Juneau Telephone Hill Redevelopment

Developer Interview Summary
Updated October 14, 2026

Introduction

The City and Borough of Juneau (CBJ) retained Leland Consulting Group (Leland) to assist in initial outreach in advance of formally soliciting proposals from a developer or developers for the redevelopment of Telephone Hill in Downtown Juneau. Leland is currently under contract to assist the CBJ with the RFQ and development solicitation process for Telephone Hill. Leland was part of the consultant team which produced the *Telephone Hill Place Guide* in 2024 and conducted some initial developer interviews during that process. For this effort, Leland conducted nine interviews (in total interviewing 13 individuals) in November 2025 with development firms based in Alaska, the Pacific Northwest, and the Mountain West. These interviews were intended to gauge developer interest in the site, identify potential red flags or areas of concern, and provide feedback to help the CBJ tailor a forthcoming request for qualifications (RFQ) that will maximize developer interest while clearly conveying the CBJ's vision and desires for development at Telephone Hill. In addition, Leland and CBJ staff met with the Alaska Housing Finance Corporation (AHFC) in September of 2026 to discuss the state's finance programs, including the scoring of LIHTC applications and other considerations for Telephone Hill.

Some firms that were interviewed specialize in market-rate housing, others are exclusively developers of tax-credit funded regulated affordable housing, and some focus on a mix of income levels, price ranges, and capital sources. On the whole, more than half of developers interviewed were interested in the site and likely to respond to an RFQ, with understandable concerns regarding development costs and interest rates. The conversations revealed a range of perspectives on potential affordability levels, financing ideas, and overall concepts for the site.

Interview Themes

This summary is organized by key themes discussed during the interviews. Feedback from all the interviewees is incorporated below. Where there was clear consensus or disagreement between developers, this has also been noted.

Procurement (RFQ vs. RFP)

- Across-the-board, developers had a strong preference for an RFQ (request for qualifications) compared to an RFP (request for proposals). In general, an RFP has much more stringent requirements for design and financing specifics. Given the complexity of the site and challenging development environment with high interest rates and construction costs, developers encouraged the CBJ to create an RFQ with flexibility around design, affordability levels, and parking, with the aim of finding the right development partner to bring their goal to fruition while allowing developers the flexibility to accomplish those objectives through a range of programmatic and design strategies.

- Several developers provided examples in Alaska and Montana of projects where RFPs received either no responses or very few responses, and municipalities had to go back out for a more flexible RFQ or ask the development community for input on costs before going back out with a new RFP/Q.

Development Financing, Costs, and Challenges

Incentives

- Developers agreed that it is important for the CBJ to be very clear and transparent in outlining the incentives they are offering in the RFQ. The more incentives, the more attractive the project will be and the more likely they are to respond to an RFQ.
- Property Tax Abatement:
    - Most developers agreed that tax abatement would be the main needle-mover on feasibility compared to other incentives such as permit fee reductions or expedited permitting.
    - Few developers interviewed were familiar with Juneau's existing tax abatement programs, which provide 12-year property tax abatements for projects that develop more than four units downtown or 15 units of assisted living for seniors.
    - Anchorage has a property tax exemption for multifamily development, and Washington State's MFTE (Multifamily Tax Exemption) program has been very successful at funding multifamily market-rate and affordable units across the state in the past decade.
- Other incentives discussed included:
    - Provide the land for free (or for $1 as is common in public-private partnerships).
    - Defer or waive impact and/or permit fees.
    - Provide capital from the Affordable Housing Trust Fund or a CBJ grant.
        - Several developers noted that certain levels of public funding in other states can trigger "prevailing wage" requirements which can be expensive.
    - Provide a low-interest loan or a credit enhancement to address persistently high interest rates.

Costs

- All developers felt that this project would be very expensive due to its location, Juneau's geographic isolation, and the high construction cost and interest rate environment.
- Developers described development costs of $325-350 per square foot (all-in) in Anchorage in recent years and estimated that costs there may be upwards of $400 per square foot currently. Note that this is consistent with developer estimates of construction costs during the previous round of interviews Leland conducted for this project in 2024.

Construction Workforce

- Many developers indicated that they would be likely to import their own workforce in order to meet the needs of the project. Several have had experience doing this in other remote locations, and others have existing travelling general contractors that they use regularly.

Timing

- Most developers were not particularly concerned with climate or winter weather. Some indicated that they would likely develop in the winter, and others would rather wait, but overall, it was described as a calculation of the costs of waiting compared to the costs of taking additional measures to work through the winter.
- More important than weather were discussions about tax credit financing cycles for projects that would be seeking competitive "nine percent" Low Income Housing Tax Credits (LIHTC), which are allocated by the state on a yearly schedule. The cycle starts at the end of June (after the state's budget is finalized), with pre-applications due in July. This should include a reasonable picture of unit mix and overall project concept. AHFC will conduct a market study based on this information, and invite teams to submit a full application in November, with awards announced in January.

Market-Rate and Mixed-Income Financing

- Some developers were concerned about the potential requirement to provide a percentage of units as regulated affordable housing, given the overall potential cost of the project.
- Other developers were concerned that if market rents in Juneau are close to rents that would serve households earning 80 percent AMI, there would be competition between the affordable and market-rate units, making it hard to build affordable units.
- On the other hand, several developers thought that the market-rate portion of the project would be more challenging, given the known sources of funding for affordable units and the current high interest rates.
- Overall, more developers expressed concerns over the financing of the market-rate component of the project than concerns over the financing of the regulated affordable component.
- Some developers have had success building "workforce housing" catering to middle income ranges (usually between 60 and 140 percent AMI), but others described this as a very challenging market. Some provided examples from Montana, Oregon, and Idaho of middle-income projects which were funded through city contributions, tax abatements, opportunity zones, or partnerships with community housing trusts.

Affordable Financing

- Some developers specializing in tax credit projects indicated interest in developing one of the four buildings as a LIHTC nine percent project. In Alaska, a 35-40 unit building is the "sweet spot" for competitive tax credit funding.
- Other affordable developers were interested in developing the whole site as a tax credit project with a mix of four percent and nine percent credits (likely one building as nine percent) and potentially other federal or CBJ sources in the mix.
- When considering the potential for the whole site to be developed as affordable housing, one developer suggested that income averaging could be used to provide some deeply subsidized units (i.e. 30-40 percent AMI, potentially for low-income seniors) and then some at 80 percent AMI. Otherwise, a fully tax credit-funded project would require all units to serve a maximum of 60 percent AMI which may not align with the vision for the site.
- AHFC's scoring mechanism is based around both cost and market strength. The city's incentive programs can influence scoring since city-funded site preparation and work would reduce the developer's

costs and improve the bottom line. AHFC's geographic considerations in scoring are more geared towards rural vs. urban locations than among municipalities (Juneau vs. Anchorage, for example).

Site and Program

Vision

- Most developers did not express strong concerns with the vision for the site articulated by the Telephone Hill Place Guide. However, several did recommend that the RFQ allow for flexibility in the number of buildings (e.g., two buildings instead of four, but with the same total unit count) in order to maximize construction efficiency and lower costs.
- Overall, developers would like there to be flexibility in the construction method (podium, wood frame, prefab/modular construction, etc.) in order to design the lowest-cost building to meet the needs of the market.

Parking

- Developers had strong opinions and questions about parking. Overall, there was agreement that it would be extremely expensive and infeasible to blast an additional story of below-grade parking into the hill.
- There were numerous questions about the existing parking garage. Most importantly, many developers wanted to see detailed information on existing utilization of the garage and understand if there may be unused capacity or options for shared parking within the existing structure. There was also agreement that a requirement for the developer to add potential additional stories to the garage would be a large and unsupportable cost. Some developers suggested that the CBJ could add parking or issue a tax exempt bond to finance the garage expansion.
- A couple of developers made the point that given the lack of parking requirements and downtown location, it would be better for the CBJ to spend money on getting the housing built rather than building more parking.

One or Multiple Developers?

- Some developers were only interested in building a portion of the site, using nine percent tax credits as discussed above. Although a couple of developers thought the city should issue a separate proposal for the market-rate and affordable components of the site, overall, most agreed that the city should just undertake one RFQ process and that market-rate and affordable developers could propose as a team if desired. This would decrease administrative burden on the CBJ and improve alignment with project goals.
- Several developers described experiences where they have built market-rate and affordable (tax credit-funded) units in the same building, including one example with units scattered throughout the building. Overall, this has been challenging and required condoization, so most developers expressed a preference for building the tax credit-funded units in a separate building. In any case, the RFQ should allow for flexibility in approaches.

Interested in the Project?

- More than half of the developers interviewed were definitely interested in responding to an RFQ. Several were focused on only the affordable component (in one building), whereas others envisioned the whole site as an affordable project at various income levels, and others focused on the market-rate or "workforce" portion.
- Several developers were potentially interested, but with certain conditions, most commonly that the CBJ structure the solicitation as an RFQ rather than an RFP, that they would not be responsible for expanding the parking garage, and that the CBJ is explicitly clear on incentives that they are willing to offer, particularly tax abatement and gift of the land.
- A few developers were not interested based on distance, uncertainty about the Juneau and Alaska markets, and other reasons.