



St. Mary's
Episcopal Church

ST. MARY'S EPISCOPAL CHURCH PRE-DEVELOPMENT MASTER PLAN SUMMARY

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Introduction

St Mary's Episcopal Church

St. Mary's Episcopal Church, located in Anchorage, Alaska, is a congregation who both seeks Christ and seeks to make Christ known through service and love of community. This spirit has carried St. Mary's from a faithful few in the 1950s in a garage in Anchorage to an established church in the community of Anchorage with a loving reach around the world.

Situated on the corner of East Tudor Road and Lake Otis Parkway in East Anchorage, St. Mary's Episcopal Church occupies a 9.5-acre parcel of developable land. In 2020, as part of the church's "Dreaming Our Future" initiative, the vestry and congregation engaged in extensive reflection and discernment, ultimately deciding to explore development of housing on this land. This vision was supported by pre-development grants from [Trinity Church of New York City](#), received in 2020 and 2023.

The Project Team

St. Mary's hired [SALT](#) as the facilitator and project manager for the "Dreaming Our Future" process and Trinity Grant administration. SALT's project team consists of: [DOWL](#) engineering for conceptual master planning and cost estimates, and [Agnew::Beck Consulting](#) for economic studies and facilitation support. Studies and reports completed in the last 18 months include:

- A site Due Diligence Report produced by DOWL
- Conceptual master plan and cost estimate produced by DOWL
- A housing market analysis presented by Agnew::Beck
- A land appraisal completed by Black-Smith, Bethard & Carlson in spring 2024
- A survey of the land to re-mark property lines
- A 3D rendering of the property and conceptual rendering of the DOWL master plan

All referenced reports can be found in the Appendices.

Congregation Vision for Site

St. Mary's has envisioned its future for the land through extensive stakeholder engagement. This process, "Dreaming Our Future", is divided into three phases:

1. **Stories Phase:** The congregation and vestry were engaged in interviews and conversations to reflect on collective and individual histories. This phase celebrated past achievements and explored a future rooted in the church's shared calling and values.
2. **Choices Phase:** The congregation and vestry identified the strengths and gathered input from the broader community in partnership with SALT. Additionally, SALT conducted an organizational assessment of St. Mary's to review the existing church programs and processes to better understand pathways forward. The congregation participated in a survey which revealed that the two most strongly stated values were a desire to contribute to community housing and a desire to be good stewards of our land and nature's beauty. The congregation also expressed its top three desired uses for land development: housing for at-risk populations, elderly housing, and income-restricted affordable housing. St. Mary's engaged with several local developers during this phase.

3. **Decisions Phase:** Based on the above input received, pre-development work began. This phase has continued to the present day, focusing on defining financial goals and continuing conversations with potential developers, operators, the municipality of Anchorage, the community council, and other stakeholders.

Community Housing

The vision of the future development echoes the vision of the church: Everyone is welcome at St. Mary's. Further, St. Mary's is determined to be a part of the solution to the housing crisis. The congregation and vestry alike want to increase Anchorage's inventory for community housing.

The intended outcome of this project is to increase opportunities for community housing, including but not limited to:

- *Income-restricted affordable housing*
- *Workforce housing, priced for moderate income earners*
- *Supportive housing for those experiencing homelessness or at risk of homelessness*

Target audiences could include single adults, families, and/or seniors. St. Mary's is not interested in pursuing luxury housing.

Returns for St. Mary's

St. Mary's would also like to remain involved in guiding the development but would delegate operation duties to a housing operator. The main vision is to support the Anchorage community, so St. Mary's does not expect market returns.

Financial Outcomes for St. Mary's

Our primary goals are to provide a housing project with community benefit and support the long-term mission, ministry, and financial sustainability of St. Mary's. We will prioritize eventual proposals offering mission-adjusted returns through participation in annual ground rent and/or ongoing cash flow.

This opportunity to step back from the usual flow of work and ministry has given St. Mary's an opportunity to reflect on their history as the people of God in this place. The vision has been reflected throughout the many phases of the seven decades as St. Mary's. This discernment has identified where and how their ministries have, and continue to, show the love of Christ to the wider community of Anchorage, and even to the wider world.



Master Plan Concept

Master Plan Concept Considerations

Due Diligence

The site is located at 2190 East Tudor Road (Tract C, St. Mary's Subdivision) in Anchorage, Alaska. The site is near the intersection of East Tudor Road and Lake Otis Parkway. Prior to developing the master plan, a due diligence report was prepared to outline the regulatory requirements that would guide the master plan. This included information on zoning, height restrictions, setbacks, and other site related requirements. The due diligence report can be found in Appendix D.

Zoning

The property is an irregularly shaped parcel that contains three separate zoning districts known as split zoning. The Thomas Center is located near the eastern edge of the parcel within the RO-SL (Residential Office with Special Limitations) zoning district that stretches along the eastern side of the parcel. A small piece in the northwest corner of the parcel is zoned R-3 (Mixed Residential) and the southwest portion of the parcel is zoned R-2A (Two-Family Residential District). It is important to note that split zoning is not allowed under the current code since it can create development issues with each zoning designation having its own allowed, prohibited, and conditional uses.

As the development for the site is further defined, it is recommended that the site be rezoned with a single zoning designation. The final zoning will be determined by the planned development and the 2040 Land Use Plan goals, which would support a rezone to R-3 or R-2 (both mixed residential zoning districts). Although not specifically listed in the 2040 Land Use Plan for this area, RO, Residential office could also be considered and does allow for housing units with a need for supportive medical services

Topography

The site slopes from east to west and has an approximate 20-foot elevation change from high area on the east side of the site to the west. The slopes on the southern portion of the site are flatter than the northern portion of the site. The concept plans take into consideration the steep terrain, ensuring adequate separation between structures and parking areas to adapt to the sites varying slopes.

Topography was a large consideration when siting the buildings and parking for the master plan. Buildings were located at the north and south ends of the site to not only provide opportunities for green space and recreational opportunities, but also to allow adequate distance to provide reasonable longitudinal slopes along the internal roadway. Consideration was also given to finish floor elevations of the northern building to limit impacts to the viewshed from the Thomas Center.

Soils

DOWL conducted soils investigations on the subject parcel as part of the Thomas Center development. The geotechnical investigation for the project included three test borings to a depth of 25 feet within the building footprint. Prior to the development of the Thomas Center, the site soils consisted of fill material within an existing parking lot and trail. In the undisturbed areas, a thin organic mat was present over native soils, which consisted of silts and sand. Lean clay was observed at the bottom of two of the

test borings. In the existing gravel parking lot area, fill material extended from the ground surface to a depth of approximately 13.5 feet. In other areas, the fill extended approximately 2 to 4 feet below grade. Groundwater was observed from 13.6 to 20.8 feet below grade.

Based on the soils conditions, the following has been assumed for the earthwork:

Pavement and Sidewalks

- 3-inches of AC Pavement
- 3-inches of leveling course
- 12-inches of Type IIA material
- 60-inches of Type II with a geotextile at the bottom

Curbs and gutters will be used along roadways and parking areas to further direct stormwater runoff and protect proposed landscaping.

Building

60-inches of excavation will be needed within the building footprints and backfilled with Type II material. Geotextile should be placed at the bottom of the excavation.

Wetlands

The MOA Wetland Management Plan classifieds the on-site wetlands as Class B, Moderate Valuation. Wetlands were mapped in 2013 by DOWL and a jurisdictional determination was issued by the USACE in December 2013. Approved jurisdictional determinations are valid for five years. At that time, the site contained 0.67 acres of wetlands along its western boundary. Wetlands on the property will need to be reevaluated and a new jurisdictional determination issued prior to any development.

The master plan minimizes wetland impacts to the extent possible, however it is anticipated that approximately 0.18 acres of wetlands will be impacted to accommodate the access road that extends north-south through the site.

Parking

Currently, there are no parking requirements for any development in Anchorage. However, parking should be considered for the development since it is likely that some residents will have vehicles and street parking is not readily available in the area. The parking needed for the development will be specific to the final development plans. The parking shown in the master plan accounts for approximately 1.5 parking spaces per dwelling unit.



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LEGEND:

- Project Boundary
- Domestic Water
- Sanitary Sewer

BUILDING SUMMARY:

- Building A: 2 Story, 30 Units
45 Surface Parking Spaces
- Building B: 2 or 3 Story, 30 Units
54 Surface Parking Spaces
- Building C: 2 or 3 Story, 30 Units
42 Surface Parking Spaces



2015 Business Park Blvd., Suite 4000
Anchorage, Alaska 99503
307-562-2300
Project No. 1110-03395-01
Contact: LaQuita Chmelowski, P.E.

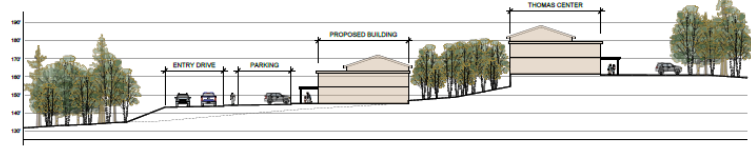
St. Mary's Master Plan
Conceptual Site Plan

Anchorage, Alaska

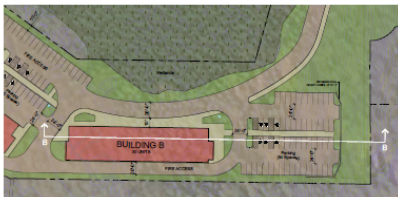
Figure 1 Conceptual Site Plan. See Appendix B for full version



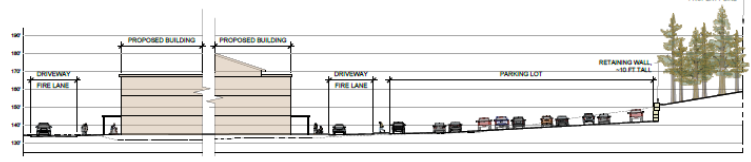
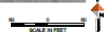
PARTIAL PLAN



SECTION A-A



PARTIAL PLAN




SECTION B-B



DRAFT

St. Mary's Master Plan
Conceptual Site Sections

 2015 Business Park Blvd., Suite 4000
Anchorage, Alaska 99503
307-562-2300
Project No. 1110-03395-01
Contact: LaQuita Chmelowski, P.E.

Anchorage, Alaska

Figure 2 Partial Plan, demonstrating elevation. See Appendix B for full version

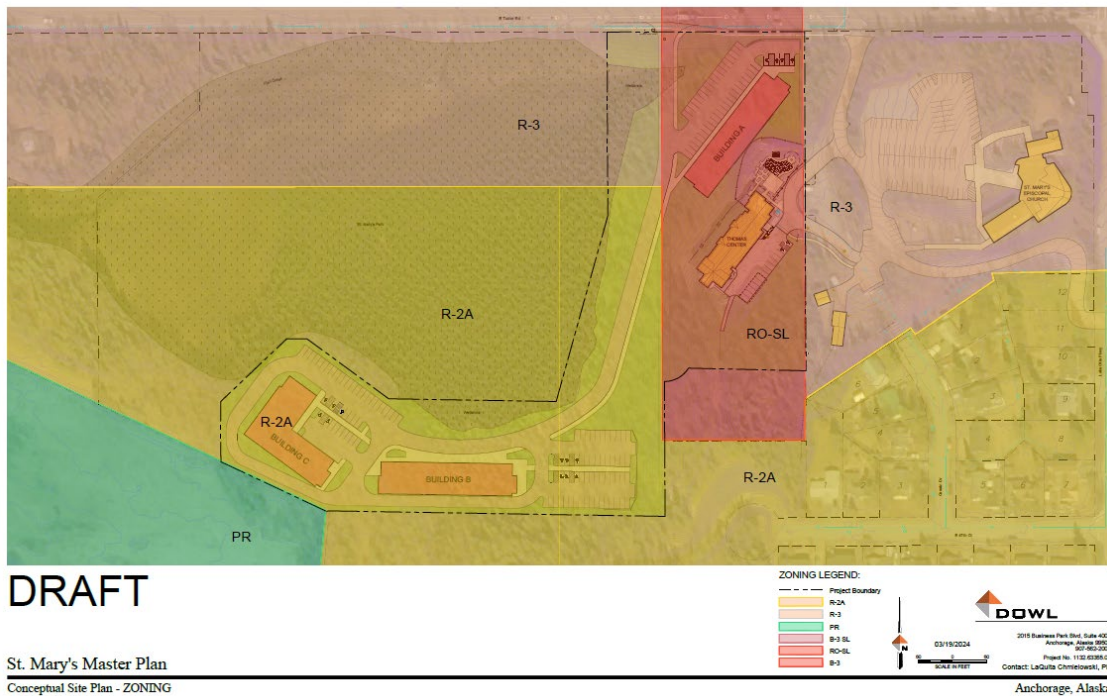


Figure 3 Conceptual Site Plan Zoning. See Appendix for full version

Entitlement Considerations

Rezone

As previously discussed, the project site has three zoning districts within the boundary of the site. A rezone of the site into a single zoning district is needed to accommodate future development. A rezone requires preparation of an application for a zoning map amendment processed through the MOA Planning Department. A pre-application meeting with MOA staff and a community meeting is required before the application can be submitted. Once the application is accepted by the MOA, the public hearing date is set for the PZC hearing. Once the PZC approves the rezone, the rezone is presented to the Assembly for approval. This process can take six to eight months to complete. A rezone may also require an amendment to the comprehensive plan, depending on whether the proposed rezone aligns with the 2040 Land Use Plan. If needed, the amendment can be processed concurrently with the rezone.

Subdivision

Depending on the future rezone, a fragment lot site plan plat (FLSP) would be the recommended method for re-platting the property to separate the Thomas Center from the remainder of the property. The fragment lots can be sold or leased but are exempt from the plumbing code and Title 21 setback requirements. It allows additional flexibility related to an overall campus development. However, as part of the FLSP, a site plan that shows the building location and parking is recorded as part of the plat. Each time changes are made to the buildings, parking, or associated drives, an updated FLSP must be submitted, reviewed, and recorded by the MOA. This review is treated as a final plat submission and drawings must be prepared and stamped by a registered land surveyor. Currently, FLSPs are only allowed in commercial zoned districts.

Infrastructure & Costs

Water

Based on the Anchorage Water and Wastewater Utility (AWWU) grid map, a 20-inch concrete cylinder water main is in East Tudor Road and extends along the northern property line. This main was constructed in 1965 and is concrete. AWWU will likely not allow connection to this pipe since it could compromise the water main. The Thomas Center is served by a private service line that extends from the water main located in Cassin Drive just to the south of the St. Mary's Church parcel. AWWU indicated they would allow a water service line to extend from the water service line that serves the Thomas Center to serve the rest of the lot. As shown on the master plan, a new water service line would extend southwestward from the existing service line to serve the buildings to the south and a separate waterline would extend northeastward to serve the northern building. It is assumed that the buildings will be sprinkler-ed and a minimum of a six-inch water line would be needed.

Sewer

Based on the AWWU grid map, a sewer main is in Tudor Road along the south side of the roadway. The sewer main ends prior to the project site and would require a sewer mainline extension along with permitting through DOT&PF ROW to allow a connection. The more viable option would be to use the sewer service line that serves the Thomas Center. This service line extends from the 8-inch asphalt concrete sewer main located in Cassin Drive. AWWU has indicated that the exiting sewer service line could be used to serve the rest of the site.

The wastewater system for the site requires a lift station to pump the effluent uphill to connect to the public wastewater system located in Cassin Drive. The buildings will drain to a central point by gravity at the bottom of the hill, then the lift station will pump the waste uphill to a segment of wastewater pipe that can drain by gravity into the public system. The lift station will have a duplex pump system but will be sized to only need one pump to operate. The two-pump setup allows the lift station to handle flows greater than the peak design flow, if needed, and allows one pump to remain online and keep the system running when maintenance is required.

Storm Drain

There is limited storm drain in the area. Based on the master plan, stormwater runoff would be directed towards the wetlands to the west, which can be used as a discharge for stormwater control. Based on the above information the estimated cost, including a 25 percent contingency is as follows:

Earthwork	\$4,100,00
Utilities	\$2,200,00
Subtotal	\$6,300,000 (includes 25% contingency)
Wetland Mitigation (0.18 acres)	\$92,000 (assumed 6:1 ratio)
Civil and Landscape Design	\$100,000
TOTAL	\$6,500,000

Table 1 Cost Estimate prepared by DOWL - see Appendix C

Economic Summary: Community Housing Needs

The St. Mary's congregation has a shared vision to develop their campus for the dual purpose of helping address Anchorage's need for community housing, while ensuring a sustainable return to the church. What do we mean by community housing? We define community housing as any housing solution that brings affordable housing to Anchorage. We estimate that Anchorage needs at least 4,900 new housing units due mostly to current overcrowding conditions. Additionally, there is a growing need for housing that is affordable for those who make less than 80 percent of the area median income (AMI). Households who are middle income (between 80 and 120% of AMI) also need new affordable housing opportunities. We also know that many people need supportive services while they become stably housed.

This section includes the following:

- Summarizes key findings related to community housing need
- Quantifies the community housing need forecast
- Data on the severity of affordability issue for those who make under 80 percent of area median income
- Community housing options for the St. Mary's campus
- Recommendations for next steps related to community housing development at the St. Mary's campus

Key Findings: Community Housing Need in Anchorage

Anchorage has several housing problems that could be addressed, in part, with new community housing at the St. Mary's campus:

- **Anchorage has a housing affordability problem.** Across the country and in Anchorage, rising housing costs and stagnant wages have made housing less and less affordable. Wage and housing cost data in Anchorage shows that everyday working people in Anchorage, from cooks to cleaners to mail clerks to commercial drivers, struggle to afford housing in our state. Additionally, low-income households are disproportionately cost burdened. A household is cost burdened if they pay more than 30 percent of their household income on housing, including utilities. For those making less than \$35,000 per year and who rent, 91 percent are cost burdened, while only 9 percent of renters who make \$75,000 or more are considered cost burdened. The more income a household makes, the less they have to spend on housing relative to their overall household budget. Instead, if you are low income or poor, you are very likely spending more than 30% of your income on housing. This results in less household income for food, transportation, childcare, education, and everyday living. In Anchorage, we need more housing with rents less than \$1,000 per month to address the affordability issue.
- **Anchorage has pent-up demand for housing; people are living in overcrowded conditions.** Almost five percent of households in Anchorage are considered overcrowded and about half of that five

percent are severely overcrowded.¹ This translates into a need for about 4,700 units to help alleviate overcrowding. This type of pent-up demand translates into immediate housing need and often hits households who are in the lower income brackets. Other sources of pent-up demand that are less well documented include housing to meet workforce needs and housing that assists businesses with recruitment and retention. When we have very few new housing units in a community, the labor force chooses another location to live.

- **Anchorage has a housing development problem.** Construction is not keeping up with demand across large and small communities, especially for multifamily housing for working families. In short, this is because multifamily rental projects do not “pencil” in Anchorage: The rents that our housing markets can withstand do not match the cost of development, which is high in Anchorage. The gap funding needed for a multifamily rental project can be as much as 50% of total development cost.
- **Anchorage has an aging housing stock problem.** Almost half of the estimated need for housing over the next 10 years is for renovation or replacement of existing units, rather than development of new units. As construction continues to be slow, the housing stock continues to age, and the average Anchorage house becomes older. Our existing housing stock is a barrier to attracting workers to our State, making renovation and modernization is key to attracting and retaining workers and growing our economy.

Quantifying Community Housing Need in Anchorage

Anchorage needs an estimated 9,600 housing units over the next 10 years. 4,600 of these are existing units that need replacement or renovation due to housing conditions. 5,000 new units are needed to address expected population growth and overcrowding.

The 9,600-unit housing need estimate for Anchorage is based on a Housing Needs Forecast model that has been purpose-built by Agnew::Beck Consulting to forecast housing demand in Alaska communities over a specific period. The model is grounded in the premise that housing needs are not only the result of expected population growth and other factors must be considered within quantitative estimates to tell a more complete story. The forecast model uses the following methods:

- **Expected population growth (230 units).** The need for new housing units is based on State Department of Labor (DOL) projections (midpoint) estimate for population growth. According to the latest DOL midpoint forecast, Anchorage could grow by approximately 580 people by 2033, which translates to a need for roughly 230 new units. Since 2000, Anchorage’s population has declined slightly with larger declines in the working age population. This estimate of housing need due to population growth is likely conservative; we hear from employers that positions go unfilled and population growth is stymied due, in part, to the lack of housing options in Anchorage.
- **Overcrowding (4,700 units).** U.S. Census data on overcrowding, defined as more than one occupant per room (HUD definition), is used to estimate the need for new housing. The premise is that those who are doubled or tripled up with others would prefer their own house if given a choice. Some households may opt for multi-generational living, for example, however, it is important to have an

¹ HUD defines overcrowded as between 1 and 1.5 occupants per room and severely overcrowded is more than 1.5 occupants per room. Rooms include all rooms except bathrooms and kitchens in a house.

adequate supply of affordable housing, so it is a choice, not a requirement. If all overcrowded households in Anchorage had their own affordable home, approximately 4,700 new units could be absorbed.

- **Poor condition/aging housing (4,600 units).** We estimate that roughly 4,600 rehab or replacement units will be needed over the next 10 years. This component of the forecast model is based on three proxies for housing condition:
 - Aging housing stock (% of housing stock built before 1960)
 - Housing units without plumbing (% of occupied units without complete plumbing + kitchen facilities)
 - Mobile home units that need replacement sooner than other unit types (% of total housing stock that are mobile home units)

Anchorage needs an estimated **9,600 housing units** over the next 10 years.

4,600

of these are existing units that need replacement or renovation due to housing condition.

230

new units are needed, due to expected population growth.

4,770

new units are needed, due to population growth and severe overcrowding.

Plus, lower income households are disproportionately cost burdened. Using Census data, we estimate that 13,000 households who make less than \$75,000 are spending more than 35 percent of their income on housing. When housing need includes affordability, we estimate that more than 13,000 households are in need of more affordable options.



Figure 4 Housing Needs Quantified - see Appendix

Housing Need by Income: Three Categories

	Lower Income Households	Middle Income Households	Higher Income Households
% Area Median Income (AMI)	<80% AMI	80-120% AMI	>120% AMI
Household income	\$0-77,000 household income	\$77,000-115,000 household income	\$115,000+ household income
Affordable rent (30% of income or less)	\$300 to up to \$1,800	\$1,800 to up to \$2,500	\$2,500+
Eligible for federal/state subsidy?	Yes	Not typically	No
Requires public investment to be built in the current market	Yes	Yes	Sometimes

Table 2 Housing Needs by Income - see

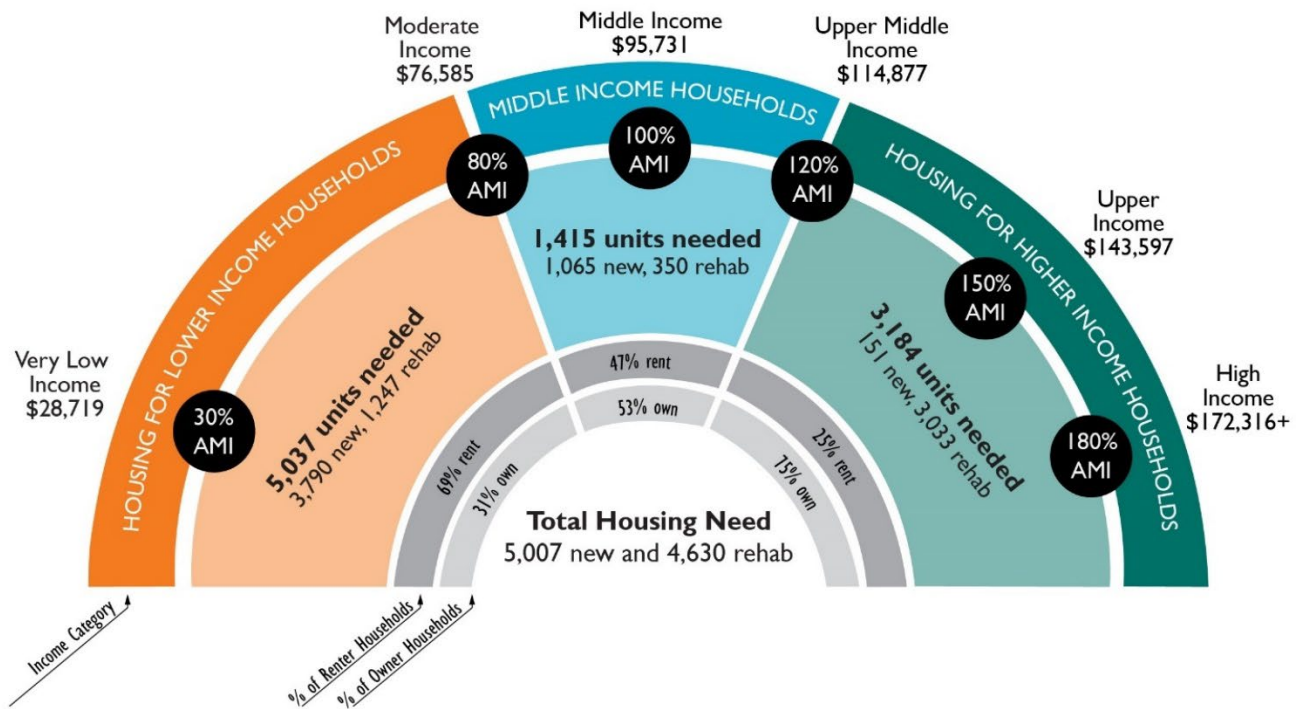


Figure 5 Anchorage Housing Bridge - see Appendix E

We break housing needs into three categories based on income:

1. Lower income households at less than 80% of area median income (orange)
2. Middle income households, also called workforce housing at 80 to 120% of AMI (turquoise)
3. Higher income households, at above 120% of AMI (teal)

Lower Income Households (orange)

This is housing needed by households who make less than 80 percent of area median income (AMI) and typically qualify for programs that require residents to be under a specified income. We often call this “income-restricted” affordable housing. There are existing tools to create this type of affordable housing. One of the most impactful tools is the low-income housing tax credit (LIHTC) federal program that allows investors to purchase tax credits by investing in affordable income restricted housing. In Alaska, the Alaska Housing Finance Corporation receives a limited number of tax credit allocations that are awarded competitively to developers throughout Alaska. Anchorage is home to new projects that meet this need; however, the limited amount of LIHTC funding keeps us from building enough housing to meet this need.

Cost Burdened Households

Low-income renter households are particularly vulnerable to the lack of affordable housing. In Anchorage, we have 37,000 households who rent their homes and 17,000 of them are spending more than 30 percent of their household income on housing. Of those 17,000 cost burdened households, 13,800 (or 76%) are spending more than 35 percent of their household income on housing, indicating that they are significantly cost burdened. The burden of housing unaffordability falls disproportionately to the poor. For example, 91 percent of renter households who make less than \$35,000 per year are cost burdened, while only 9 percent of renter households who make \$75,000 and more are cost burdened. We translated this data into a housing affordability need estimate for renter households, as shown below. For example, we estimate that 6,900 households who make under \$35,000 annually are paying more than 35% of their income in housing costs and are significantly cost burdened. Those households would benefit from affordable housing offered at rents from \$375 to \$875 per month.

Household Income Group	% of Renter Households who are Cost Burdened [1]	# of Renter Households who are Significantly Cost Burdened [2]	Affordable Rents that are Needed by Income Group
Less than \$35,000	91%	6,900	\$375 - \$875 per month
\$35,000 to \$49,999	80%	3,300	\$875 - \$1,250 per month
\$50,000 to \$74,999	45%	2,500	\$1,250 to \$1,875 per month
\$70,000 or more	9%	1,100	\$1,875 and higher per month
Total/Weighted Average	74%	13,800	\$375 to \$1,875 per month

[1] Households are cost burdened when they spend more than 30% of their household income on housing.

[2] Agnew::Beck defines households as significantly cost burdened when they spend more than 35% of their income on housing.

Source: American Community Survey 5-Year Estimates, 2018-2022

Table 3 Housing Affordability Need: Renters in Anchorage

****Possibility at St. Mary's** St. Mary's could partner with a LIHTC developer to build income restricted affordable housing on their property.

Middle Income Households (turquoise)

Middle income households are those who earn between 80 and 120 percent of area median income. We often call this workforce housing. This category of housing should be affordable but not necessarily restricted to households under a certain income. We often think of this housing as a starter home, a

townhouse that is rented or owned, or an urban apartment. This is housing for the workforce. Currently, this is the hardest housing product to develop in Anchorage. There are no federal subsidies to support projects and rents, and home prices are not sufficient to cover development costs. Since 2015, Agnew::Beck has prepared, or reviewed, approximately 30 different real estate proformas to test the financial feasibility of building new workforce multi-family rental housing and/or commercial uses, such as office and retail. To date, only one of the housing projects we have analyzed, or reviewed, has been built and is in operation; that project was part of a public private partnership that included property tax incentives and public sector investment. Without financial incentives, pro forma results show substantial financial feasibility limitations. Simply put, these market rate workforce housing rental projects do not pencil. One client, who is a private landowner with capital to invest, stated, “I can make more at night when I sleep,” than by building new rental housing project. Another developer with options in multiple locations outside of Alaska chooses to invest in other locations. Many developers in addition to private landowners are looking for ways to invest their capital or better utilize their land holdings. However, without financially feasible projects, great housing ideas stall out. The financial feasibility obstacles are too substantial. We are losing out on new private investment in Alaska.

How much is the financial feasibility gap?

The cost to build new commercial grade buildings for that middle income workforce far exceeds the value of the rental stream that is produced. The number is evolving due to the high cost of construction post-Covid. Generally speaking, pro forma analysis indicates a financial feasibility gap of about \$120,000 per workforce housing unit or about 45 percent of the total development cost of a project.² The same economic situation applies to land outside of downtown and the gap for workforce housing at the St. Mary's campus is likely similar in scale.

The municipal tax incentives help to improve the feasibility gap but fully closing it will require additional incentives. The Municipality of Anchorage offers two property tax incentives (one in [downtown](#) and the other along [transit supported and workforce housing corridors](#)) that improve feasibility but do not solve the entire problem.

***Possibility at St. Mary's.* St. Mary's is within the transit supported and workforce housing corridor where a property tax incentive could assist a private sector developer toward bringing more workforce housing online. Combined with a favorable ground lease, workforce housing may be a viable option at the St. Mary's campus.

Higher Income Households (teal)

Higher income households are those who earn above 120 percent of the area median income. This market tends to produce housing that meets their needs; however, as land availability diminishes and

² We measure financial feasibility a number of ways. 1) Return on cost or cash-on-cash. Our proformas indicate that returns are coming in less than industry targets at more like two percent return on cost and four percent cash-on-cash (or return on equity). This is hard to justify in the private sector when mutual funds with less risk yield higher returns. 2) A 2nd way to measure financial feasibility is discounted cash flow analysis and/or use of cap rate to value the net operating income and compare that to the total development costs. A real estate project should generate at least as much value as the cost to construct or its generally considered a non-economical or non-feasible project. Most proformas we analyze show the cost of construction far outweighing the value of the income stream 3) A third way to assess financial feasibility is the ability to raise the full capital stack – how much does the bank invest given the value of the income stream? Given cap rates and appraisals of existing projects, banks can typically finance only about 50 percent of the total development costs leaving the rest of the capital stack to be raised through private equity; with low returns on equity, this is a substantial equity raise that often cannot be completed.

housing ages, more units at the higher end frees up supply for middle income and low-income households.

***Possibility at St. Mary's* Adding some higher income housing at St. Mary's could improve financial feasibility for the overall project and offer opportunities for a mixed income community.

Community Housing Solutions

As St. Mary's considers housing options at their campus, they might consider three specific types of community housing solutions, including: supportive housing, income restricted affordable rental housing, and market rate/workforce rental housing. Detailed case studies of each community housing solution are provided in appendix E, with a summary table shown below:

Type	Characteristics	Target Population	Typical Funding	Role for St. Mary's
Supportive Housing	Housing with supports, such as case management.	Less than 80% of AMI (closer to 30% AMI). Formerly homeless.	LIHTC, Sponsor based vouchers, Special needs housing grants	Ground lease with supportive housing operator
Income restricted affordable rental housing	Typically rental housing. Likely between 30 to 50 units	Those at or below 80% of AMI who income qualify.	LIHTC, HOME, federal funds, IHBG	Ground lease with an affordable housing operator
Market Rate / Workforce Rental Housing	Typically rental housing for households between 80 and 120% of AMI	The workforce: households typically do not income qualify.	Private investment and equity; in Anchorage public investment and tax incentives are required for feasibility	Ground lease with a market rate housing operator.

AMI = Area Median Income, LIHTC = low-income housing tax credits, IHBG = Indian housing block grant, HOME=HOME Investment Partnership Program

Table 4 Summary Table of Each Housing Solution & St. Mary's Role


Sample Housing Continuum

Note: Architectural Styles Not Necessarily Reflective of Alaska



Figure 6 Summary Table of Each Housing Solution & St. Mary's Role – see Appendix D

Housing Continuum: Options for Consideration



SUPPORTIVE HOUSING

Units affordable at very low or no income with supportive services

AFFORDABLE / INCOME-RESTRICTED RENTALS

Income-restricted multi-family rental housing with rents affordable at <80%

MARKET / WORKFORCE RENTAL HOUSING

Multi-family rental housing affordable at 80-120% AMI

Figure 7 Anchorage Housing Continuum Options - see Appendix D

Housing Incentives and Funding: Possible Options

Type	Item	Description	Applicable to St. Mary's
Local			
	Downtown Anchorage Housing Property Tax Incentive	12 years of property tax incentive for four or more units	N/A
	Multi-Family Affordable Workforce Housing Property Tax Incentive	12 or 15 years of property tax incentives for 20 or more units within an eligible corridor	St. Mary's appears to be in an eligible corridor pursuant to the map attached to AO No. 2020-103
State			
	Senior Citizen Development Fund	Capital funding for senior housing	Could apply for
Federal			
	HOME federal funds distributed by the Municipality of Anchorage	Federal funds for housing that is income restricted to those at 80% of AMI or lower	Could apply for
	Neighborhood Stabilization Program federal funds distributed by the Municipality of Anchorage	Federal funds for income restricted households.	Could apply for
	National Housing Trust Fund federal funds distributed by the Municipality of Anchorage	Federal funds for income restricted households.	Could apply for
	Low Income Housing Tax Credits	Federal allocation	Could apply for with an experienced partner
	Indian Housing Block Grant	Federal funds for Alaska Native/American Indian people at or below 80% of Area Median Income	IHBG is allocated to Tribally Designated Housing Entities (TDHEs) and could be made available to St. Mary's project through a partnership with an eligible entity
Please note that at the federal level, there is talk about a middle income housing tax credit which could improve opportunities for more affordable housing.			

Table 5 Possible Options for Funding & Incentives

Next Steps for Development

As St. Mary's works toward to develop their campus with community housing in mind, the following should be part of the consideration:

- Different types of community housing options serve different populations with varying acuity levels and needs. Careful thought should be given to the partners required to operate housing for different service levels.
- All community housing options have financial gaps or challenges; none are a slam dunk financially.
- Community housing options will require a development partner to manage design and construction, as well as secure funding. An operating partner is also necessary.
- Some community housing projects, specifically supportive housing, may require an additional service provider.
- The best community housing project is the one that can happen.
- St. Mary's should clearly outline project priorities through a partner selection process and in their master plan.

Request for Letter of Interest and Process

The next steps include writing and distributing a Request for Letter of Interest (RFLOI) to potential developer partners and others. St Mary's is not looking to develop a formal Request for Proposal (RFP), but instead an RFLOI, because process is not meant to be time intensive for partners to prepare and submit. No one is legally bound to their submittal and St. Mary's reserves the right to not proceed with any partnerships. The RFLOI includes the following guidelines:

- Page limit: please submit no more than ten pages
- Please include the following:
 - Cover letter expressing your interest and role in the project.
 - Qualifications of individuals and the organization, including similar projects.
 - Type of community housing you are proposing.
 - Summary of the business model for the type of housing being proposed. This does not need to be detailed pro forma but instead a description of the main funding sources and operating revenue you anticipate. For example, if this is a low-income housing tax credit project, please let us know in this section.
 - Detailed summary of the role you or your organization anticipates playing.
 - Questions and uncertainties that require attention before the next steps can be considered.
 - Please submit a PDF on the project website: www.dreamingourfuture.com/nextsteps or by emailing Shanna Zuspan shanna@agnewbeck.com. Questions can also be submitted to shanna@agnewbeck.com and she will route them to the appropriate member of the project team.
- Relevant Dates: (sign up for calendar events and information [HERE](#))
 - **Release Date:** Monday, September 16, 2024

- **Deadline for Submittal:** Tuesday, October 29, 2024
- **Pre-Submittal Zoom Meeting:** Thursday, September 26, 2024, 4:00-5:30pm
- **Site Walk:** Tuesday, October 8, 2024, 10:30am-12:00pm
- **Expected review of LOIs and next steps:** November 2024. St. Mary's may invite one or more partners to submit a more detailed proposal and/or enter into partnership agreements with St. Mary's.

Partner Selection Process

St. Mary's can offer land at a reasonable cost through a ground lease and offers a congregation that welcomes people in need of community housing. The St. Mary's vision will help support and guide a community housing project. However, St. Mary's is not a housing developer and is not equipped to operate another housing project on their campus. They need partners to support the development process. Some guiding principles for the partner selection are:

- Be open to any type of feasible community housing that is brought forward by a qualified partner.
- Be clear about the role that St. Mary's will require and what St. Mary's minimum deal terms are.
- Consider a process that reduces the cost for partners to show an initial interest. To this end, a request for letter of intent (RFLOI) is a more feasible first step to soliciting partners for community housing as opposed to a lengthy request for proposals (RFP) process. A RFLOI allows potential partners to articulate the role that makes sense for their organization and the type of community housing that is most feasible for them. From there, St. Mary's can begin negotiating partnership agreements.



Appendix

- A: Land Appraisal Report
- B: Conceptual Site Plan
- C: Cost Estimate
- D: Due Diligence Report
- E: Housing Development Cost Overview
- F: Res3D Renderings

View and download all appendices [here](#).

Thank you for your time and consideration
