



# CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

## MEMORANDUM

**To:** Chair Windsor and Planning Commission Members

**From:** Amy Ainslie, Planning & Community Development Department

**Date:** August 2, 2024

**Subject:** Amendment to CUP 22-14

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On July 20, 2022, the Planning Commission approved a conditional use permit for 5 short-term rentals (STR) at 505 Sawmill Creek Road, formerly the site of the Presbyterian Church. The proposal was to construct a 16-unit apartment building with 5 STRs and 11 long-term rentals. The consideration of the permit largely centered around management of the building, configuration of the driveways, the number of parking spaces, and privacy fencing. In recognition of the time needed for construction, the Commission extended the initiation period (the time between when the permit is granted and used) from one year to two years. An additional 18-month extension is now requested.

### Project Updates

- In response to feedback from neighbors and other members of the public, the applicants have decided not to change the height/shape of the sanctuary space (it will remain 2 stories rather than 3), the other “schoolroom” portion of the building will be 3 stories rather than 4, and more units were made into single-story units rather than 2-stories to increase accessibility.
- Design/study completion:
  - Geologic study – 100%
  - Foundation structural plans – 100%
  - Above-ground structural plans – 65%
  - Mechanical and electrical plans – 65%
- Additional units have been added. The applicants’ narrative identifies 17 units – staff identified 22 units in the submitted floor plans. There is a co-living unit that has 5 studio units (each with a kitchen and bathroom) that share a larger living room and kitchen. This was likely counted as 1 dwelling unit, which would bring the total to 18. As the total number of dwelling units is not the subject of this

amendment request, staff will continue to work with the applicants to determine the ultimate plans for this co-living unit. The applicants have indicated that they will not be keeping the kitchens in the studio units; if they did, the applicant would need to come back to the Planning Commission for a variance on density allowance.

### Extension Request

While the project has made substantial progress on design and estimating, the applicants have chosen to delay construction due to a grant opportunity offered through the Alaska Housing Finance Corporation. The project is financially feasible without the grant funding, but with it, more of the units could be offered to low-income households. The applicants decided that this opportunity was worth waiting for, and are requesting an 18-month extension of their initiation period to await the decision on the grant; the application deadline is August 30, 2024.

### Recommendation

Staff recommends approval of the request to extend the initiation period. As discussed during consideration of the permit, the inclusion of short-term rentals in the project significantly contributes to the financial viability of the project while still expanding housing availability in Sitka, making for a creative approach to Sitka's development challenges.

Staff also recommends that the Commission provide guidance to staff and the applicants on what the threshold should be for any other changes to the plans (primarily the number of dwelling units) such that an amendment to the permit would be needed.

### Motion for approval

"I move to amend CUP 22-14, a conditional use permit for five short-term rentals at 505 Sawmill Creek Road, to extend the initiation period by 18-months, thereby requiring activity under the permit to be initiated by January 30, 2026. The property is also known as Lots 10, 11, 12, 13 and 14, Block 20, Sitka Townsite, U.S. Survey 1474 Tract A. The application is filed by Rachel Jones. The owner of record is Cortona Holding, LLC.

### Attachments

- A: Application & Narrative
- B: Permit Approval Letter & Findings
- C: Updated Plans
- D. Photos
- E. Public Comment