

Land Sales for New Subdivision Development**FY2006 Request: \$1,410,000****Reference No: 38886****AP/AL:** Appropriation**Project Type:** Planning**Category:** Development**Location:** Statewide**Contact:** Bob Loeffler**House District:** Statewide (HD 1-40)**Contact Phone:** (907)269-8625**Estimated Project Dates:** 07/01/2005 - 06/30/2008**Brief Summary and Statement of Need:**

This CIP would authorize the Department of Natural Resources to propose, design, develop, survey, and, if required by municipal platting authorities, build roads for new subdivisions sales. This CIP would authorize DNR to spend money from previous land sales that has been deposited in the LDIF. Lands would be offered to the public by auction. If this CIP is fully funded, DNR intends to offer at least 300 new parcels for sale in FY 07 and FY 08. The land sale program contributes to the development of state land by giving Alaskans an opportunity to purchase land, while creating an income base for the State.

Funding:	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>	<u>Total</u>
State Land	\$1,410,000	\$1,202,000	\$1,258,000	\$1,315,000	\$1,376,000		\$6,561,000
Total:	\$1,410,000	\$1,202,000	\$1,258,000	\$1,315,000	\$1,376,000	\$0	\$6,561,000

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input checked="" type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
Totals:	0	0

Additional Information / Prior Funding History:

In FY05, the legislature appropriated \$1,800,000 to DNR to layout, survey and appraise lands that DNR intends to sell primarily in FY05 and 06, and to begin work on parcels for 07. It generally takes two to three years to receive platting board approval and prepare raw land for sale to the public. Prior to FY 05, the legislature had not appropriated significant CIP money for new state land sales since the early 1980s.

Project Description/Justification:

Making state land available for private ownership by individual Alaskans is part of DNR's core mission. At Statehood, Alaska received a large grant of federal land. Alaska's Constitution and AS 38.04 and AS 38.05 require the state to make some of this land available for settlement purposes. DNR makes state land available for settlement by transferring land into private ownership through several programs, including auctions of subdivided lands. This CIP would fund capital expenditures (primarily road and access improvements, land surveys, and appraisals) required to develop new subdivisions.

In addition to meeting constitutional and statutory requirements to make land available, land sale programs are popular with the public. Parcels with newly built roads, offered during FY 04, sold out.

This CIP will also increase the value of the land DNR sells (by providing access) and bring increased revenue to the state. This CIP will be paid through revenues from existing land sales. In addition to providing land for private ownership and settlement, these land sales have contributed revenue to the state. Revenue from state land sales has risen from \$2

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million in FY01 to a high of \$5.3 million in FY04. In order to maintain these revenue trends in the future, the state must develop new subdivisions to sell.

As noted above, it generally takes two to three years to develop subdivisions for sale to the public. The first year of that process generally does not require significant capital expenditures, as DNR is identifying the land for sale, preparing best interest findings and public notices, etc. These first year activities are largely funded through the operating budget. Once the project has gone through this public process, it then takes about two years to develop the subdivision (site plan, survey, and plat approval) and additional time to actually build roads. As a result, CIP funds received for FY06 will go towards development of projects that will be sold primarily in FY07 and FY08.

The following are potential subdivisions that may be funded. The specific projects may change as a result of public nominations, public comments, or municipal platting or development issues.

In FY06, DNR expects to spend \$1,410,000 in CIP funds for three new subdivisions in Southcentral Alaska (Ridgeview, Toms Away, Mystery Phases II-IV); two in Northern Region (Tok Triangle, Little Goldstream); and three in Southeast (Port Protection, Hollis, Hollis Anchorage). Areas are subject to change.

In FY07, we expect to spend CIP money on a comparable level of projects selected from thirteen identified areas throughout the State.

- ? *Does project meet constitutional or statutory responsibility?* Yes – Constitution requires settlement of state lands (Article VIII, Section 1), the program is authorized by statute (AS 38.05.055, .057).
- ? *Does project generate revenue for the state?* Yes, the program generates revenue through sales and the income is deposited in the Land Disposal Income Fund.
- ? *If yes, how and identify specific revenue estimates.* Revenues generated as a result of the projects developed through this CIP are expected to generate at least 20% more revenue than the expenditure. This is calculated from estimates on appraisal to development costs on Mystery & Diamond Lake subdivisions. Also over-the-counter sales continue to boost revenue.
- ? *Does project create on-going private sector jobs?* Yes, much of the survey, appraisal, road construction work will be done by the private sector under contract to DNR.
- ? *Describe the method used to estimate the total project cost.* Actual costs for FY 04 land sale projects as well as estimates and quotes for FY 05 and FY06 projects are used to estimate the FY 06 CIP.
- ? *Describe other alternatives considered.* Alternatives considered included: 1) reducing the amount of land to be sold in FY 07 and beyond; 2) developing subdivisions in areas where roads are not required (generally the unorganized borough); and 3) requesting additional funding in the Operating Budget.

Why is this Project Needed Now: Planning, surveying, appraisal and road construction for new subdivisions and agricultural sales takes more than 2 years to complete. If these funds are not available for FY06, then the land sale programs for FY07 and beyond will be reduced or DNR will only offer land in areas where roads are not required. Roads are required for subdivisions in most municipalities, so without the CIP, DNR will only offer land for sale in remote areas outside of Boroughs. If funding for the program in FY06 is not authorized, DNR will not be able to offer new parcels in subsequent years and will fail to meet its mandate to offer new lands for sale.

Specific Spending Detail:

Line Item Expenditures:

Personal Services \$50,000
Travel \$50,000
Services \$1,280,000
Commodities \$20,000
Capital Outlay \$10,000

Line Item Detail Description:

Personal Services – Division of Mining, Land and Water (DMLW): 5 months Appraiser I, 3 months Appraiser II.
Travel – field inspections of parcels for appraisals, surveys, planning & development
Services – contracts for land surveys, road construction, appraisals, cleanups, other
Commodities – Brochures, ads, printing supplies, postage and For Sale signs
Capital Outlay – computers, field equipment.

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Project Support: The land sales program is supported within Alaska by Alaskans who participate in the program and those who support the state's mission to make land ownership available to Alaskans. In addition, other participants in the program support the land sale program such as surveyors, borough and city planners, platting authorities.

Project Opposition: Program does not experience opposition in general. DNR often encounters opposition to specific land sale proposals, often by people who live in or currently use the area.