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COMMITTEE REPORT

2/17/76

HOUSE

FINANCE

Mr. Speaker:

Date 4-6-76

The Committee on RESOURCES has had HB 808

under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR HB 808 AND THAT  
CS FOR HB 808 DO PASS

( ) "and" recommends it BE REFERRED TO THE \_\_\_\_\_  
COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

W. B. Anderson \_\_\_\_\_  
W. B. Anderson \_\_\_\_\_  
W. B. Anderson \_\_\_\_\_  
W. B. Anderson \_\_\_\_\_

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

W. B. Anderson Chairman

4/21/76

To whom it may concern,

My name is Michael O. Sheppard and I have lived in Homer, since 1971. I AM interested in the 2 acre homestead sites the state has recently made available.

Would it be possible to forward an application? I would also appreciate a map or description of the available areas — those open to the claim.

Regards,

Michael O. Sheppard  
Box 565  
Homer Ak.

*file 808*

March 22, 1976  
3005 West 33rd, Apt. 3  
Anchorage 99509

House Resources Committee Chairman  
Democrat Nets Anderson

Dear Rep. Anderson:

We'd like to see House Bill No. 808 ("An act authorizing state land to be made available as homesites") become law. We can't afford to buy houses or the land to put them on at the incredibly high Alaskan market rates -- and Bill No. 808 offers us a chance to own an Alaskan home.

Although we're basically in favor of the bill as it stands, we think the following two changes would benefit a large number of Alaskans the bill is intended to help:

Section 38.05.327, page 2, lines 26-28. This provision as stated would prevent applicants for homesites from "holding title to, or interest, other than as a tenant for a limited term, in a habitable dwelling." We think this should be amended to say applicants should "hold no title to land a habitable dwelling occupies." Many Alaskans prefer to invest in mobile homes rather than pay hundreds of no-return dollars in apartment or house rent each month, but can't afford to buy land to locate those mobile homes on. So, while they own title to a "habitable dwelling," they're still "tenants" because they must pay land rental fees each month.

Subsection D(f), page 4, line 2. This provision calls for the homesite permit holder to erect on the homesite land a "dwelling of a permanent nature." We think mobile homes located on land the permit holder is in the process of acquiring should be considered "dwellings of a permanent nature." House Bill No. 808 is intended to provide "land for Alaskans to settle at a cost reasonably within their means." Many Alaskans simply can't afford house construction costs -- even if they could acquire homesite land at a nominal cost. Few people have the skills necessary to build a house themselves -- and the cost of hiring a builder would be prohibitive. Thousands of Alaskans live for many years in mobile homes that have been skirted and equipped with water, heating, sewage and electric facilities.

We live here, we vote here, we pay taxes here -- and we intend to stay. Thanks for giving us the chance to own homes here.

*John W. Sadusky*  
*Linda Leask*  
Very truly yours,  
John W. Sadusky  
Linda Leask

Hon. Nels Anderson

TESTIMONY BEFORE THE HOUSE RESOURCES COMMITTEE  
REGARDING HOUSE BILL 808

WORK  
COPY



Mr. Chairman:

My name is Bob Pavitt. I am a professional planner currently in private practice in Juneau. I am also a "card-carrying" lobbyist, and am serving as the Legislative Agent for the Planning Association of Alaska in the presentation of this testimony.

Senator John Rader recently found himself speaking favorably on what turned out to be an unpopular bill. He remarked that that was O.K. with him, as "it got monotonous always being on the winning side." Planners in general, and the Planning Association of Alaska in particular have been chronic losers for so long, that we are not often troubled with the monotony of finding ourselves on the winning side. We are acutely aware of the instant popularity that H. B. 808 seems to have developed (at least in the press), as well as the fact that the proposed Homesite Act is sponsored by no fewer than 28 astute members of this august legislative body. Nevertheless, the Planning Association of Alaska feels that the application of foresight to the conduct of public affairs which is the essence of the planning process, should also be an important element in the legislative process. In our opinion, that foresight has been conspicuously lacking in the introduction and endorsement of House Bill 808.

We have no quarrel with the long-standing policy of the State expressed in the Alaska Land Act "to encourage the settlement of the State's lands and the development of its resources by making them available..." but we strongly disagree that this bill will further that policy in a manner "consistent with the public interest." We also agree that the "highest and best use of some land may clearly be for habitation", but until the Alaska Regional Profiles are completed, and a Statewide Land Use Plan adopted, it is our feeling that neither the Division of Lands nor any other governmental agency is competent to make determinations as to the highest and best use of Alaska's land.

Section 2 of the bill deals with classification, and states that the director may classify for homesite entry state land which is otherwise vacant, unappropriated and unreserved and is suitable for erection of a residential dwelling to use as a permanent abode. We suggest that a glance at an ADL status plat will provide the information with respect to land being vacant, unappropriated and unreserved, but that it takes a bit more expertize to make a determination that land is, in fact, suitable for residential purposes. Topography, hydrology, geology, soils conditions, drainage, geophysical hazards and a host of other physical and environmental considerations should properly be elements in making such a finding. It might be wise for Mike Smith to inquire into the cost of malpractice insurance, because failure to pursue such prudent practices might well constitute culpable negligence on the part of the division, and you may be sure that after several homesites have been washed away by floods, crushed under snow avalanches, destroyed by earthquake or subjected to other predictable natural catastrophes, legal actions will surely be brought against the State.

It is interesting to speculate on how the already overburdened Division of Lands is going to tackle the task of determining that each of the permittees has indeed occupied his habitable dwelling for a period of not less than five months each year for three consecutive years. That kind of speculation is sort of fun, as it conjures up the picture of a whole new expensive section of the Division of Lands headed by a Chief Homesite Habitation Inspector, with a large crew of violation clerks, eviction specialists, habitation timekeepers and uninhabitable dwelling removers, accompanied by the inevitable accountants, budget analysts, clerk-typists and other support personnel. It is considerably less fun for planners, who recognize land as Alaska's basic resource, to contemplate that the permittee, after observing a few simple rules for the requisite period of time, finds himself armed with an unencumbered title to his two acre homesite, and the ability to subdivide this small tract into about 25 40' x 70' trailer lots.

The bill goes on to say that the land shall be divided into parcels, but does not specify subdivision under the terms of the appropriate title of the Alaska Statutes which call for road rights-of-way, survey, and other minimum development practices.

While the rotating regional basis of offering these parcels sounds reasonable, as it spreads the "goodies" on a theoretically equal basis, it is hard to believe that the exigencies of politics, and the fact that "the squeaky wheel gets the grease" are going to be less evident in this program than in other governmental giveaway efforts. With respect to the "rate consistent with the planning processes of the division," we are confident that Parkinsons Law will rapidly produce (given enough budgetary support), a whole new bureaucracy in the division devoted less to the planning process than to serving the homesite program.

Paragraphs (4) and (5) (starting on line 15, page 2) confirm our belief that in addition to the land use horrors of the bill, it will also produce an administrative nightmare reminiscent of the federal bureaucracy at its most ridiculous. Just picture the task that confronts the division after 1,200 applicants file on 320 parcels... particularly in light of paragraph (4) which allows each applicant to apply for more than one available homesite!! Besides the problem of untangling such a mess, we find serious difficulty with the standard established in paragraph (5) which seems to hold that the Outside construction worker or Seattle-based fisherman who has been coming to Alaska for 20 years from May through September, and returning to more hospitable climates to spend his Alaskan dollars in the winter, has preference over the Alaskan who has over 8 years of full-time residency in the state.

"At the time of application, the applicant must hold no title to, or interest, other than as a tenant for a limited term, in a habitable dwelling." That requirement raises a bunch of questions...How about a condominium in Hawaii; what about a 40-unit apartment house (all rented out nicely, thank you) in Houston; is it O.K. to transfer title of a home in Alaska to a family-owned corporation and be renting it back at the time of application??? How about the time after application while the permittee is proving up his homesite? (If any members of the Committee think for a minute that these examples are unlikely, we would refer them to the multiple and ingenious abuses that caused the state to shut down the Open-to-entry program a few years back.)

At least we can take comfort in knowing that the clanking bureaucracy that we have created in the Division of Lands will not be idle...before they can assume their duties as Habitable Homesite Dwelling Inspectors, they will have many months work as Title Examiners to make sure that the applicants are on the up and up. Aside from the administrative difficulties encountered in making these determinations, we would submit that the concept seems to favor the Outside pipeline worker whose family will indeed occupy the trailer that he slaps on a foundation on the homesite while he is off making big money on the Slope; rather than the hard-pressed Alaskan that I am confident Representative Freeman intended to assist when he introduced this bill.

It is all very well to agree to erect a habitable dwelling, have a survey made, and occupy the dwelling for the requisite period of time; but it is an entirely different thing to actually accomplish those things in that order. Obviously one cannot erect the dwelling until entry has been gained (by the issuance of the permit) It is extremely reckless to erect a dwelling without first obtaining a survey to at least be sure that you are building on the right parcel. Agreeing to occupy, and actually occupying are again two different things, as the dynamics of employment opportunities and family requirements have made us an extremely mobile people; and not even the most astute planner can tell you with any certainty where he will be residing three years from now. Also, it would be well to consider the nature of the dwellings that are likely to be erected on these homesites. Are they all to be simple log cabins, built from native materials by the sweat of the entryman's brow, or are they more likely to be trailers hauled in to meet the minimum requirements of the regulations? How many banks or savings and loan institutions are going to loan money on construction where the applicant has no survey, no title to the land, and nothing saleable if he finds it necessary to default on his honorable intentions with respect to the homesite?

(b) and (c) of the subsection (starting on line 6, page 3) tend to add to the administrative and bureaucratic nightmare that we have already attempted to describe, we'll pass on to sub-section (d) which sets up an instant and substantial conflict between municipalities entitled to select vacant, unappropriated and unreserved state lands, and the classification of these lands by the division for homesite entry use. I will leave any substantive comment on this potential conflict to the Alaska Municipal League, but as a former Borough Planning Director, I think I can assure you that the communities who seriously use their land selection capabilities for the benefit of their citizens will take an extremely dim view of this clause.

We would like to shed a little factual light on the naive assertion in subsection (e) (line 28, page 3) that "Nothing in this section obligates the state to provide services to lands which are the subject of homesite entry and patent"...the first comment being "You've got to be kidding!!!" Assuming that land classified for homesite entry will be provided with essential road access by the division, that leaves a minimum of 512 acres per section of land, or more than 250' homesites. At an occupancy of 3.5 persons per dwelling unit (actually 3.8 - 4.0 is more likely in semi-rural areas of Alaska according to census figures), we are looking at a density of over 750 persons per square mile...and that's a long way from the concept of the "last frontier"!! What we are creating is an early need and demand for police and fire services, schools, parks and recreation facilities, zoning, road maintenance and a host of other costly but necessary public services. It seems inconceivable that the State of Alaska which is charged with providing these services to its people, is going to be able to ignore its responsibilities.

One can only hope that the Finance Committees will seek expert projections from Community and Regional Affairs and the Division of Budget and Management as to the eventual cost to the State per homesite...but I can tell you right now that this will turn out to be the most costly "free land" that the State has ever seen!!

Our only comment on subsection (f) (page 4 of the bill) is that the 1946 model quonsets at Barrow, and the 1943 barracks at Dutch Harbor should provide ample evidence to the fact that nothing is as permanent as a temporary structure.

Our testimony regarding H.B. 808 has admittedly been harsh and negative, and we don't wish to leave the Committee with the impression that the Planning Association of Alaska is negative to the concept of making part of Alaska's huge land patrimony available to Alaskans at a nominal cost. We do not feel, however, that this bill, or the ill-fated Open-to entry bill of a few years back are the way to do it. We would respectfully suggest that the Division of Lands and/or the Division of Policy Development and Planning in the Governor's Office be directed to develop a program that will accomplish this objective in a manner consistent with the public interest, and submit the program in the form of a bill to the next Legislature.

In conclusion, Mr. Chairman; we would like to point out that a local radio personality called "Uncle Fatty" has dubbed H.B. 808 "The Hippy Homestead Bill." We tend to disagree with that label. A real homestead bill granting qualified Alaskan residents entry to 160 acres of habitable land, where there is at least some potential for agriculture, or just living off the land; even though fraught with other problems, would be vastly preferable to what we feel will be tagged the "Instant Slum and Land Abuse Act of 1976".

Thank you for this opportunity to testify.

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CHAIRMAN:  
NELS A. ANDERSON, JR.

STAFF ASSISTANT:  
GUY VANDOREN

POUCH V  
JUNEAU, ALASKA 99811



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## House Resource Committee

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MIKE HERSHBERGER

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DICK ELIASON

LEO RHODE  
JAMES HUNTINGTON

### LETTER OF INTENT - CS HB 808

The intent of the committee in passing out Committee Substitute for HB 808 is that priority will be given to persons who do not, at the time of application, own a habitable dwelling. The committee does not intend to eliminate the dwelling owner completely, but feels that the legislation should address itself to persons who cannot otherwise acquire land.

*Nels A. Anderson, Jr. Chairman*

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## Review and Report - House Bill 808

By: Department of Natural Resources

General - Because there is a clearly-felt need for a program like that described in H. B. 808, and because the sponsorship of the bill indicates that active consideration of the bill is desired, the Department of Natural Resources has undertaken a detailed and serious review of the legislation and offers the following report. It includes the following sections: An overview of the bill and its purposes as it now stands (including an evaluation of the cost to the homesite recipient); a summary of legal issues; summary of administrative issues; fiscal impact information; and suggested modifications.

Overview - The following relates to the bill as presently drafted:

1. Like many State programs, the bill operates as a subsidy and should be recognized as such to be balanced against its benefits. While the land will be free (See Table I) to the successful applicant, it will not be free to the taxpayer, who will pay administrative costs, the cost of State land given away, and the costs of later State and local servicers. The public benefits of the program may well be found to overbalance the costs, some of which are estimated herein.
2. The purpose of the bill appears to be a mix between homesteading and a homesite approach, and might be further defined so as to identify the intended beneficiaries of the program. As later sections on residency will indicate, this could be a difficult issue.
3. For the location of "homesite" areas, the bill has been sensitive to the need for this program to fit into overall planning and staff capabilities within the Department of Natural Resources and the Division of Lands. An additional area of needed specificity might well deal with the number of such sites desired each year and the general regional locations desired. Also, a distinction of some magnitude exists between a program in rural areas and one near settled areas. The implications of this difference are outlined in other sections of this report.
4. The problem of "residence" is a substantial one. As the bill now stands, non-residents will be favored. They are entitled to own State land, the length of residency test is legally questionable, the migrant non-resident would be less likely to own another dwelling, and seasonal workers would be more likely to be able to satisfy the 5-month "live on" requirement. The possibility of in-migration by non-residents to gain free land

would probably be determined by the size of the program and could be substantial.

5. On issues other than residence, it appears likely that low income (individuals unlikely owners of another dwelling), seasonal workers, students, retired persons, migrants and similar groups would be favored. Those who own land, but not other habitable dwellings would be eligible as well. The patterns regarding land recipients would vary greatly between a rural homesite area and one near settled areas.

6. Speculation under this bill is delayed and diminished. However, after patent is given (three years) the land may be the subject of speculation. The best answer to this is to either give less than full title at the end of three years, or give title with covenants against subdivision or certain designated users.

7. The cost of future State and local services issue is not resolved, even though nothing in this bill is intended to create them. It is dubious if any legal disclaimer could be made to avoid such future taxpayer costs. Nonetheless, they are unpredictable subject to need and demand, and are certainly State and local costs to be considered in later years in homesite areas.

8. Cost of settlement - the bill intends that Alaskans might settle at "a cost reasonably within their means". As pointed out, it is hoped tax program will assist Alaskans now renting or leasing or non-residents with similar circumstances. The following analysis is a rough idea of the cost to a 2-acre recipient under the program looking both at a "bush" and "close-in" site. All assumptions are stated.

The costs associated with the bill vary according to the location of the two-acre tracts. In the bush situation, the costs would include numerous plane trips to and from the site to move the family, building materials, and supplies in as well as provide for the families' travel in and out of the area associated with each five-month period over the three-year period. Other expenses include costs associated with the materials for the habitable dwelling, the survey, and the potential loss of wages during the five month periods in the bush (assuming that it is the head of the household who applies). If the tract is close to a settled area, the major costs are associated with the dwelling itself and include a downpayment on a trailer or money for construction costs, and possibly water, sewer and foundation fees.

Table I summarizes the estimated expenses for each situation for the land recipient.

(3)

<u>Cost Items</u>	<u>Remote Area</u>	<u>Close-In</u>
Applicant Permit	\$10.00	\$10.00
Transportation (a) (family of 4)		
1. To move	6 trips - \$780	\$200
2. Other trips	6 trips - \$780	
3. House Materials	3 trips - \$390	
4. Supplies	3 trips - \$390	
Habitable Dwelling Costs		
1. Materials	\$1,000	\$3,000 (downpayment on trailer)
2. Water and sewer	-0-	\$2,000
3. Foundation	-0-	\$1,000
Surveying Costs	\$ 800 - \$1200 (d)	\$500 (state group survey)
Potential Loss of Wages (b)	15 months - \$15,000	None
TOTAL COSTS	<u>\$4,150 to \$4,550</u> without wage losses	<u>\$6,710</u>
Value of Property Received (c)	\$500 to \$1,000	\$5,000 to \$10,000

- (a) Assumes a fifty-mile one-way plane ride at a cost of \$130 per trip. Trips are calculated on the basis of transportation needed over a 3 year period.
- (b) Varies according to individual situations.
- (c) Assumes a per-acre cost of \$400 to \$500 in a bush area and \$2,500 - \$5,000 cost in urban area.
- (d) Assumes several homesite applicants jointly survey property. For a single individual in a bush area, it may cost as much as \$2,000.

The table indicates that the expenses required to get started under the homesite bill are understandably greater in the area than the bush area due to initial habitable dwelling costs. This observation, however, does not recognize the potential loss of wages associated with the bush area and the non-recoverability of the bush transportation costs. Furthermore, the start-up costs in the bush areas are significantly greater than the land costs whereas in the settled area the opposite situation exists.

Consequently, the two acres of land provided by the homesite program would provide a major boost to a person's ability to own a habitable dwelling near a settled area. The use of homesite land made available near urban areas may fulfill the Bill's intent.

#### Administrative Issues

In its attempt to ensure that the purposes of the program are not violated and the State's interest not abused, the bill creates administrative responsibilities necessary to the program, but nonetheless demanding. The administrative analysis assumes that the sponsors desire enforcement, and maintenance of a credible program which avoids the abuses of prior open to entry programs.

- (1) Implementing the bill would require a number of verification procedures.
  - (a) Sec. 2(a) The land has to be suitable for erection of a residential dwelling to use as a permanent abode. This implies verification by the State of the availability of water, the suitability of the land to accept a dwelling, and the suitability of the land for accepting a sewage system. This would be a large administrative task.
  - (b) The State would have to verify that the applicant did not own a habitable dwelling elsewhere. This is very difficult without a residence requirement. Even with a residence requirement, an applicant should be required to certify that he does not own a dwelling with penalties for false statement.
  - (c) The State would have to verify and arbitrate length of Alaskan residency if a lottery system is not used to resolve conflicts.
  - (d) The State would have to verify that the dwelling meets the conditions for a habitable dwelling.
  - (e) The State would have to verify if the dwelling was occupied for the required time and determine if head of household has been occupying the land.
  - (f) If the permit was revoked, the State would have to verify if the conditions of revocation had been met. If not, it would be the State's responsibility to locate the applicant or reclaim the land at taxpayer's expense.

(2) Since the State will only paper survey the land, the applicant will be responsible for locating the tract on the ground. Experience indicates that this leads to disputes and administrative problems when the final surveying is done due to improvements which are made outside original boundaries, etc. This could be solved by having the State survey the land first and charge the applicant.

(3) The bill does not clearly indicate the length of time the application or permit will be valid. Is it valid for only three (3) years from the time of issuance or time of occupancy? Could the permit continue indefinitely if all the stipulations are not met?

(4) The condemnation procedure may require a large administrative force, although this is not clear at this time.

(5) Although it is not the bill's intension to make money, a \$10.00 filing fee is unrealistic since this fee is inadequate to even set the wheels in motion regarding verification of the applicant's credentials. Similarly, the costs in time of setting up a file would more nearly approximate \$50.00 or more. This fee should also be non-refundable which may possibly discourage capricious filings.

(6) Sec. 2(a) If the intent of the bill is to provide full-time occupancy for the applicant and not just part-time or recreational occupancy, the five month provision should be changed to at least eight (8) months. A five month occupancy implies only a part-time commitment to the improvements and stipulations in the bill. This would mean that housing and other developments such as sewers, etc. would be of much lower quality than if the land were occupied full-time.

#### ESTIMATED STATE IMPLEMENTATION COSTS

State expenses required to implement the Homesite program include administrative costs for additional staff salaries and travel expenses as well as homesite land value costs. This section briefly outlines the required administrative services, estimates the associated administrative expense, and calculates the value of land which might be provided as homesites.

For the purposes of this analysis, it is assumed that the administrative regions in which homesites are located will generally correspond to the three existing Division of Lands Districts: Southeastern District (SED), Southcentral District (SCD), and the Northcentral District (NCD). It is also assumed that sites will either be in remote areas or areas close to existing settlements. In order to set a range for the program costs, the analysis provides 100 available sites in each region as a minimum program response and 1,000 sites in each region as a maximum response.

#### Administrative Costs

The estimated costs of the program are based on the following scenarios: The program, which would be set up on a statewide basis, must furnish homesite lands from existing patented or tentatively approved state lands. These lands would need to be field inspected for their homesite suitability and land planning reports prepared. After being approved by the Planning Section and/or the Land Use Planning Commission, the land would be classified. During this time, systems must be set up to qualify the applicants by checking the application background material against court recordings, title recordings, voter registrations, etc. Once this was accomplished, provisions for choosing recipients would be established. Following this preparation, actual management of the program would begin. This would include enforcement capability during the three-year residency period.

The following estimates of personnel and travel expenses are based upon the assumptions and the knowledge of time and costs involved in the initiation and management of the past Open-to-Entry Program.

Selections: This phase would require the services of a full-time Land Management Officer IV (L.M.O.IV) and a Land Management Officer (L.M.O. II) and a Land Management Assistant I (L. M. A. I) to adequately supervise and coordinate the program on a state-wide basis. The services of a Cartographer II and two Planners would be required. District offices would need additional personnel for initial field examination in the category of an L.M.O. I plus budgetary monies for remote as well as close-in travel and per diem. Land planning reports instigated by the districts would need processing thereby necessitating additional classification workload and thus personnel.

Qualifying of Applicants: An adequate, though not necessarily stringent check of the applicant's legal qualification would be necessary requiring adding personnel to existing district's rosters, as well as personnel to set up and oversee the auctions and/or lotteries.

Enforcement of Management: Enforcement for compliance would require that field inspection be a continuing and time consuming item requiring coordination and administration work by people out of the District as well as headquarter offices.

District Office Expenses: The District offices would require two new positions and a substantial increase in travel funding. The estimates set forth below assume a minimum program of 100 and a maximum program of 1,000 homesites per District per year.

District Office Expenses

in Dollars/year

<u>District</u>	<u>Personnel Salaries (a)</u>	<u>Regional Travel Costs</u>			
		<u>100 Units/District</u>		<u>1,000 Units District</u>	
		<u>Remote Areas(b)</u>	<u>Close-in Areas (c)</u>	<u>Remote Areas</u>	<u>Close-in Areas</u>
Southeastern					
L.M.O. II	27,224	18,000	3,600	180,000	36,000
L.M.A. I	17,742				
Southcentral					
L.M.O. II	27,224	18,000	3,600	180,000	36,000
L.M.A. I	17,742				
Northcentral					
L.M.O. II	31,516	18,000	3,600	180,000	36,000
L.M.A. I	20,271				
TOTALS	141,719	54,000	10,800	540,000	108,000

- (a) Employees' salaries include base salary plus State provided benefit costs.
- (b) Remote area refers to any area which cannot readily be inspected, but requires a charter (boat or plane) to inspect. Known costs are transposed with emphasis on flying as the fastest means of verification of compliance. 10/25 inspections per day within a 100-mile radius of the district offices. If areas greater than 100 miles are opened, then inspection time/costs will increase in proportion.
- (c) Close-in refers to areas available to highway, railbelt and nearby water access which can be reached with relative ease. After the fact costs are predicated on a monthly check basis, with between 25/50 inspections per day.

Headquarters Expenses: A staff of seven full-time employees to oversee selections, classifications, contracts, lotteries and servicing of the program would be needed in the Anchorage headquarters office.

Headquarters Expenses

in Dollars/year

<u>Position Title</u>	<u>Salary</u>	<u>Travel Costs (a)</u>	
		<u>Remote</u>	<u>Close-in</u>
1 L.M.O. IV	32,058	1,500	300
2 L.M.O. II	54,448	3,000	600
1 Cartographer II	21,800	1,200	1,200
1 L.M.A. II	20,271		
2 Planners - 16	23,490		
- 18	<u>27,224</u>		
<b>TOTAL EXPENSES</b>	<b>179,291</b>	<b>5,700</b>	<b>2,100</b>

(a) Travel costs are limited to one trip for three headquarters personnel to District Offices to observe field work. The Cartographer would be expected to make several trips for record coordination purposes.

Advertising Costs: Three days public notice in a major paper would cost \$250.00. Such a notice would have to be printed at least twice a year in a paper in each District with a total cost of \$1,500.00.

Total Administrative Costs

in Dollars/year

	<u>300 Homesites</u>		<u>3,000 Homesites</u>	
	<u>Remote</u>	<u>Close-In</u>	<u>Remote</u>	<u>Close-In</u>
3 District Offices				
Salaries	141,719	141,719	141,719	141,719
Travel	54,000	10,800	540,000	108,000
Headquarters				
Salaries	179,291	179,291	179,291	179,291
Travel	5,700	2,100	5,700	2,100
Newspaper Costs	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>
<b>TOTAL COSTS</b>	<b>382,210</b>	<b>335,410</b>	<b>868,210</b>	<b>432,659</b>

## Value of State Public Land Given in the Program

Sales in the various districts indicate approximate values which can be used in estimate value lost if the State provides home-site land free rather than at the fair market value. Though great disparity exists between individual values for both remote and close-in properties, the median values have been used for this analysis. Land in remote areas has been valued at \$400 to \$500 an acre and land close in to settled areas valued at \$2,000 to \$2,500 an acre. All homesites are assumed to be of the 2-acre lot size.

Values of Homesite Lands

in Dollars/Year

<u>District</u>	<u>100 Sites/District</u>		<u>1,000 Units/District</u>	
	<u>Remote</u>	<u>Close-in</u>	<u>Remote</u>	<u>Close-In</u>
Southeastern	100,000	500,000	1,000,000	5,000,000
Southcentral	80,000	400,000	800,000	4,000,000
Northcentral	<u>80,000</u>	<u>400,000</u>	<u>800,000</u>	<u>4,000,000</u>
TOTAL COSTS	260,000	1,300,000	2,600,000	13,000,000

## Summary

Summary of State Homesite Program Costs  
(Land Value and Administration Expenses)a

In Dollars/Year

Site Processed Per Year	<u>Remote Areas</u>			<u>Close to Settlement Areas</u>		
	<u>Land Value<sup>d</sup></u>	<u>Admin</u>	<u>Total</u>	<u>Land Value<sup>e</sup></u>	<u>Admin.</u>	<u>Total</u>
300 <sup>b</sup>	260,000	382,210	642,210	1,300,000	335,410	1,635,410
3,000 <sup>c</sup>	2,600,000	868,210	3,468,210	13,000,000	432,659	13,432,659

a. Does not include ancillary costs to the State for required services such as new schools, etc.

b. 100 sites per District for 3 districts.

- c. Maximum number of sites - 1,000 per district for 3 districts.
- d. Assumes a cost of \$400 to \$500 an acre for remote areas.
- e. Assumes a cost of \$2,000 to \$2,500 an acre for close to settlement areas.

State Costs per Homesite Unit

in Dollars/Unit

Location	Per Year	Total Costs	Per Site	Per Acre
Remote	300	642,210	2,140.70	1,070.35
Remote	3,000	3,468,210	1,156.07	578.04
Close-in	300	1,635,410	5,451.37	2,725.68
Close-in	3,000	13,432,659	4,475.55	2,237.77

- a. A site is assumed to be 2 acres.

LEGAL ISSUES

1. Subsection 2(a)5 - Is it constitutional to award homesite permits on the basis of length of residency? This stipulation may be unconstitutional and would probably be challenged in court. However, there are some inherent problems in this system even if it may be shown to be legal. Who would be awarded a permit if all applications were non-residents? This particular stipulation would also create an administrative burden just resolving disputes of length of residency. This problem could be solved by using a lottery system for all applicants rather than length of residence.
2. Subsection 2(a)6 - Is it legal to restrict land applicants to those who don't own habitable dwellings? The basic concept of providing land to a restricted segment of the population based on a standard of need is probably legal. However, defining and drawing the line as to what segment really is in need is where the problem arises. The line has to be drawn very carefully. For example, in this bill someone could own large amounts of land and still be eligible as an applicant. If it is shown to be legal, the State should probably require filing of certification by the applicant that they hold no title or interest in a habitable dwelling and provide a penalty for making a false statement in this certification.
3. Section 2(e) - Does the State have a legal responsibility to provide services to its residents regardless of their status? Such things as providing an education, protection, and other social services will have to be provided at some cost to the State. The further away the land is from present developments, the higher the probable costs. Education and possible unemployment insurance or welfare costs are two examples. The services alluded to in the bill probably mainly concern such things as road building and maintenance costs which can be transferred to the applicant, but as discussed above, there are significant costs which the applicant can't be expected to assume. It appears to be legally impossible to discriminate among citizens of the State based on their land status.
4. Section 2(b) - If it is the intent of the bill to completely limit conveyance of the permit, the language will have to be tightened up. Inability to assign or otherwise transfer the rights under the permit, will still allow the applicant to hold all his rights but to sublease the land for other uses such as, for example, a campground.

5. Would it be legal to amend the bill to apply to Alaskan residents only? There may be a better case for this stipulation than the length of residence stipulation, since it has already been widely discussed regarding local hire, but there remains a legal question on this issue.

#### POSSIBLE MODIFICATIONS

The following are suggested modifications which begin to solve some of the policy, planning, and administrative problems mentioned above.

1. The bill should insure that the State is not forced to provide free homesites in areas not physically suitable or appropriate at this time for settlement (i. e. far away from settled areas).
2. The bill's clause for proper planning should be emphasized to assure the State is not forced to make homesites available before proper planning is completed. A maximum number of homesites a year might be stipulated.
3. The bill must provide the State Division of Lands with the necessary manpower and financial resources required to wisely and efficiently manage the additional program. The problems associated with the lack of resources available for the open-to-entry program testifies to the crucial importance of this assumption.
4. The bill should emphasize that the State would decide where homesite lands will be offered and shall lay such lands out for homesite selection in accordance with area plans. This includes the assumptions that the lands offered in the next few years will be near settled areas and can be made available adjacent to each other in the specified areas.
5. The bill should provide that the State could place logical covenants on land given away. The recipient might not receive unrestricted title in appropriate circumstances. For example, the State may require that even after patent, the land could not be further subdivided.
6. A lottery system should be substituted for the length of residence clause.
7. The bill should provide a strong enforceable residency requirement for entitlement under the program.

8. If the intent of the bill is for permanent residency, the five-month clause should be changed to at least 8 or 9 months.
9. Certification and penalties for false information should be included if the intent is to limit applicants only to those who don't own dwellings.
10. Since lands near settled areas would initially be best for the homesite program, the bill should require that the Borough approve of site locations as well as participate in the planning process.
11. The language in the last sentence in Section 2(b) needs to be tightened since the words "assigned or otherwise transferred" are inadequate to prevent conveyance.
12. State services would have to apply to applicants as well as all other citizens. Section 2(e) is cosmetic and legally meaningless.
13. The entire program should have a fixed expiration date (4 years). If it is working, it can be renewed; if not, the political problems with repeal will be reduced.

*Files*

General Delivery  
Aniak, AK 99557  
March 18, 1976

Rep. Nels Anderson, Chairman  
House Natural Resources Committee  
Alaska State Legislature  
Pouch V  
Juneau, AK 99801

Dear Rep. Anderson

Recently I requested information about House Bill No. 808 "Homesite" from Representative Oral E. Freeman. I have just received his reply and he states that the Bill is in your hands and that no further action has taken place.

Being a resident in Alaska for over five years, I am most happy with this country and would so like to obtain a parcel of land to homestead. Representative Freeman's Bill has much merit and I hope to see it become law.

I would be most appreciative if you would move the Bill along as soon as possible. Your efforts would be most helpful.

Sincerely

*Ronnie Knapick*

Miss Ronnie Knapick

constitutionality of this. I am sure that some type of residency requirement is desired and indeed should be included in any bill which is passed, but the legislature should be realistic about the possibilities of a residence section surviving a court test.

Section 38.05.327 (a) states that upon satisfying the conditions for patent, a person receives a free and unencumbered title to the land. If there are fears about speculators taking advantage of this program, the legislature might consider conveyance of less than full title to the land. For example, the state could convey the land to the applicant, for use as a principal place of residence, without the transfer rights to the land except to heirs. Another possibility would be to allow the state to share in profits from transfers of title by giving the state the right to appraise the land and structures being sold and tax a percentage of the sale price which is attributed to the value of the land. Steps like these could well keep abuses at a minimum, since any profit motive would be discouraged.

Over all, I am not really committed one way or another on this bill. I feel that one reason that this bill and others have been introduced is that the division of lands has not yet produced any concrete proposals of its own to bring land disposition policies up to date. I have been urging both Mike Smith and Guy Martin to initiate some type of effort which will lead to a clear policy statement from the division of land regarding the new administrations disposition policies.

4622 Parsons Avenue  
Anchorage, Ak. 99504  
March 3, 1976

Rep. Sam Cotten  
Pouch V  
Juneau, Ak. 99801

Dear Mr. Cotten;

I am concerned about House Bill No. 808, Homesite Entry. While such a program appears to be an ideal procedure for providing "Land for Alaskans"; the Act, as currently written, lacks requirements and contains restrictions which seem to work against this goal.

The only mention of residence is in connection with conflicting applications. Does other State law contain residential requirements for obtaining land from the State? If not, could a residential requirement be included in this Act?

A second, perhaps minor point, is the size and shape of the parcels. Could they be described by aliquot parts? In the long run it might save the State money since reviewing survey plats and the eventual disposal of odd shaped tracts of land created by scattered entries would be unnecessary.

Other than the apparent lack of a residential requirement I am most disappointed by and in disagreement with the property ownership restriction. Is this Act really designed to provide "Land for Alaskans" or land for newcomers and seasonal workers, etc.? Property ownership is sometimes very difficult to prove.

is it even reasonable to attempt to check records not maintained by ADL? How about home ownership outside of Alaska or ownership of a mobile home on a rented space?

The ownership clause will, for the most part, restrict the very people who have chosen to make Alaska their home. These individuals and families should certainly have the first opportunity to acquire small tracts for homesites for either permanent or recreational dwellings. The occupancy requirements, limit of one non-transferable permit per applicant, and State law restricting the total acreage a person can obtain through State land programs should be sufficient to insure that abuses by land speculators will not be a problem.

Again, I want to make the point that while the Act could be effective in providing homesites for Alaskans, it probably will not be if it is passed in its present form. It is very nice to see a land disposal program designed to put small tracts into private ownership as opposed to the auction of large tracts to developers who can afford to hold land for possible future profits. However, a program which encourages people, who are as yet uncommitted to Alaskan living, to obtain cheap land while many of the people who vote and pay the taxes that will fund such a program are effectively prohibited from acquiring such homesites is hardly fair to residents.

Hopefully something has been learned from the problems which arose in the Open-to-Entry program. The State should by now be able to provide a program that will make land available at a reasonable cost to Alaskans!

Sincerely yours,

*Michelle Elliott*

Michelle Elliott

March 24, 1976

Dear Mr. Anderson:

There are many reasons why I believe HB 808 is good for Alaskans, and I would like to express myself to that " Homesite " Bill. I have lived in this general area of Alaska for 34 years and during that time have watched the changes, both good and not so good. One of the not so good changes was the appearance of land speculators in the last six to eight years.

I sincerely believe that should HB 808 be passed that it will materially assist many young couples starting out in life and it will reduce the horrible effects that speculators have brought to all areas of Alaska. It hardly speaks well of a State government that does more to assist the speculators and the Bureaucracy than its own citizens.

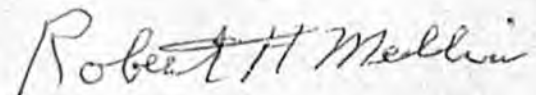
With the passage of HB 808 we can expect many small businesses' to realize a start with some assurance of being able to sustain themselves. With the cooperation of local government toward its citizens I foresee no major problems. Those local governments who are opposed to this HB 808 want to sell land in large acreage's thus depriving many from the opportunity to fulfilling their hopes and wishes that they too can some day own a small piece of land. I know of no more human desire than the average person's dreams of living on his own land, no matter how small it may be.

Reviewing the land sales in the Mat-Su Borough is very revealing. You and I know there is little chance for the average Alaskan to purchase land when he has to bid on large acreage and against the rest of the world. Taxes at the local level are increasing faster than at the State and Federal levels. We desperately need some relief and this should help to broaden the Tax Base, throughout Alaska.

HB 808 is the kind of legislation that will build Alaska. I also know it is under strong pressure from " Special Interests ". You will serve the public interest if you will move this Bill along.

Sincerely

Robert H. Mellin  
P.O. Box 444 Wasilla, Alaska  
99687



Dear Sir,

I would like to state that  
I support your committee view on the  
proposed 2 acre homestead, 100%. I  
feel this is the most intelligent approach  
I've heard of late. I hope it passes.

Sincerely,  
James R Tibbo

James R Tibbo  
STAR RT. BOX 728-13  
CHUGIAK ALASKA  
99567



Rep. Nels Anderson  
HOUSE RE SOURCES COM.  
POUCH V  
JUNEA ALASKA  
99811



FROM THE DESK OF

**Kenneth A. Carter**

5929 CAMDEN CIRCLE  
ANCHORAGE, ALASKA  
99504

FEB. 27, 1976

REPRESENTATIVE  
NELS ANDERSON  
HOUSE RESOURCES COMMITTEE

SIR,

IN REFERENCE TO THE BILL ADOPTED  
BY THE COMMITTEE CONCERNING THE  
2 ACRE HOMESTEAD PROPOSAL.

HAVING READ THE BILL AND SPEAKING  
AS A 10 YEAR RESIDENT OF ANCHORAGE,  
I STRONGLY CONCUR WITH THE PRO-  
POSAL AND ENCOURAGE ITS ENACTMENT  
BY THE LEGISLATIVE BODY.

CLOSE SURVEILLANCE OF RESIDENCE  
REQUIREMENTS IS A MUST. YOU CAN'T  
HOMESTEAD HERE AND LIVE IN HAWAII.

SINCERELY,

KENNETH A. CARTER

(Fid)

Unalaska Alaska

Mar. 13-76

Rep. Nels Anderson

Dear Sir:

Regarding the Homestead act.

Bill which I understand is in the hands of your committee, which you are chairman

I am very interested in it would be very happy to see you help push it through

My personal reason have been here since 1940 long enough to own a lot of property but due to raising six children and putting them through school

and I happened to have had a lot of sickness myself and family also.

To make a long story short I have enough money to build a small comfortable home but these high land prices makes it almost impossible

and am sure there are several more Senior Citizens in the same boat and Mr Anderson if it would

help any to get signatures from pretty  
prominent citizens such as former Gov.  
Eagon Wallie Kickle Red Baucher and  
many of the Pioneers of Alaska can give  
you a pretty long list

Thanks for listening to me Mr  
Anderson and will be very grateful  
for what help you will give us.

Bill Mueller

2509 - W. 30<sup>th</sup>  
Anch. Alaska  
99503

P.S. I think we got a lot of room  
in our great State for more settlers

*bill*

March 9, 1976

Michelle Elliott  
4622 Parsons Avenue  
Anchorage, Alaska 99504

Dear Ms. Elliott:

I am in receipt of your letter regarding House Bill No. 808 concerning  
Homesite Entry.

House Bill No. 808 is presently in the House Resource Committee and  
then has a referral to the House Finance Committee. To date, no  
hearings have been scheduled for this bill.

I am in agreement with the deficiencies of the bill that you mentioned  
in your letter. I am confident that Representative Anderson, Chairman  
of the House Resource Committee, will work out these deficiencies by  
having a committee substitute submitted.

Thank you for your letter stating your views on the bill. If I can  
be of any assistance, please do not hesitate to contact my office.

Sincerely,

Bob Bradley

cc: Rep. Anderson

4622 Parsons Avenue  
Anchorage, Ak. 99504  
March 3, 1976

Rep. Bob Bradley  
Pouch V  
Juneau, Ak. 99801

Dear Mr. Bradley;

I am concerned about House Bill No. 808, Homesite Entry. While such a program appears to be an ideal procedure for providing "Land for Alaskans"; the Act, as currently written, lacks requirements and contains restrictions which seem to work against this goal.

The only mention of residence is in connection with conflicting applications. Does other State law contain residential requirements for obtaining land from the State? If not, could a residential requirement be included in this Act?

A second, perhaps minor point, is the size and shape of the parcels. Could they be described by aliquot parts? In the long run it might save the State money since reviewing survey plats and the eventual disposal of odd shaped tracts of land created by scattered entries would be unnecessary.

Other than the apparent lack of a residential requirement I am most disappointed by and in disagreement with the property ownership restriction. Is this Act really designed to provide "Land for Alaskans" or land for newcomers and seasonal workers, etc.? Property ownership is sometimes very difficult to prove.

Is it even feasible to attempt to check records not maintained by ADL? How about home ownership outside of Alaska or ownership of a mobile home on a rented space?

The ownership clause will, for the most part, restrict the very people who have chosen to make Alaska their home. These individuals and families should certainly have the first opportunity to acquire small tracts for homesites for either permanent or recreational dwellings. The occupancy requirements, limit of one non-transferable permit per applicant, and State law restricting the total acreage a person can obtain through State land programs should be sufficient to insure that abuses by land speculators will not be a problem.

Again, I want to make the point that while the Act could be effective in providing homesites for Alaskans, it probably will not be if it is passed in its present form. It is very nice to see a land disposal program designed to put small tracts into private ownership as opposed to the auction of large tracts to developers who can afford to hold land for possible future profits. However, a program which encourages people, who are as yet uncommitted to Alaskan living, to obtain cheap land while many of the people who vote and pay the taxes that will fund such a program are effectively prohibited from acquiring such homesites is hardly fair to residents.

Hopefully something has been learned from the problems which arose in the Open-to-Entry program. The State should by now be able to provide a program that will make land available at a reasonable cost to Alaskans!

Sincerely yours,

*Michelle Elliott*

Michelle Elliott

Alaska State Legislature

File HB 808

REPRESENTATIVE  
SAM R. COTTEN  
P.O. BOX 298  
EAGLE RIVER, ALASKA 99577

WHILE IN JUNEAU  
POUCH V  
JUNEAU, ALASKA 99811



CHAIRMAN  
COMMUNITY & REGIONAL  
AFFAIRS COMMITTEE  
VICE-CHAIRMAN  
RULES COMMITTEE  
MEMBER  
JUDICIARY COMMITTEE

House of Representatives

March 18, 1976

Michelle Elliot  
4622 Parsons Ave  
Anchorage, AK. 99504

Dear Michells:

Thank you for your March 3rd letter concerning HB 808, authorizing state land to be made available as homesites. I share many of your concerns.

The House Resources Committee has not yet held hearings on this bill, but I have sent a copy of your letter to the Chairman, Nels Anderson. I am sure that many of these points will be brought out in committee discussion of the bill.

One additional concern that I have is that the Division of Lands should be directed to dispose of land in this manner rather than permitted to do so.

If these problems get straightened out, I think we can have a strong program.

Sincerely yours,

Sam R. Cotten

SRC:veh  
cc: Rep. Nels Anderson, Chairman  
House Resources Committee

MEMO

To: Nels Anderson  
From: Jamie Love  
Re: HB 808  
Date: 3/3/76

808

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I have reviewed the homesite bill and discussed the various goals of the bill with Guy Martin. As you undoubtedly know, Dept. of Natural Resources has a great many problems with this bill. From what I can determine, they feel that the division of lands does not have the capability to effectively administer the program and provide the necessary enforcement of the elements of the program which will be subject to the most abuses.

From a review of the bill, it does appear as if it will be a complex task to insure that applicants for patents actually meet all the criteria and that without some type of active supervision of the program, we could very well experience the same types of abuses which led to the close of the open entry program. I would suggest discussing the problem of enforcement and supervision of the program with officials of the division of lands.

One item, which is apparent from a quick reading of the bill, is that applicants who own habital dwellings are precluded from applying for homesites, but it is possible for an individual to own any amount of land, which could be used for building a home and still apply for the homesite as well, as long as the applicant lived on the homesite and not on the other property he owned. This probably should be changed.

I like the concept of giving preference to applicants based upon length of residence, (AS 38.05.327 (a) (5)), but suggest that your committee get an Attorney General or legislative affairs opinion on the

constitutionality of this. I am sure that some type of residency requirement is desired and indeed should be included in any bill which is passed, but the legislature should be realistic about the possibilities of a residence section surviving a court test.

Section 38.05.327 (a) states that upon satisfying the conditions for patent, a person receives a free and unencumbered title to the land. If there are fears about speculators taking advantage of this program, the legislature might consider conveyance of less than full title to the land. For example, the state could convey the land to the applicant, for use as a principal place of residence, without the transfer rights to the land except to heirs. Another possibility would be to allow the state to share in profits from transfers of title by giving the state the right to appraise the land and structures being sold and tax a percentage of the sale price which is attributed to the value of the land. Steps like these could well keep abuses at a minimum, since any profit motive would be discouraged.

Over all, I am not really committed one way or another on this bill. I feel that one reason that this bill and others have been introduced is that the division of lands has not yet produced any concrete proposals of its own to bring land disposition policies up to date. I have been urging both Mike Smith and Guy Martin to initiate some type of effort which will lead to a clear policy statement from the division of land regarding the new administrations disposition policies.



**TRAPPERS CABIN AND CACHE . . .**  
 typical of hundreds throughout Alaska and  
 the Yukon, on the Little Tok River.



Dear Sir,

I've heard a little  
 (very little) about an  
 upcoming 2 acre homestead-  
 ing bill. Will you send  
 a copy to me at:

6611-E. 12

Anch. AK 99504?

Thanks!

Ms. Marianne Lavier

Mels Anderson  
 Chairman House Resources Com.  
 Capital Rm 118  
 Juneau AK.

Sent  
 3/15

ALASKA COLOR CARD CO., BOX 1466, ANCHORAGE, ALASKA 99501

H B 808

March 12, 1976

Rep. Neil Anderson  
Chairman of the House  
Revenue Committee  
Capital Room 118  
Juneau, Alaska 99801

Re: 2 acre Homestead

Dear Rep. Anderson:

Being a divorcee with one child to support, a low Alaskan and owning no property; I feel I am eligible for the 2 acre Homestead that are now being considered in the Legislature.

As you know, the oil impact has changed the life style for many Alaskans, especially the Alaskans like myself, whom are not able to work on the pipeline due to family obligations - but are still not able to afford the inflated real estate costs that have skyrocketed in the last few years - not to mention the almost prohibitive rents we are now forced to pay.

This homestead bill is the answer for such people like myself and

over our Senior citizens that  
have chosen to stay in Alaska.

I would appreciate any addi-  
tional information you might  
have concerning this very important  
legislation - the progress that  
is being made and also if  
there is anything that I, and  
other Alaskans can do to speed  
this along.

My address is:

Sheedra Jensen  
P.O. Box 4-60  
Anchorage, Alaska 99509

Sincerely,

Sheedra Jensen

~~line 24 add 2~~

1st amendment

Page 1 line 28 Change "five" to "seven"

2nd Page 2 line 16 delete "together with  
members of same household"

3rd Page 2 line 23 'delete all after  
"stole"; -- add comma, "and who"  
+ language of 6A.

add ~~all~~ "be of legal age of majority.

and applicant must have 3 years  
of residence in Alaska.

B) and applicant must have proof  
of continuous residence by  
affidavit.

Page 4 line 5 Change specific to  
reasonable.

## Review and Report - House Bill 808

By: Department of Natural Resources

General - Because there is a clearly-felt need for a program like that described in H. B. 808, and because the sponsorship of the bill indicates that active consideration of the bill is desired, the Department of Natural Resources has undertaken a detailed and serious review of the legislation and offers the following report. It includes the following sections: An overview of the bill and its purposes as it now stands (including an evaluation of the cost to the homesite recipient); a summary of legal issues; summary of administrative issues; fiscal impact information; and suggested modifications.

Overview - The following relates to the bill as presently drafted:

1. Like many State programs, the bill operates as a subsidy and should be recognized as such to be balanced against its benefits. While the land will be free (See Table I) to the successful applicant, it will not be free to the taxpayer, who will pay administrative costs, the cost of State land given away, and the costs of later State and local services. The public benefits of the program may well be found to overbalance the costs, some of which are estimated herein.
2. The purpose of the bill appears to be a mix between homesteading and a homesite approach, and might be further defined so as to identify the intended beneficiaries of the program. As later sections on residency will indicate, this could be a difficult issue.
3. For the location of "homesite" areas, the bill has been sensitive to the need for this program to fit into overall planning and staff capabilities within the Department of Natural Resources and the Division of Lands. An additional area of needed specificity might well deal with the number of such sites desired each year and the general regional locations desired. Also, a distinction of some magnitude exists between a program in rural areas and one near settled areas. The implications of this difference are outlined in other sections of this report.
4. The problem of "residence" is a substantial one. As the bill now stands, non-residents will be favored. They are entitled to own State land, the length of residency test is legally questionable, the migrant non-resident would be less likely to own another dwelling, and seasonal workers would be more likely to be able to satisfy the 5-month "live on" requirement. The possibility of in-migration by non-residents to gain free land

would probably be determined by the size of the program and could be substantial.

5. On issues other than residence, it appears likely that low income (individuals unlikely owners of another dwelling), seasonal workers, students, retired persons, migrants and similar groups would be favored. Those who own land, but not other habitable dwellings would be eligible as well. The patterns regarding land recipients would vary greatly between a rural homesite area and one near settled areas.

6. Speculation under this bill is delayed and diminished. However, after patent is given (three years) the land may be the subject of speculation. The best answer to this is to either give less than full title at the end of three years, or give title with covenants against subdivision or certain designated users.

7. The cost of future State and local services issue is not resolved, even though nothing in this bill is intended to create them. It is dubious if any legal disclaimer could be made to avoid such future taxpayer costs. Nonetheless, they are unpredictable subject to need and demand, and are certainly State and local costs to be considered in later years in homesite areas.

8. Cost of settlement - the bill intends that Alaskans might settle at "a cost reasonably within their means". As pointed out, it is hoped tax program will assist Alaskans now renting or leasing or non-residents with similar circumstances. The following analysis is a rough idea of the cost to a 2-acre recipient under the program looking both at a "bush" and "close-in" site. All assumptions are stated:

The costs associated with the bill vary according to the location of the two-acre tracts. In the bush situation, the costs would include numerous plane trips to and from the site to move the family, building materials, and supplies in as well as provide for the families' travel in and out of the area associated with each five-month period over the three-year period. Other expenses include costs associated with the materials for the habitable dwelling, the survey, and the potential loss of wages during the five month periods in the bush (assuming that it is the head of the household who applies). If the tract is close to a settled area, the major costs are associated with the dwelling itself and include a downpayment on a trailer or money for construction costs, and possibly water, sewer and foundation fees.

Table I summarizes the estimated expenses for each situation for the land recipient.

Cost Items	(3)	
	Remote Area	Close-In
Applicant Permit	\$10.00	\$10.00
Transportation (a) (family of 4)		
1. To move	6 trips - \$780	\$200
2. Other trips	6 trips - \$780	
3. House Materials	3 trips - \$390	
4. Supplies	3 trips - \$390	
Habitable Dwelling Costs		
1. Materials	\$1,000	\$3,000 (downpayment on trailer)
2. Water and sewer	-0-	\$2,000
3. Foundation	-0-	\$1,000
Surveying Costs	\$ 800 - \$1200 (d)	\$500 (state group survey)
Potential Loss of Wages (b)	15 months - \$15,000	None
TOTAL COSTS	<u>\$4,150 to \$4,550</u> without wage losses	<u>\$6,710</u>
Value of Property Received (c)	\$500 to \$1,000	\$5,000 to \$10,000

- (a) Assumes a fifty-mile one-way plane ride at a cost of \$130 per trip. Trips are calculated on the basis of transportation needed over a 3 year period.
- (b) Varies according to individual situations.
- (c) Assumes a per-acre cost of \$400 to \$500 in a bush area and \$2,500 - \$5,000 cost in urban area.
- (d) Assumes several homesite applicants jointly survey property. For a single individual in a bush area, it may cost as much as \$2,000.

The table indicates that the expenses required to get started under the homesite bill are understandably greater in the area than the bush area due to initial habitable dwelling costs. This observation, however, does not recognize the potential loss of wages associated with the bush area and the non-recoverability of the bush transportation costs. Furthermore, the start-up costs in the bush areas are significantly greater than the land costs whereas in the settled area the opposite situation exists.

Consequently, the two acres of land provided by the homesite program would provide a major boost to a person's ability to own a habitable dwelling near a settled area. The use of homesite land made available near urban areas may fulfill the Bill's intent.

#### Administrative Issues

In its attempt to ensure that the purposes of the program are not violated and the State's interest not abused, the bill creates administrative responsibilities necessary to the program, but nonetheless demanding. The administrative analysis assumes that the sponsors desire enforcement, and maintenance of a credible program which avoids the abuses of prior open to entry programs.

- (1) Implementing the bill would require a number of verification procedures.
  - (a) Sec. 2(a) The land has to be suitable for erection of a residential dwelling to use as a permanent abode. This implies verification by the State of the availability of water, the suitability of the land to accept a dwelling, and the suitability of the land for accepting a sewage system. This would be a large administrative task.
  - (b) The State would have to verify that the applicant did not own a habitable dwelling elsewhere. This is very difficult without a residence requirement. Even with a residence requirement, an applicant should be required to certify that he does not own a dwelling with penalties for false statement.
  - (c) The State would have to verify and arbitrate length of Alaskan residency if a lottery system is not used to resolve conflicts.
  - (d) The State would have to verify that the dwelling meets the conditions for a habitable dwelling.
  - (e) The State would have to verify if the dwelling was occupied for the required time and determine if head of household has been occupying the land.
  - (f) If the permit was revoked, the State would have to verify if the conditions of revocation had been met. If not, it would be the State's responsibility to locate the applicant or reclaim the land at taxpayer's expense.

(2) Since the State will only paper survey the land, the applicant will be responsible for locating the tract on the ground. Experience indicates that this leads to disputes and administrative problems when the final surveying is done due to improvements which are made outside original boundaries, etc. This could be solved by having the State survey the land first and charge the applicant.

(3) The bill does not clearly indicate the length of time the application or permit will be valid. Is it valid for only three (3) years from the time of issuance or time of occupancy? Could the permit continue indefinitely if all the stipulations are not met?

(4) The condemnation procedure may require a large administrative force, although this is not clear at this time.

(5) Although it is not the bill's intension to make money, a \$10.00 filing fee is unrealistic since this fee is inadequate to even set the wheels in motion regarding verification of the applicant's credentials. Similarly, the costs in time of setting up a file would more nearly approximate \$50.00 or more. This fee should also be non-refundable which may possibly discourage capricious filings.

(6) Sec. 2(a) If the intent of the bill is to provide full-time occupancy for the applicant and not just part-time or recreational occupancy, the five month provision should be changed to at least eight (8) months. A five month occupancy implies only a part-time commitment to the improvements and stipulations in the bill. This would mean that housing and other developments such as sewers, etc. would be of much lower quality than if the land were occupied full-time.

#### ESTIMATED STATE IMPLEMENTATION COSTS

State expenses required to implement the Homesite program include administrative costs for additional staff salaries and travel expenses as well as homesite land value costs. This section briefly outlines the required administrative services, estimates the associated administrative expense, and calculates the value of land which might be provided as homesites.

For the purposes of this analysis, it is assumed that the administrative regions in which homesites are located will generally correspond to the three existing Division of Lands Districts: Southeastern District (SED), Southcentral District (SCD), and the Northcentral District (NCD). It is also assumed that sites will either be in remote areas or areas close to existing settlements. In order to set a range for the program costs, the analysis provides 100 available sites in each region as a minimum program response and 1,000 sites in each region as a maximum response.

### Administrative Costs

The estimated costs of the program are based on the following scenarios: The program, which would be set up on a statewide basis, must furnish homesite lands from existing patented or tentatively approved state lands. These lands would need to be field inspected for their homesite suitability and land planning reports prepared. After being approved by the Planning Section and/or the Land Use Planning Commission, the land would be classified. During this time, systems must be set up to qualify the applicants by checking the application background material against court recordings, title recordings, voter registrations, etc. Once this was accomplished, provisions for choosing recipients would be established. Following this preparation, actual management of the program would begin. This would include enforcement capability during the three-year residency period.

The following estimates of personnel and travel expenses are based upon the assumptions and the knowledge of time and costs involved in the initiation and management of the past Open-to-Entry Program.

Selections: This phase would require the services of a full-time Land Management Officer IV (L.M.O.IV) and a Land Management Officer (L.M.O. II) and a Land Management Assistant I (L. M. A. I) to adequately supervise and coordinate the program on a state-wide basis. The services of a Cartographer II and two Planners would be required. District offices would need additional personnel for initial field examination in the category of an L.M.O. I plus budgetary monies for remote as well as close-in travel and per diem. Land planning reports instigated by the districts would need processing thereby necessitating additional classification workload and thus personnel.

Qualifying of Applicants: An adequate, though not necessarily stringent check of the applicant's legal qualification would be necessary requiring adding personnel to existing district's rosters, as well as personnel to set up and oversee the auctions and/or lotteries.

Enforcement of Management: Enforcement for compliance would require that field inspection be a continuing and time consuming item requiring coordination and administration work by people out of the District as well as headquarter offices.

District Office Expenses: The District offices would require two new positions and a substantial increase in travel funding. The estimates set forth below assume a minimum program of 100 and a maximum program of 1,000 homesites per District per year.

District Office Expenses

in Dollars/year

<u>District</u>	<u>Personnel Salaries (a)</u>	<u>Regional Travel Costs</u>			
		<u>100 Units/District</u>		<u>1,000 Units District</u>	
		<u>Remote Areas (b)</u>	<u>Close-in Areas (c)</u>	<u>Remote Areas</u>	<u>Close-in Areas</u>
Southeastern					
L.M.O. II	27,224	18,000	3,600	180,000	36,000
L.M.A. I	17,742				
Southcentral					
L.M.O. II	27,224	18,000	3,600	180,000	36,000
L.M.A. I	17,742				
Northcentral					
L.M.O. II	31,516	18,000	3,600	180,000	36,000
L.M.A. I	20,271				
TOTALS	141,719	54,000	10,800	540,000	108,000

- (a) Employees' salaries include base salary plus State provided benefit costs.
- (b) Remote area refers to any area which cannot readily be inspected, but requires a charter (boat or plane) to inspect. Known costs are transposed with emphasis on flying as the fastest means of verification of compliance. 10/25 inspections per day within a 100-mile radius of the district offices. If areas greater than 100 miles are opened, then inspection time/costs will increase in proportion.
- (c) Close-in refers to areas available to highway, railbelt and nearby water access which can be reached with relative ease. After the fact costs are predicated on a monthly check basis, with between 25/50 inspections per day.

Headquarters Expenses: A staff of seven full-time employees to oversee selections, classifications, contracts, lotteries and servicing of the program would be needed in the Anchorage headquarters office.

Headquarters Expenses

in Dollars/year

<u>Position Title</u>	<u>Salary</u>	<u>Travel Costs (a)</u>	
		<u>Remote</u>	<u>Close-in</u>
1 L.M.O. IV	32,058	1,500	300
2 L.M.O. II	54,448	3,000	600
1 Cartographer II	21,800	1,200	1,200
1 L.M.A. II	20,271		
2 Planners - 16	23,490		
- 18	<u>27,224</u>		
<b>TOTAL EXPENSES</b>	<b>179,291</b>	<b>5,700</b>	<b>2,100</b>

(a) Travel costs are limited to one trip for three headquarters personnel to District Offices to observe field work. The Cartographer would be expected to make several trips for record coordination purposes.

Advertising Costs: Three days public notice in a major paper would cost \$250.00. Such a notice would have to be printed at least twice a year in a paper in each District with a total cost of \$1,500.00.

Total Administrative Costs

in Dollars/year

	<u>300 Homesites</u>		<u>3,000 Homesites</u>	
	<u>Remote</u>	<u>Close-In</u>	<u>Remote</u>	<u>Close-In</u>
3 District Offices				
Salaries	141,719	141,719	141,719	141,719
Travel	54,000	10,800	540,000	108,000
Headquarters				
Salaries	179,291	179,291	179,291	179,291
Travel	5,700	2,100	5,700	2,100
Newspaper Costs	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>
<b>TOTAL COSTS</b>	<b>382,210</b>	<b>335,410</b>	<b>868,210</b>	<b>432,659</b>

## Value of State Public Land Given in the Program

Sales in the various districts indicate approximate values which can be used in estimate value lost if the State provides home-site land free rather than at the fair market value. Though great disparity exists between individual values for both remote and close-in properties, the median values have been used for this analysis. Land in remote areas has been valued at \$400 to \$500 an acre and land close in to settled areas valued at \$2,000 to \$2,500 an acre. All homesites are assumed to be of the 2-acre lot size.

Values of Homesite Lands

in Dollars/Year

<u>District</u>	<u>100 Sites/District</u>		<u>1,000 Units/District</u>	
	<u>Remote</u>	<u>Close-in</u>	<u>Remote</u>	<u>Close-In</u>
Southeastern	100,000	500,000	1,000,000	5,000,000
Southcentral	80,000	400,000	800,000	4,000,000
Northcentral	<u>80,000</u>	<u>400,000</u>	<u>800,000</u>	<u>4,000,000</u>
TOTAL COSTS	260,000	1,300,000	2,600,000	13,000,000

## Summary

Summary of State Homesite Program Costs  
(Land Value and Administration Expenses)<sup>a</sup>

In Dollars/Year

Site Processed Per Year	<u>Remote Areas</u>			<u>Close to Settlement Areas</u>		
	<u>Land Value<sup>d</sup></u>	<u>Admin</u>	<u>Total</u>	<u>Land Value<sup>e</sup></u>	<u>Admin.</u>	<u>Total</u>
300 <sup>b</sup>	260,000	382,210	642,210	1,300,000	335,410	1,635,410
3,000 <sup>c</sup>	2,600,000	868,210	3,468,210	13,000,000	432,659	13,432,659

a. Does not include ancillary costs to the State for required services such as new schools, etc.

b. 100 sites per District for 3 districts.

- c. Maximum number of sites - 1,000 per district for 3 districts.
- d. Assumes a cost of \$400 to \$500 an acre for remote areas.
- e. Assumes a cost of \$2,000 to \$2,500 an acre for close to settlement areas.

State Costs per Homesite Unit  
in Dollars/Unit

Location	Per Year	Total Costs	Per Site	Per Acre
Remote	300	642,210	2,140.70	1,070.35
Remote	3,000	3,468,210	1,156.07	578.04
Close-in	300	1,635,410	5,451.37	2,725.68
Close-in	3,000	13,432,659	4,475.55	2,237.77

- a. A site is assumed to be 2 acres.

LEGAL ISSUES

1. Subsection 2(a)5 - Is it constitutional to award homesite permits on the basis of length of residency? This stipulation may be unconstitutional and would probably be challenged in court. However, there are some inherent problems in this system even if it may be shown to be legal. Who would be awarded a permit if all applications were non-residents? This particular stipulation would also create an administrative burden just resolving disputes of length of residency. This problem could be solved by using a lottery system for all applicants rather than length of residence.
2. Subsection 2(a)6 - Is it legal to restrict land applicants to those who don't own habitable dwellings? The basic concept of providing land to a restricted segment of the population based on a standard of need is probably legal. However, defining and drawing the line as to what segment really is in need is where the problem arises. The line has to be drawn very carefully. For example, in this bill someone could own large amounts of land and still be eligible as an applicant. If it is shown to be legal, the State should probably require filing of certification by the applicant that they hold no title or interest in a habitable dwelling and provide a penalty for making a false statement in this certification.
3. Section 2(e) - Does the State have a legal responsibility to provide services to its residents regardless of their status? Such things as providing an education, protection, and other social services will have to be provided at some cost to the State. The further away the land is from present developments, the higher the probable costs. Education and possible unemployment insurance or welfare costs are two examples. The services alluded to in the bill probably mainly concern such things as road building and maintenance costs which can be transferred to the applicant, but as discussed above, there are significant costs which the applicant can't be expected to assume. It appears to be legally impossible to discriminate among citizens of the State based on their land status.
4. Section 2(b) - If it is the intent of the bill to completely limit conveyance of the permit, the language will have to be tightened up. Inability to assign or otherwise transfer the rights under the permit, will still allow the applicant to hold all his rights but to sublease the land for other uses such as, for example, a campground.

5. Would it be legal to amend the bill to apply to Alaskan residents only? There may be a better case for this stipulation than the length of residence stipulation, since it has already been widely discussed regarding local hire, but there remains a legal question on this issue.

#### POSSIBLE MODIFICATIONS

The following are suggested modifications which begin to solve some of the policy, planning, and administrative problems mentioned above.

1. The bill should insure that the State is not forced to provide free homesites in areas not physically suitable or appropriate at this time for settlement (i. e. far away from settled areas).
2. The bill's clause for proper planning should be emphasized to assure the State is not forced to make homesites available before proper planning is completed. A maximum number of homesites a year might be stipulated.
3. The bill must provide the State Division of Lands with the necessary manpower and financial resources required to wisely and efficiently manage the additional program. The problems associated with the lack of resources available for the open-to-entry program testifies to the crucial importance of this assumption.
4. The bill should emphasize that the State would decide where homesite lands will be offered and shall lay such lands out for homesite selection in accordance with area plans. This includes the assumptions that the lands offered in the next few years will be near settled areas and can be made available adjacent to each other in the specified areas.
5. The bill should provide that the State could place logical covenants on land given away. The recipient might not receive unrestricted title in appropriate circumstances. For example, the State may require that even after patent, the land could not be further subdivided.
6. A lottery system should be substituted for the length of residence clause.
7. The bill should provide a strong enforceable residency requirement for entitlement under the program.

8. If the intent of the bill is for permanent residency, the five-month clause should be changed to at least 8 or 9 months.
9. Certification and penalties for false information should be included if the intent is to limit applicants only to those who don't own dwellings.
10. Since lands near settled areas would initially be best for the homesite program, the bill should require that the Borough approve of site locations as well as participate in the planning process.
11. The language in the last sentence in Section 2(b) needs to be tightened since the words "assigned or otherwise transferred" are inadequate to prevent conveyance.
12. State services would have to apply to applicants as well as all other citizens. Section 2(e) is cosmetic and legally meaningless.
13. The entire program should have a fixed expiration date (4 years). If it is working, it can be renewed; if not, the political problems with repeal will be reduced.

*File*

Chris Miller  
4100 Balchen Drive  
Anchorage, Alaska 99503

March 19, 1976

Representative Nels Anderson  
Capital Room 118  
Pouch V  
Juneau, Alaska 99801

Dear Representative Anderson,

I am writing in regard to House Bill 808. In being a long-time resident of Alaska and wanting to obtain land at a price I can afford, I am interested in seeing the bill passed. After reading the conditions and qualifications required and comparing them to the present policy, I feel it would provide a good and equitable opportunity for state residents to take advantage of their home land as well as contribute to it.

One thing you can count on: Only independent people will take advantage of the homestead act. Isn't this the type of person that brings stability to the state? As it is, only wealthy individuals can buy land in Alaska. It seems unfair to always be playing into their hands. So, I support the bill and I am very interested in any information concerning it.

Sincerely,

*Chris Miller*

Chris Miller