

Assembly OKs Selling Land for Housing Deal

Published on Thursday, 26 November 2015 00:54

By SHANNON HAUGLAND

Sentinel Staff Writer

The Assembly voted Tuesday night to sell part of the old city shops property on Halibut Point Road to the Sitka Community Development Corporation for one dollar for development of a six-home affordable housing project.

The Assembly was in general supportive but a few members had some questions before granting unanimous approval for the sale. The planned six-home development at 1306 HPR is intended to be the first of three on the three parcels on the old city shops land.

In a 2006 municipal election voters approved designation of the three parcels at 1306, 1410 and 1414 HPR for affordable housing.

The ordinance approved on final reading Tuesday says that the two other parcels will be sold or transferred by a similar ordinance “pending clear demonstration by SCDC that they are able to use such parcels consistent with the Oct. 3, 2006, vote.”

Mayor Mim McConnell recused herself because she is the executive director of SCDC.

The affordable home ownership enterprise involves a Community Land Trust, in which the trust retains land ownership and the houses are owned by a qualifying purchaser. The SCDC hopes to offer the one-, two- and three-bedroom homes for prices ranging from \$140,000 to \$220,000. The buyer would not have title to the land the house was built on.

SCDC Board President Randy Hughey expressed relief at the Assembly’s vote today, and excitement that the project can now go forward.

“I believe the model can work,” he said. “We’ve been talking about affordable housing for 20 years. I’m convinced the CLT model can work in Sitka ... I’m genuinely excited: It’s a funny thing. I feel really, really happy, but now a tremendous burden has been transferred to my shoulders.”

The development corporation plans to apply for a Rasmuson Foundation Tier II grant to pay for infrastructure such as sewer, water and drainage. Hughey said he’s still seeking information about costs before applying for the grant that’s due at the end of February.

Hughey and McConnell expressed some urgency for Assembly approval of the sale because of the grant deadline. McConnell said the structure of the CLT is based on successful models used elsewhere in the U.S.

But Tristan Guevin said he felt it was important for the Assembly to get reassurance that the land would be used in perpetuity for affordable housing. He cited a clause in one of the documents that says that if SCDC transferred the land to a private corporation, there would be no guarantee that it would still be committed to affordable housing.

“It’s an organization we want to support as a city, and the CLT is a model I support,” Guevin said. But he asked for some reassurance from the corporation.

Hughey said the corporation wants to work with the city now and in the future, and is hoping this first project will show that the organization will follow through with the project as presented. A certain amount

of trust will be required for both the city and the organization, and it will be up to the organization to make sure the land remains for affordable housing, he said.

"It would be a violation of a trust if we did contrary to that," Hughey said.

Guevin said he was reassured by Hughey's comments and voted in favor.

McConnell said today that the SCDC articles of incorporation specify that if the organization dissolves, the assets will be transferred to a nonprofit or government entity. The "ground lease" documents for the homebuyers say that if the land is transferred to a private individual or corporation, the homeowner has the right of first refusal.

Hughey said today the main idea is for the work to continue, even if SCDC dissolves.

"No matter what happens to SCDC, affordable housing is the outcome of this donation of land," he said.

Steven Eisenbeisz said he also wanted reassurance that SCDC would complete its project, and that the land would be developed. He proposed tabling the item to work on options for more "safeguards" for the public.

"My main concern is this is public land, and I want to make sure there are plenty of safeguards in place," he said. "What if SCDC is unable to come through with funding?"

Assembly member Ben Miyasato urged the Assembly to vote in favor, and get started on the affordable housing problem in Sitka.

"If we do that we're doing something," he said. "I think it's time we do something. We do need affordable housing in Sitka. ... That property is sitting there doing nothing. I'm fully supportive of (this plan)."

Voting in favor of the land sale were Aaron Swanson, Matthew Hunter, Eisenbeisz, Guevin and Miyasato. Bob Potrzuski was absent.