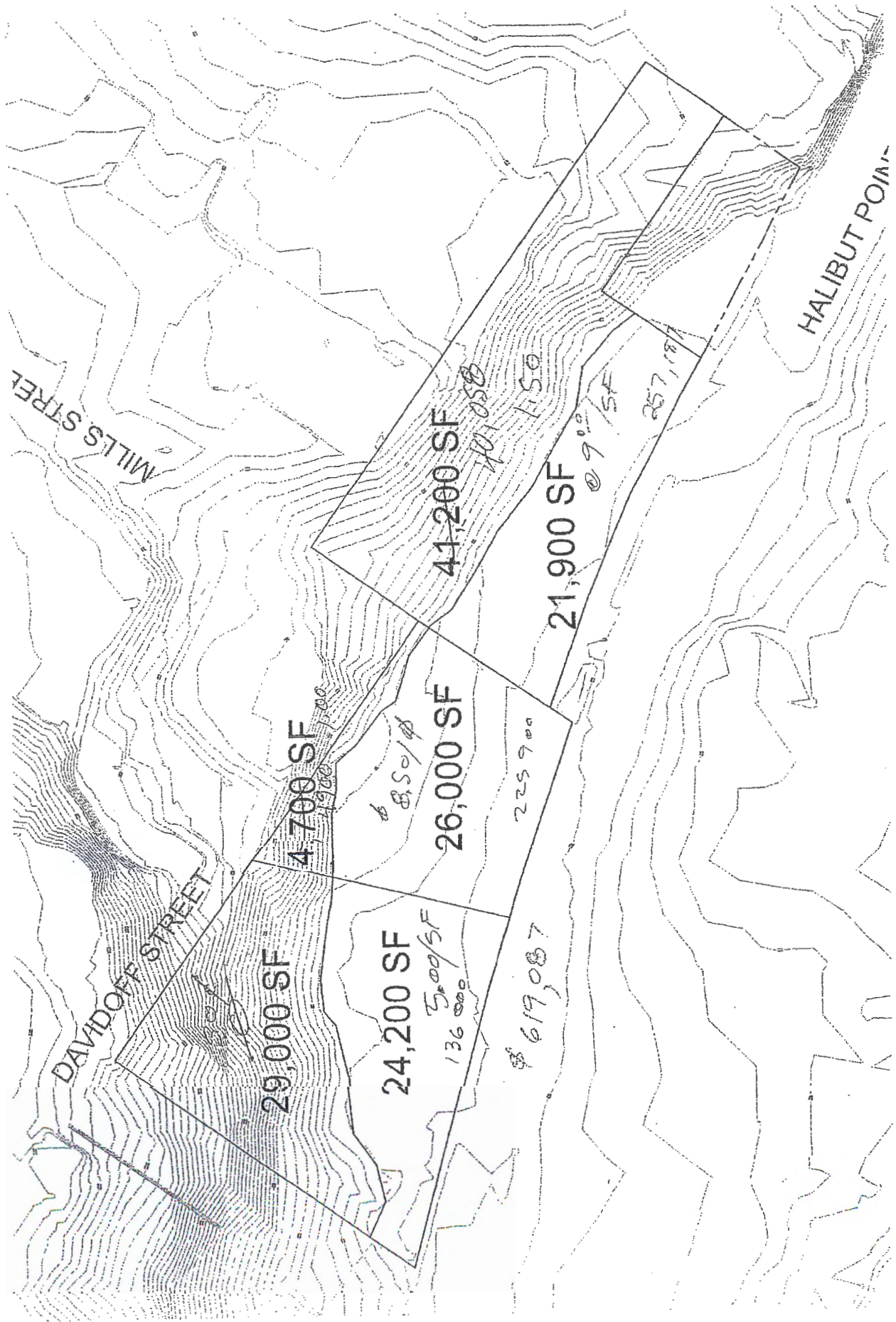
The valuation considers the slope as stable. The soils are presumed to be clean of contamination, and no adjustment was made for foundations that need to be removed. The site has a highest and best use as a multi family housing development

Based on comparable sales, it my opinion that the total site has a value of \$600,000, based on the assumptions above. I have retained the data in my files.

If you have any questions, please contact me at your convenience.

Respectfully,

Jim Corak



MILLS STREET

DAVIDOFF STREET

HALIBUT POINT

4,700 SF

29,000 SF

24,200 SF

\$5.00/SF
\$136,000

26,000 SF

\$225,900

\$619,087

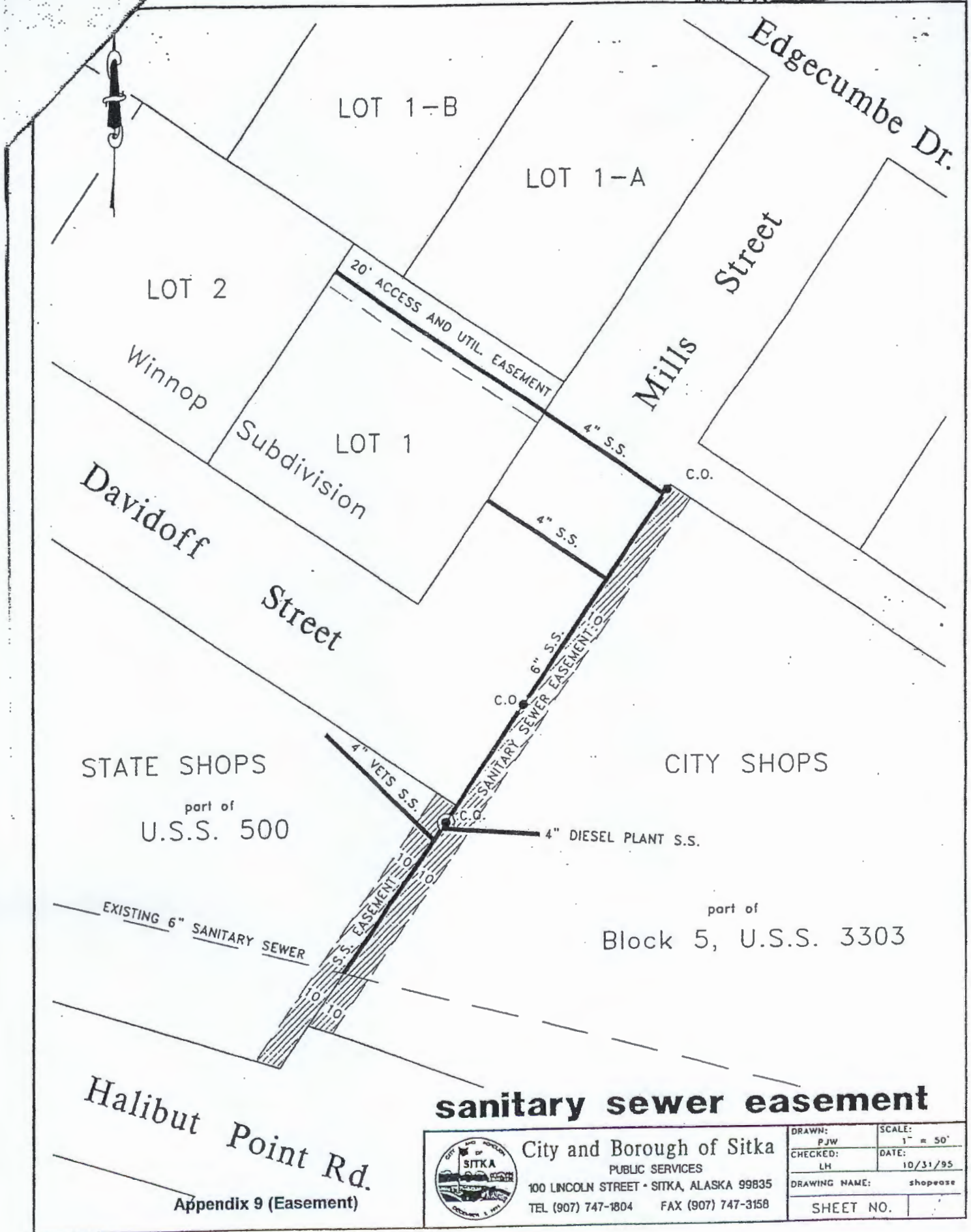
41,200 SF

21,900 SF

\$10.00/SF
\$412,000

\$9.00/SF
\$197,100

2/27/1971



sanitary sewer easement



City and Borough of Sitka
 PUBLIC SERVICES
 100 LINCOLN STREET - SITKA, ALASKA 99835
 TEL (907) 747-1804 FAX (907) 747-3158

DRAWN: PJW	SCALE: 1" = 50'
CHECKED: LH	DATE: 10/31/95
DRAWING NAME: shopease	
SHEET NO.	

Appendix 9 (Easement)



HALIBUT POINT ROAD

SHOPS
CITY
OLD

MILLS ST

STATE
SHOPS

1301

1305

1307

1309

1315

1401

1403

6041

1474

1306

209

207

80

6' BLOWOFF TO
BURGESS POND

Sawer - Mohr from Lower Mile size Unknown

Probably 1/2"

Probably 1/2"

20'D.P.

8'D.P.

83 + 02
8' G.V. & V.B.

1474

*changes per
1-11-05 Assembly
meeting
ord 2004-62*

**LEASE AGREEMENT
Between City and Borough of Sitka,
Burgess Bauder, and Victoria Vosburg**

This Lease Agreement is made between the City and Borough of Sitka, whose address is 100 Lincoln Street, Sitka, Alaska 99835 ("the City and Borough"), Burgess Bauder of 1315 Halibut Point Road, Sitka, Alaska 99835 ("Bauder"), and Victoria Vosburg of 1315 Halibut Point Road, Sitka, Alaska 99835 ("Vosburg"). The City and Borough, Bauder, and Vosburg agree that the terms, conditions, and covenants of the Lease Agreement are as follows:

1. The City and Borough leases to Bauder a parcel to be subdivided from Lot 7, Block 5, Northwest Addition, United States Survey 3303 B ("the Parcel"), proposed to be Lot 1B, Little Critter Subdivision.
2. The Parcel shall be 12,844 square feet in size. The City and Borough shall identify the location and exterior boundaries of the Parcel and pay for the costs of the subdivision platting.
3. The City and Borough leases the Parcel to Bauder for one dollar per year. Bauder shall charge nominal fees for veterinary services, as has been his practice in the past. The Lease Agreement shall end by its own terms six months after Bauder stops operating a veterinary clinic on the Parcel while charging nominal fees for veterinary services.
4. Bauder shall construct a veterinary clinic on the Parcel with his own funds. The newly constructed clinic shall meet current City and Borough building codes.
5. Bauder shall relocate his veterinary practice to the newly constructed clinic on the Parcel within 180 days after water and sewer utilities are extended to the boundary of the Parcel by the future owner of Lot 1A.
6. Water and sewer utilities shall be extended to the Parcel at no cost to Bauder by the future owners of Lot 1A. The City and Borough (present owner of Lot 1A) shall insure this condition is included in the future sale of Lot 1A.

Vehicular access to the Parcel shall be provided to Bauder at no cost to Bauder by the future owner of Lot 1A.

7. Bauder shall continue to support the Sitka Animal Control Division of the Sitka Police Department by assisting the Animal Control Officer with dangerous animals in captivity.

Affordable
Attractive
Accessible
Available
Appropriate

100 Lincoln Street
Sitka, Alaska 99835
907-747-4800
**Office for Affordable Housing
City and Borough of Sitka**

August 7, 2007

REPORT

To: Sitka Assembly and Municipal Administrator
Re: Options at the City Shops Property

Dear Members of the Assembly,

Per Assembly request, this report is intended to address various affordable housing options for City Shops lots 1306, 1410, and 1414 Halibut Point Road. Below is a discussion of different options and attached are some basic configurations. Regarding the 1414 land slide area, each option can be considered with and without the utilization of this lot.

With each configuration, there are abundant possibilities for arrangements and orientations of homes, with some design constraints more challenging than others. This report is intended to be a mere overview of possibilities. The six options addressed are: single-family homes on standard residential lots, zero-lot line homes on standard residential lots, single-family homes on smaller residential lots, condominiums on two large lots, attached townhouses on very small individual lots, and detached cluster homes on very small individual lots with jointly-owned commons.

Option 1: Single-Family Homes on Standard Residential Lots

Using the existing lot lines and subdividing each buildable area into minimum 8,000 square feet lots will yield 10 total standard residential lots: 3 in 1306, 4 in 1410, and 3 in 1414. There are limited lot configuration alternatives in this case. At first glance, under Scenario 1A, the number of driveway cuts appears to be 7, with the 4 lots in 1410 sharing one driveway. In Scenario 1B, the number of driveway cuts is reduced to 4, by sharing access to 2-3 properties with each cut. In addition to reducing disruptions to the sidewalk and road, Scenario 1B has the benefit of locating parking to the rear of each building, allowing a full façade to front the road and minimizing visibility of parked vehicles from the road.

Opinion: Given the urgent need for affordable units, the flat and dry land scarcity, and the proximity to an arterial road, dividing the property into 10 lots for 10 units is sub-optimal. Without full stability of the land slide area in 1414, the total number of units drops to 8.

Option 2: Zero-Lot Line Homes on Standard Residential Lots

Starting with the 10 standard residential lots and further subdividing to construct zero-lot line homes will yield 20 total residential units: 6 in 1306, 8 in 1410, and 6 in 1414. There are limited lot configuration alternatives in this case, and further subdividing each lot to optimize access and view may be challenging, particularly with the lots in 1410. With the most conventional splitting of lots, under Scenario 2A, the number of driveway cuts appears to be 7 or 9, with the 4 homes in the back 2 lots of 1410 sharing one driveway. It may be possible to reduce the number of driveway cuts to 4 again, as in Scenario 2B, but this configuration will pose a trickier design challenge.

Opinion: 20 units is a better use of the land than 10. The zero-lot line homes will have to be carefully designed and laid out to prevent a haphazard look to the development as a whole. Landscaping will also significantly help the development to blend in with the neighborhood. The profit margin on zero-lot line homes priced at \$250,000 or below will be very small and may not be enough to attract a for-profit developer.

Option 3: Single-Family Homes on Smaller Residential Lots

Reducing the size of the subdivided lots to 5,000 square feet is conceivable for a planned R-2 development and will yield a total of 14 smaller residential lots: 4 in 1306, 5 in 1410, and 5 in 1414, or 4 additional units compared to single-family homes on standard size lots. There are limited lot configuration alternatives in this case. In Scenario 3A, 5 straightforward driveway cuts serve all the lots. In Scenario 3B, a T-shaped easement serves all the lots on 1410 and 1414, and helps divide the front and back lots. 3 total driveway cuts will be necessary in this scenario.

Opinion: While the gain of 4 lots over standard size lots seem attractive, the loss of 6 units compared to zero-lot line homes makes this option less efficient. Zero-lot line homes have minimum lot sizes of 4,000 square feet, only 1,000 less than the small lot configuration, but gains 43% more units. For this particular property, zero-lot line homes on standard lots are preferable over single-family homes on smaller lots.

Option 4: Condominiums (and Rental Apartments) on 2 Large Lots

Applying R-2 multi-family rules for only the buildable areas of the existing 3 lots yields a maximum of 51 total units: 15 for 1306, 19 for 1410, and 17 for 1414. Lots 1410 and 1414 can be merged to form a larger lot, but not with 1306 because of the utilities easement requirement on the lot line in between. With only 2 lots, the maximum number of units increases even more. There are numerous possibilities in design and arrangement, ranging from 1-8 buildings, 1-4 stories, studios to 4-bedrooms, centralized parking lot vs. parking spaces tucked behind the buildings, etc. There are simply too many possibilities to represent in this review, and the project design should be left to the ingenuity of private developers and architects.

With few building code differences, condominiums and apartments are essentially the same, except that one is owned and the other rented. The two tenure types can be combined within one development; however, federal and state subsidized funding only apply to rentals, not ownership units. To visualize, a large multi-family building may look similar to Swan Lake Terrace or the condos across from Moeller Field, while a small building may look similar to various four-flexes found scattered throughout Sitka, such as the Alder Way condos or the apartments on top of Lance Drive.

Opinion: The maximum unit limit is far too dense for the site and neighborhood. A more appropriate maximum may be around 34, which is the total allowed on 1306 and 1410. 1414 could potentially stay vacant and be used for parking, landscaping, and/or recreation because of the land slide issue.

Multi-family housing is the optimal land use for a R-2 site located on an arterial road. The condo market in Sitka may be weak, but proper pricing may increase demand. Condos are less expensive to build than any other ownership types; they also have a lower market value and could be priced below \$220,000, thereby increasing affordability. However, for low-income buyers, condo fees are an added expense. A developer can choose to blend condos with apartments under the same property management structure. Another approach could be to use subsidies (housing tax credits) to build as rentals first, and then convert the apartments to condos at the end of the 30-year affordability restriction period.

Option 5: Attached Townhouses on Very Small Individual Lots

Although not written in code, Planning Commission precedents have established that the maximum number of ownership units on R-2 land should be two thirds the maximum of multi-family housing units. As such, the buildable areas of the existing 3 lots yields a maximum of 33 total townhouse units: 10 for 1306, 12 for 1410, and 11 for 1414. Due to the narrowness of the site, there may be limited configuration alternatives in this case. This option may require more complex design planning than other single-family options. Scenario 5A presents a configuration for 20-26 units. Individual driveway access off HPR is redirected to a one-way access road behind the front set of townhouses. Each individual lot under the townhouse is 2 to 2.5 times the size of the footprint of the house, leaving space for a yard and additional vehicle parking. To visualize, a townhouse development may look similar to Shee Atika's set of 5 town homes on Alice Island.

Opinion: The townhouse options seems a good compromise, increasing the number of units and decreasing construction costs, as compared to zero-lot line homes, while maintaining lot ownership and some private space, as compared to condos. Demand for townhouses also seems higher than for condos, and its association structure is less involving than that of condos. However, the compatibility of its look and density with this particular surrounding neighborhood may be a concern. Even though there are fewer units than the condo/apartment option, the development's footprint is more spread out and imposing. To make it work well in the neighborhood, the site and architectural designs must be excellent.

In addition to selling each townhouse outright, a rent-to-own program can also be implemented to assist motivated low-income households with saving for the down payment, cleaning up their credit, and preparing for home ownership. This program works best when the rental rate is very close to the actual mortgage amount.

Option 6: Detached Cluster Homes with Jointly-Owned Commons

Clusters of cottage-style homes has recently gained popularity in other high-cost areas. This option comprises of individually owned, typically smaller, detached single-family homes on very small lots, with some shared common spaces such as parking area, greenspace, and even a shared meeting/recreational facility. Similar to both zero-lot lines and townhouses, roughly 20 units, maybe a few more but well under the limit of 33 (same as Option 5), will fit on the site. There is great flexibility for creative configuration alternatives in this case. Scenario 6A presents only one sample layout for 20 units. Parking is centralized at the two ends of the development while a walking path connects all the homes. There is a large common greenspace for outdoor play and a common facility for indoor activities such as meetings, homework hours, etc. This style of home does not exist in Sitka; attached is a small cluster cottage home development from Seattle.

Opinion: The cluster cottage option strikes a new compromise, balancing the autonomy of detached single-family homes and the density of townhouses, while maintaining individual lot ownership. It trades the very small and separated individual yards for much larger common greenspace, and trades individual parking spots and space consuming road access for centralized parking. These tradeoffs make the overall project attractive from the outside and community-oriented on the inside, but they are untraditional and may be met with reservations in an unexplored market. At the same time, a cluster development would fill a new niche and diversify housing options in Sitka. This option may also work well with a rent-to-own program.

Maximum Units Table

Options / HPR Lot <i>Buildable Area (s.f.)</i>	1306	1410	1414	Max # of Units		Likely # Units
	21,900	26,000	24,200	Total	w/o 1414	
Single Family on Standard Lots (1)	3	4	3	10	7	10
Single Family on Smaller Lots (3)	4	5	5	14	9	14
Zero-Lot Lines on Standard Lots (2)	6	8	6	20	14	20
Cluster Cottages on Very Small Lots (6)	10	12	11	33	22	18-24
Townhouses on Very Small Lots (5)	10	12	11	33	22	20-26
Condos/Rentals on 2 Large Lots (4)	15	19	17	51	34	34

Recommendation

The big picture of affordable housing needs to directly address the rental shortage, whether or not it occurs on the City Shops property. Any rental development utilizing tax credits must undergo a market study required by AHFC and the tax credit investors to determine the market need. If there is no need, then no project. While no one questions need and absorption rates of single-family homes even though roughly 50 new units are built every year, the determination of need and occupancy rate is much more stringent with apartments even though none have been built in recent history.

Before committing to any particular use for City Shops, all affordable housing needs should be identified and, ideally, sited. Losing a large, contiguous, flat and dry, R-2 parcel on an arterial road, and then realizing there are no other suitable sites for a large apartment project would be devastating. One good-sized rental project could solidify the rental market for many years to come, and the units will remain affordable and serve many Sitkan households for 30 years. Please see the attached memo on reasons to consider a rental project.

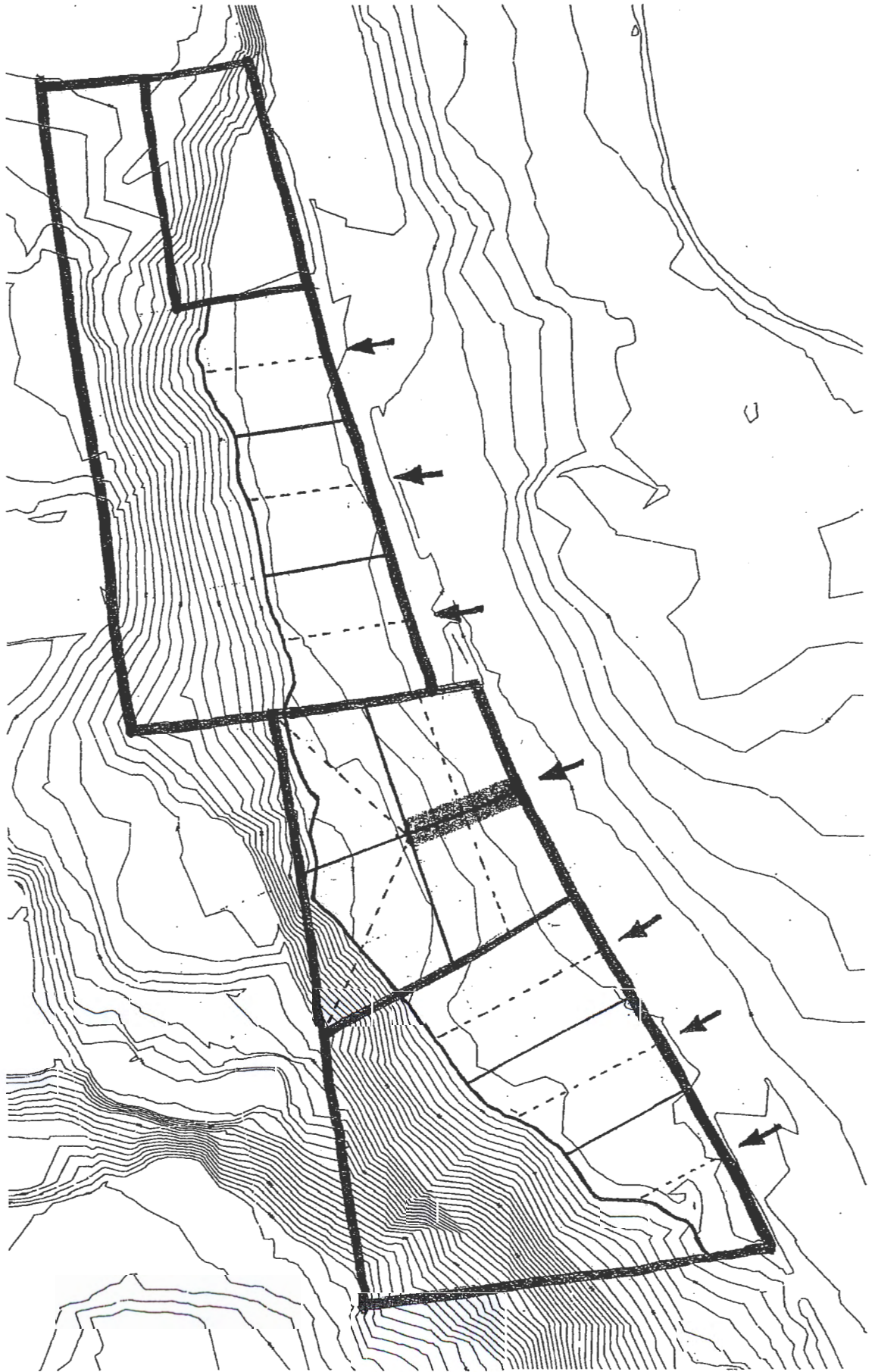
It is my continued recommendation to reissue the open-ended RFP, which would allow experienced private developers to exercise their creativity in proposing appropriate projects and to determine which projects are even financially feasible. The RFP would allow for ownership, rental, or a mixture of both; all low-income or mixed-income with up to 25% of units at market rate; and development of the entire site or specific portions of it. Then, based on the submitted proposals in response to the RFP, the Assembly would be in a position to decide which project is best. If one RFP for both rental and ownership proposals is too confusing, CBS can separate the two types and issue two RFP's concurrently. At the end of the day, have more options and more choices will most likely lead to a better project to serve this community.

Sincerely,

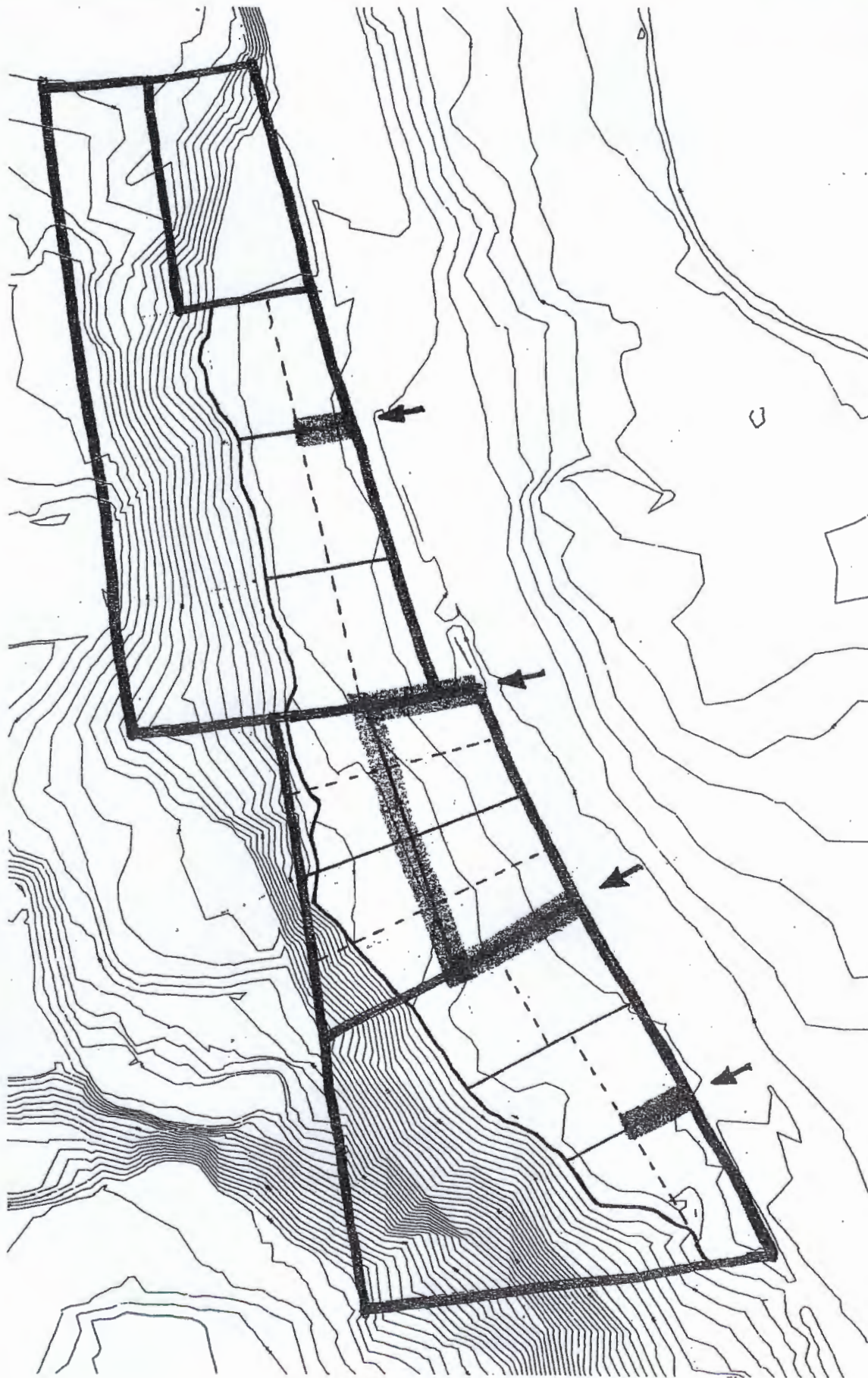
Felix AuYeung

Affordable Housing Program Manager
City and Borough of Sitka

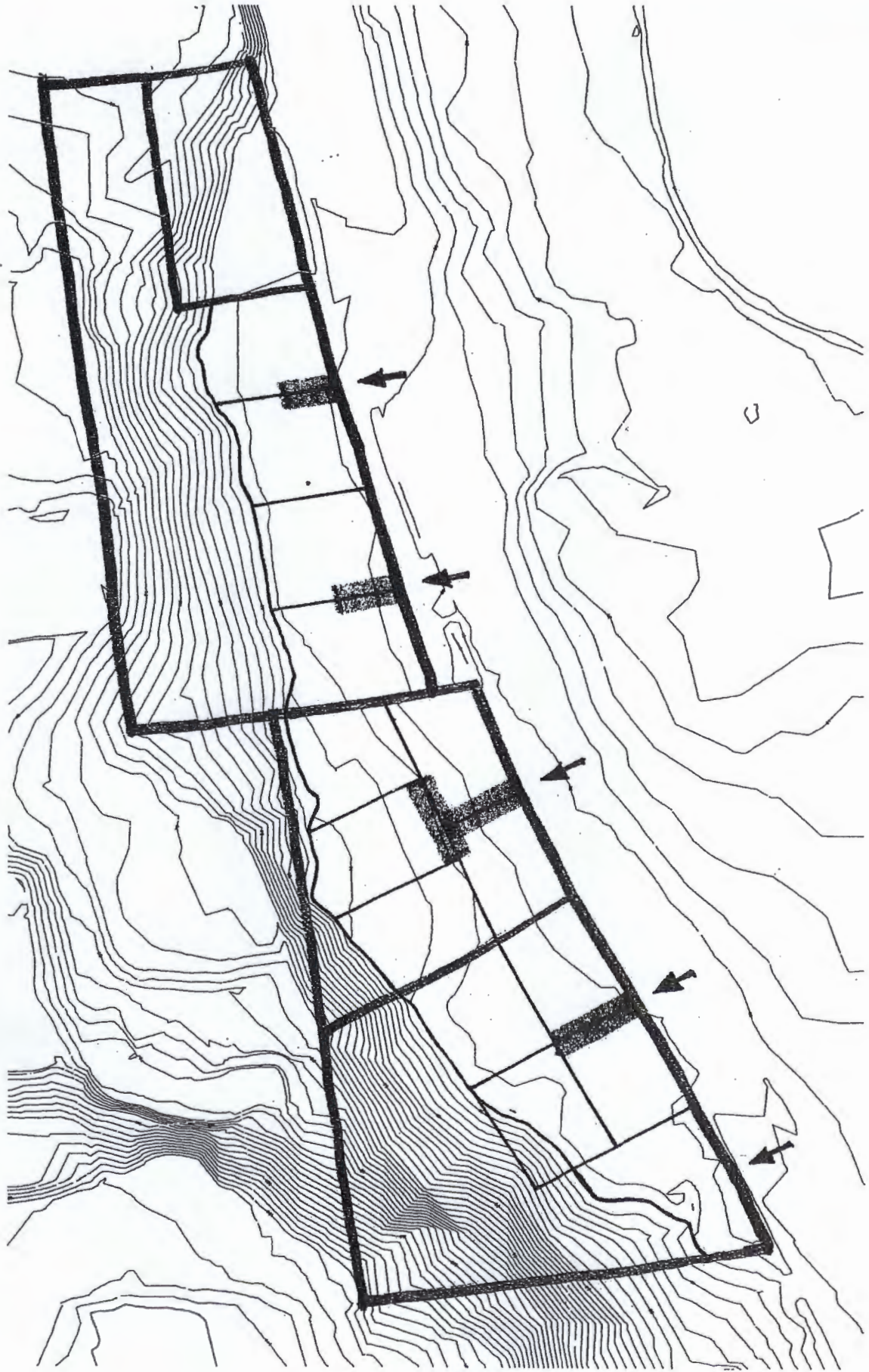
OPTION 2A



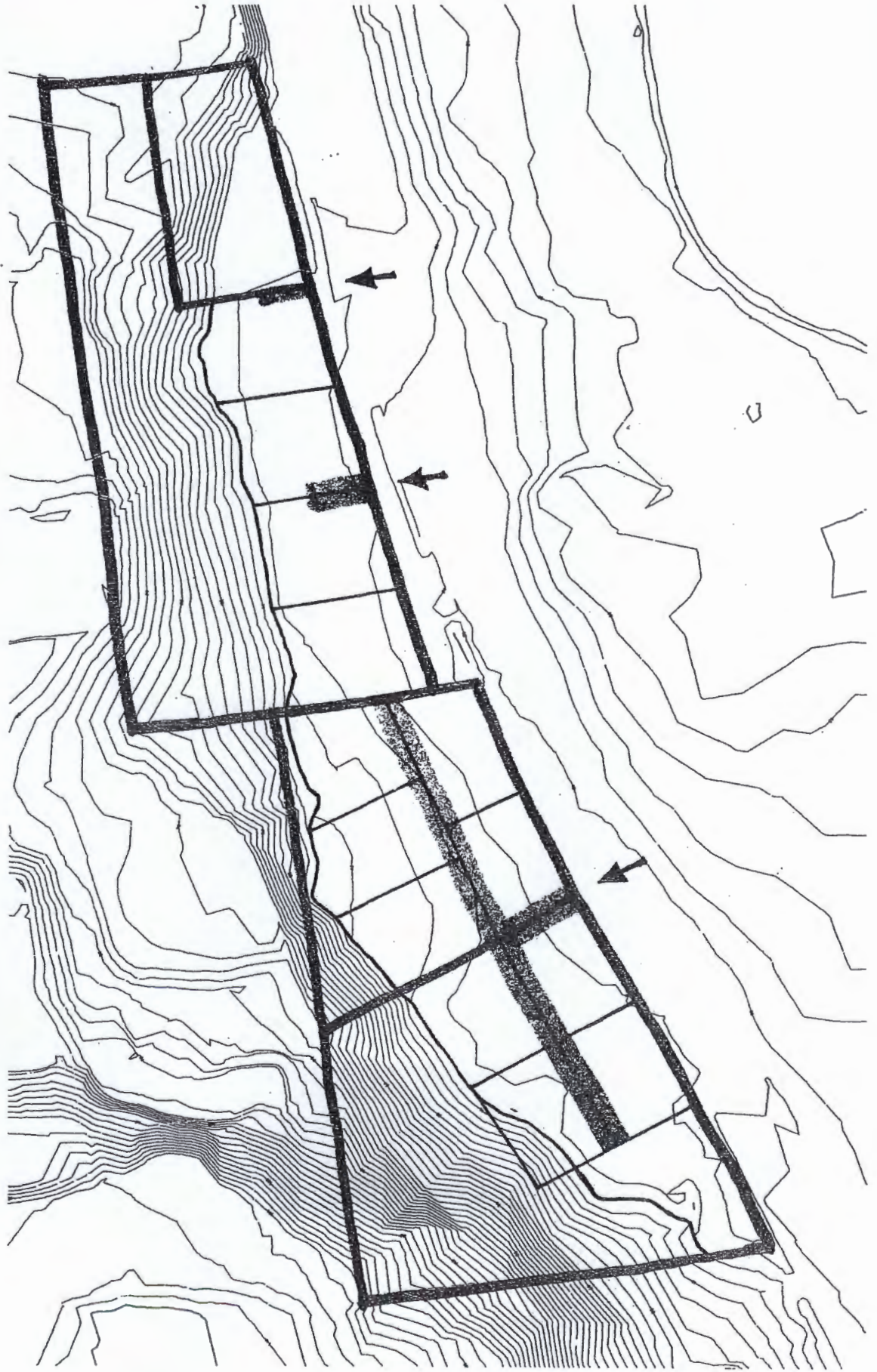
OPTION 2B



OPTION 3A



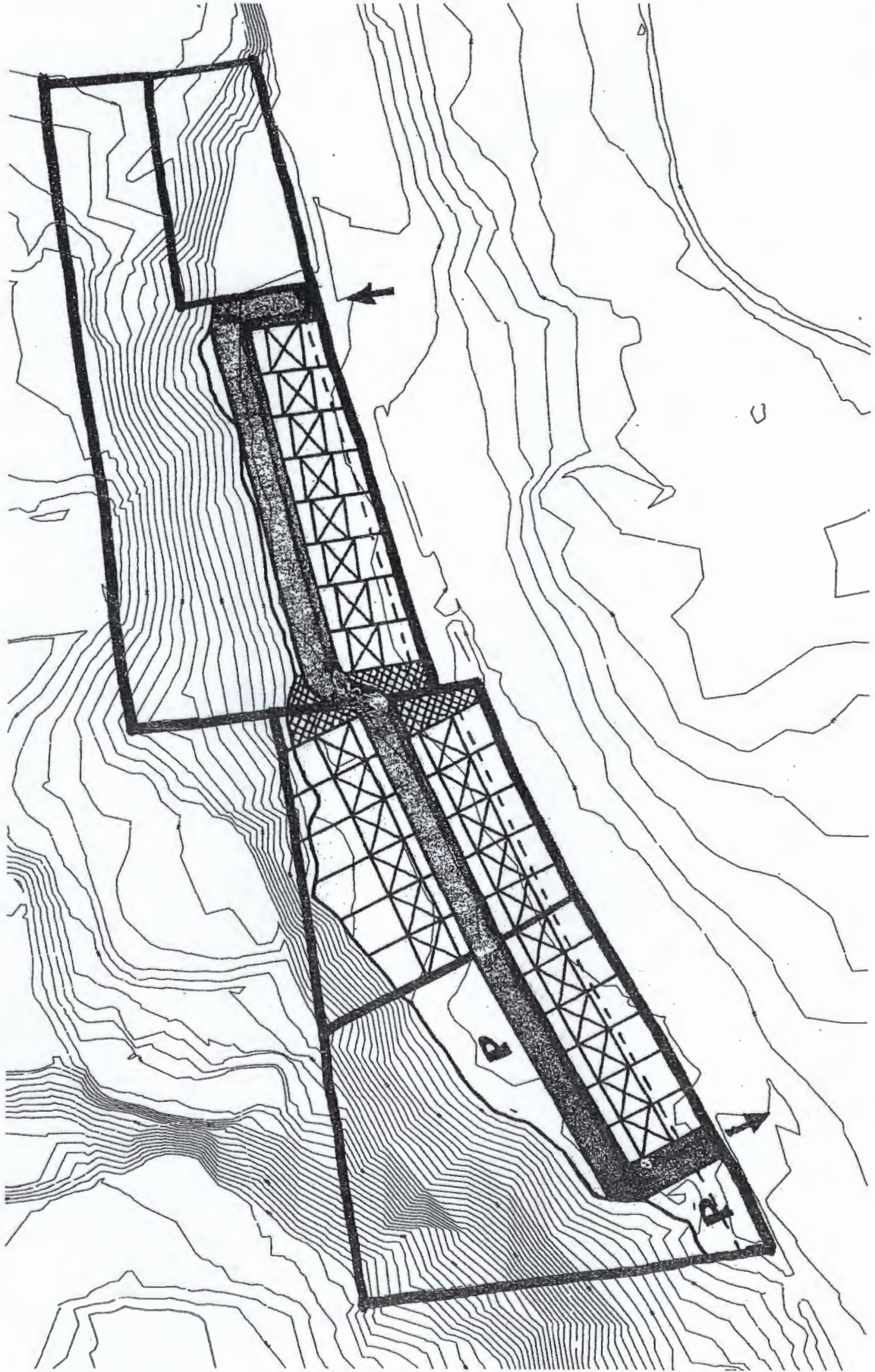
OPTION 3B



OPTION 4

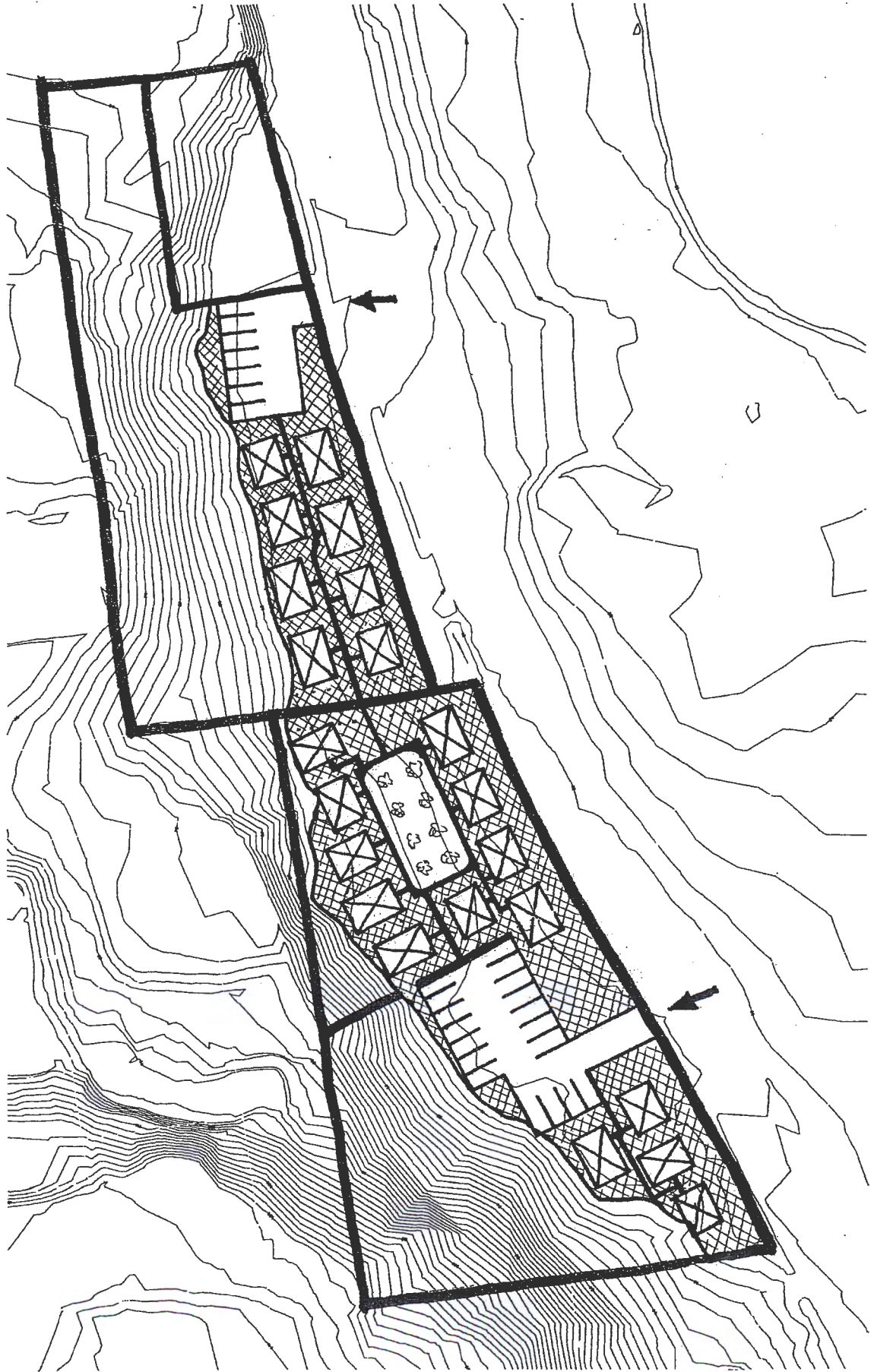


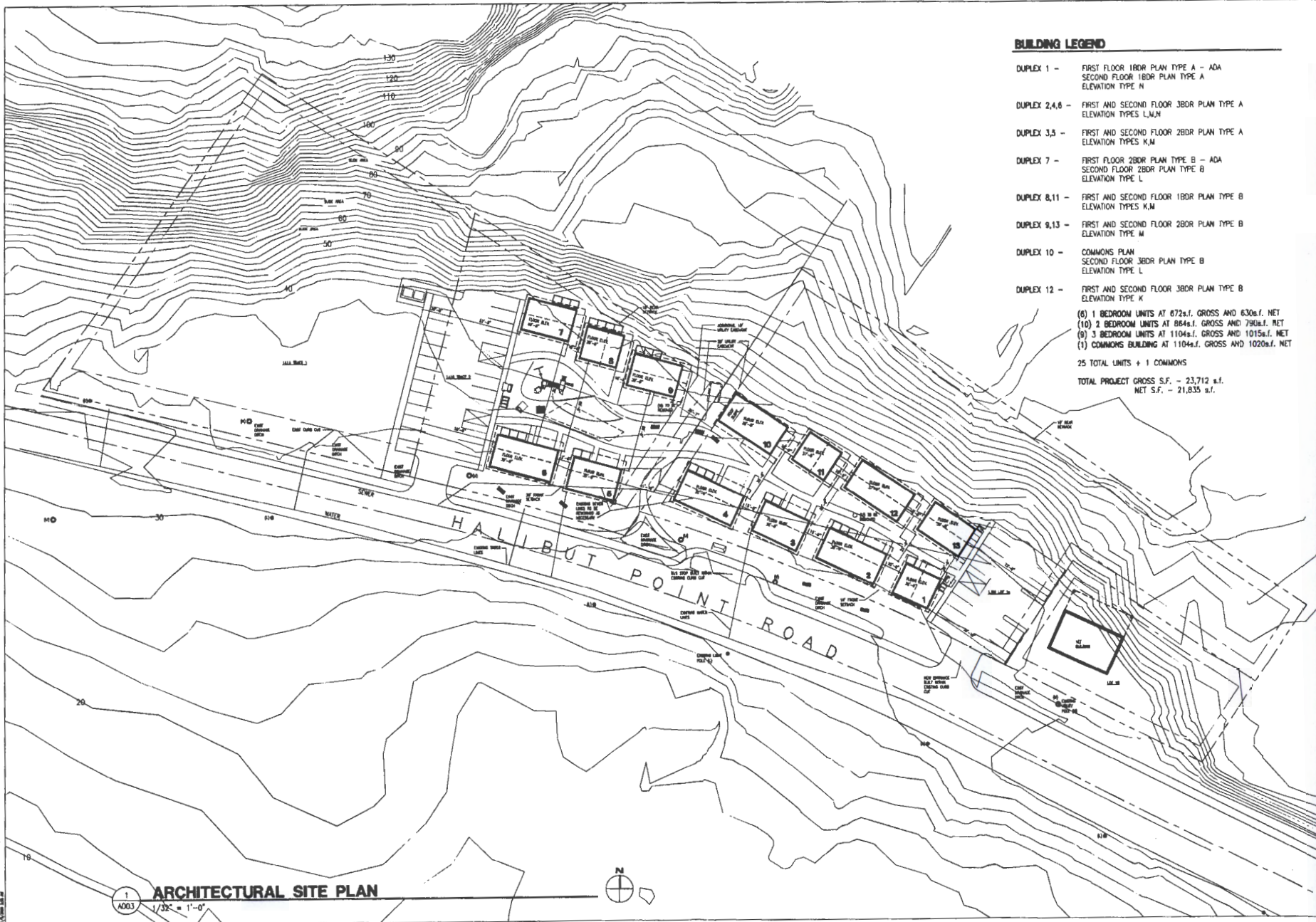
OPTION 5



P = Auxiliary Parking

OPTION 6





BUILDING LEGEND

- DUPLEX 1 - FIRST FLOOR 1BRDR PLAN TYPE A - ADA
SECOND FLOOR 1BRDR PLAN TYPE A
ELEVATION TYPE N
 - DUPLEX 2,4,6 - FIRST AND SECOND FLOOR 3BRDR PLAN TYPE A
ELEVATION TYPES L,M,N
 - DUPLEX 3,5 - FIRST AND SECOND FLOOR 2BRDR PLAN TYPE A
ELEVATION TYPES K,M
 - DUPLEX 7 - FIRST FLOOR 2BRDR PLAN TYPE B - ADA
SECOND FLOOR 2BRDR PLAN TYPE B
ELEVATION TYPE L
 - DUPLEX 8,11 - FIRST AND SECOND FLOOR 1BRDR PLAN TYPE B
ELEVATION TYPES K,M
 - DUPLEX 9,13 - FIRST AND SECOND FLOOR 2BRDR PLAN TYPE B
ELEVATION TYPE M
 - DUPLEX 10 - COMMONS PLAN
SECOND FLOOR 3BRDR PLAN TYPE B
ELEVATION TYPE L
 - DUPLEX 12 - FIRST AND SECOND FLOOR 3BRDR PLAN TYPE B
ELEVATION TYPE K
- (6) 1 BEDROOM UNITS AT 672s.f. GROSS AND 630s.f. NET
 (10) 2 BEDROOM UNITS AT 864s.f. GROSS AND 790s.f. NET
 (9) 3 BEDROOM UNITS AT 1104s.f. GROSS AND 1015s.f. NET
 (1) COMMONS BUILDING AT 1104s.f. GROSS AND 1020s.f. NET
- 25 TOTAL UNITS + 1 COMMONS
- TOTAL PROJECT GROSS S.F. - 23,712 s.f.
 NET S.F. - 21,835 s.f.

BETTISWORTH
 WELSH WHITELEY, L.L.C.

ARCHITECTURE
 PLANNING
 320 dock st. #215 Anchorage Alaska
 ph: 907-225-2412 fax: 907-225-2172
 212 front st. Fairbanks Alaska
 ph: 907-456-5700 fax: 907-451-8522

35% DESIGN DRAWINGS
 FINAL REVIEWED
 AND APPROVED
 NOT FOR CONSTRUCTION

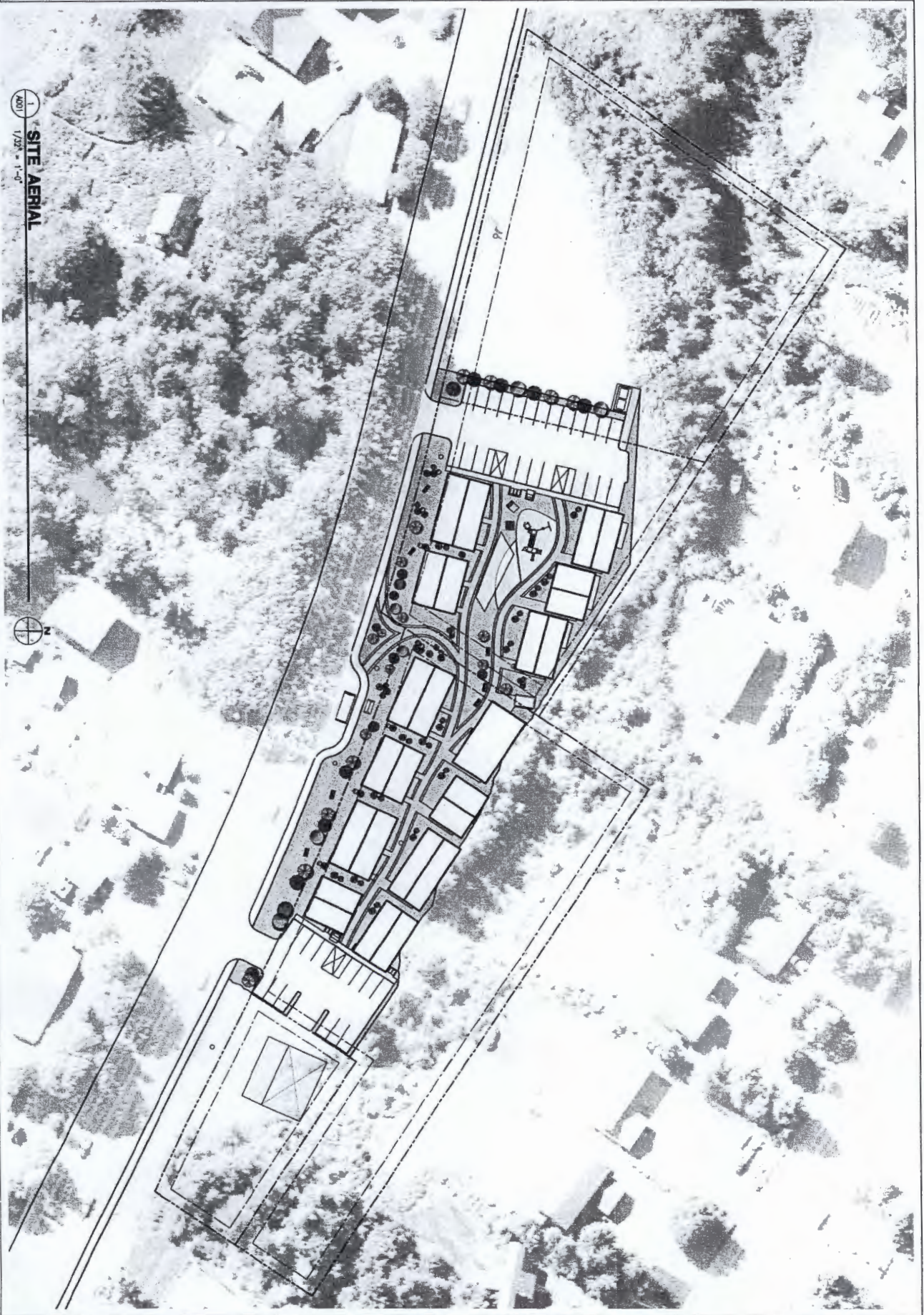
CONSULTANTS:

TRAPLINE - CDI DEVELOPERS, LLC
DANA BAY HOMES
 HALIBUT POINT ROAD
 SITKA ALASKA
 35% DESIGN DRAWINGS

JOB NO.	08-102
DRAWN BY	
DATE	14 JULY 2008
CHECKED	
NUMBER	REVISION DATE
▲	
▲	

ARCH SITE PLAN

A003
 SHEET - OF -



1 SITE AERIAL
A001
1/32" = 1'-0"



SITE AERIAL

A001

SHEET - OF -

TRAPLINE - CDI DEVELOPERS, LLC
DANA BAY HOMES
 HALIBUT POINT ROAD
SITKA ALASKA
 35% DESIGN DRAWINGS

CONSULTANTS:

30% DESIGN DRAWINGS
 FINAL REVISIONS
 AND APPROVED
 NOT FOR CONSTRUCTION

BETTSWORTH
 WELSH WHITELEY, LLC

ARCHITECTURE
 PLANNING

200 West 4th J115 Mackenzie Plaza
 Sitka, Alaska 99830
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