

Land Sales for New Subdivision Development

FY2008 Request: \$1,000,000
Reference No: 38886

AP/AL: Appropriation
Category: Development

Project Type: Planning

Location: Statewide

Contact: Nico Bus

House District: Statewide (HD 1-40)

Contact Phone: (907)465-2406

Estimated Project Dates: 07/01/2007 - 06/30/2013

Brief Summary and Statement of Need:

This project provides funding for 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 revenue 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 new parcels for sale in FY 09 and FY 10. 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:	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	Total
State Land	\$1,000,000	\$2,699,500	\$2,093,200	\$2,302,500	\$2,532,700	\$2,786,000	\$13,413,900
Total:	\$1,000,000	\$2,699,500	\$2,093,200	\$2,302,500	\$2,532,700	\$2,786,000	\$13,413,900

<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:

SLA06/CH82 - \$1,790,000
FSSLA05/CH3 - \$1,410,000

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, FY 05 and FY 06 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 million in FY 01 to a high of \$6.6 million in FY 06. 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 FY 08 will go towards development of projects that will be sold primarily in FY09 and FY 10.

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 FY 08, DNR expects to spend \$1,000,000 in CIP funds for new subdivisions in Southcentral Alaska (Chignaki – Phase III); in Northern Alaska (Nenana Ridge West); and in Southeast Alaska (Pelican and Port Protection Phase II). [These areas are subject to change based on issues that arise during the development.] A reduced amount of CIP is requested for FY 08 due to the staffing shortages that the program currently faces. Once the staff is fully hired, it is expected that the CIP in FY 09 will be increased due to the increased production levels which would be attainable when fully staffed.

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 FY 08, then the land sale programs for FY 09 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, which would put this program in conflict with the remote recreational cabin sites program. If funding for the program in FY 08 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 and will receive lesser revenues for the State.

Specific Spending Detail:Line Item Expenditures:

Personal Services \$50,000
Travel \$4,500
Contractual Services \$920,500
Supplies \$15,000
Equipment \$10,000

Line Item Detail Description:

Personal Services – Division of Mining, Land and Water (DMLW): 6 months Appraiser I, 4 months Appraiser II.
Travel – field inspections of parcels for appraisals, surveys, planning & development
Contractual Services – contracts for land surveys, road construction, appraisals, cleanups, other
Supplies – Brochures, ads, printing supplies, postage and For Sale signs
Equipment – computers, field equipment.

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, and municipal platting authorities.

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