

Land Sales - New Subdivision Development

FY2008 Request: \$2,614,000
Reference No: 38886

AP/AL: Appropriation
Category: Development
Location: Statewide
House District: Statewide (HD 1-40)
Estimated Project Dates: 07/01/2008 - 06/30/2014

Project Type: Construction
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Brief Summary and Statement of Need:

This project authorizes the Department of Natural Resources to propose, design, develop, survey, and, if required by municipal platting authorities, build roads for new subdivisions sales. This project authorizes DNR to spend revenue from previous land sales that has been deposited in the Land Disposal Income Fund (LDIF). Lands would be offered to the public by auction. If this project is fully funded, DNR intends to offer new parcels for sale in FY 09, FY 10 and FY 11. The land sale program contributes to the development of state land by giving Alaskans an opportunity to purchase land, while providing an income to the State.

Funding:	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	Total
State Land	\$2,614,000		\$2,206,510	\$2,360,966	\$2,526,233	\$2,703,070	\$12,410,779
Total:	\$2,614,000	\$0	\$2,206,510	\$2,360,966	\$2,526,233	\$2,703,070	\$12,410,779

<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:

SLA07/CH30	\$1000.0	Ongoing
SLA06/CH82	\$1790.0	Ongoing
SLA05/CH03	\$1410.0	Ongoing
SLA04/CH159	\$1975.0	Completed

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 pre-surveyed lands. This CIP would fund capital expenditures (primarily road and access improvements, land surveys and appraisals, and other development costs) 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 FY04, FY05, FY06, and FY07 (excepting two) sold out.

This project will also increase the value of the land DNR sells (by providing access) and bring increased revenue to the state. Funding for this project is 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 FY01 to a high of \$7.02 million in FY07. 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 four 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 two or more years to develop the subdivision (site plan with soils analysis, wetland delineations, flood zone determination, survey and plat approval, and appraisal) and additional time to actually build roads. As a result of the length of time to develop new subdivisions, CIP funds received for FY09 will go towards development of projects that will be sold primarily in FY10 and FY11 and later years.

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 FY09, DNR expects to spend \$2,614,000 in CIP funds for new subdivisions in Southcentral Alaska (Mat-Su Odd Lot, Tom's Away, Vita, and Lake Road Subdivisions); in Northern Alaska (Nenana Ridge West Phase I, Wien Lake, Ridgerock, and Goldmine Trail Subdivisions); and in Southeast Alaska (Freshwater Bay, St. John Harbor, and Pelican Bay Subdivisions). These areas are subject to change based on issues that arise during the development. This CIP meets state and department objectives including:

- ? The Constitution requires settlement of state lands (Article VIII, Section 1), the program is authorized by statute (AS 38.05.055, .057).
- ? The program generates revenue through sales and the income is deposited in the Land Disposal Income Fund (LDIF).
- ? 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 sale revenue results for new subdivision parcels sold in FY04, FY05, FY06 and FY07 auctions. Also over-the-counter sales continue to boost revenue. And any sales which are funded with State financing provide interest income as revenue. Revenues from all sales are expected to continue to exceed \$5 million per year in the LDIF.
- ? Nearly all of the survey, appraisal, and road construction work will be done by the private sector under contract to DNR.
- ? Actual costs for FY04, FY05, FY06, and FY07 land sale projects, as well as, estimates for FY08 projects are used to estimate the FY09 CIP.
- ? Alternatives considered included: 1) reducing the amount of land to be sold in FY09 and beyond; and 2) developing subdivisions in areas where roads are not required (generally the unorganized borough). Due to public demand it is not feasible to reduce the amount of land to be sold. Selling more land in remote areas, without roads would reduce development costs but cause long-term access problems. Access is a continuing issue and responsibility for the State; creation of these subdivisions helps to alleviate access conflicts. Reducing the amount of land sold will also reduce the revenue to the State. However, with our projected level of sales, the programs not only pay for themselves but provide additional revenue as well. Funding the programs through the CIP budget allows the flexibility needed for these multi-year programs.

Why is this Project Needed Now?:

In FY07 and FY08 there were severe staffing shortages for the subdivision program. Staff were not able to complete much of the planning necessary for future development of subdivisions. The section is expected to be fully staffed and trained in FY08; therefore ready to fully implement the planning and developing in FY09 and later. Planning, surveying, appraisal and road construction for new subdivisions takes more than two years to complete. If these funds are not available for FY09, then the land sale programs for FY10 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 FY09 is not authorized, DNR will not be able to offer new

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parcels in subsequent years and will fail to meet its mandate to offer new lands for sale and will receive less revenue for the State.

Specific Spending Detail:

<u>LINE ITEM</u>	<u>DOLLAR AMOUNT</u>	<u>DESCRIPTION (text)</u>
Personal Services	\$105,000	Costs for two long-term non-perm NRS I, one summer intern and overtime for field duty for personnel in support of the programs on an as-needed basis
Travel	\$71,000	Field inspections of parcels for appraisals, surveys, planning and development
Services	\$2,421,000	Contracts for land surveys, road construction, appraisals, cleanups, and other development costs
Commodities	\$15,000	Supplies – Brochures, ads, printing supplies, postage and For Sale signs
Capital Outlay	\$2,000	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.