

Zaletel

Submitted by: Assembly Member

Reviewed by: Assembly Counsel's
Office

For Reading: December 20, 2022

**ANCHORAGE, ALASKA
AO NO. 2022-103(S-1)**

AN ORDINANCE AUTHORIZING THE COMPETITIVE DISPOSAL OF PORTIONS OF HERITAGE LAND BANK PARCELS 6-011, 6-016, AND 6-017, LEGALLY DESCRIBED AS TRACT I PRINCE ADDITION ALYESKA SUBDIVISION (PLAT 87-131)(PID 075-311-04-000), TRACT B GIRDWOOD ELEMENTARY SCHOOL SUBDIVISION (PLAT 85-38)(PID 075-031-32-000), AND TRACT 9A SECTION 9 TOWNSHIP 10 NORTH RANGE 2 EAST (PLAT 73-220)(PID 075-041-31-000), TO CY INVESTMENTS LLC AS DESCRIBED IN THE DEVELOPMENT AGREEMENT BETWEEN THE DEVELOPER AND THE MUNICIPALITY OF ANCHORAGE DATED APRIL 29, 2022, AND AMEND THE HERITAGE LAND BANK 2021 ANNUAL WORK PROGRAM.

WHEREAS, the Municipality of Anchorage (MOA) proposes the disposal of portions of Heritage Land Bank (HLB) Parcels 6-011, 6-016, and 6-017, legally described as Tract I Prince Addition Alyeska Subdivision (Plat 87-131)(PID 075-311-04-000), Tract B Girdwood Elementary School Subdivision (Plat 85-38)(PID 075-031-32-000), and Tract 9A Section 9 Township 10 North Range 2 East (Plat 73-220)(PID 075-041-31-000), To CY Investments LLC as described in the Development Agreement between the developer and the Municipality of Anchorage Dated April 29, 2022, and amend the HLB 2021 Annual Work Program; and

WHEREAS, HLB issued a Request for Proposals on April 6, 2021 for the development of portions of three parcels in Girdwood commonly known as Holtan Hills **with the intent to provide housing**; and

WHEREAS, HLB obtained an appraisal on December 18, 2021 where the developed area was estimated to have a market value of two million one hundred thousand dollars (\$2,100,000); and

WHEREAS, the successful proposer was identified, and a Development Agreement was drafted and entered on April 29, 2022 between the MOA and the Developer; and

WHEREAS, the disposal will continue to implement residential housing identified in the **1995** Girdwood Area Plan and the 2006 Crow Creek Neighborhood Plan; and

WHEREAS, this disposal will occur according to the terms of the Development Agreement entered into by the Municipality of Anchorage and CY Investments, LLC including equal distribution of net proceeds of lot sales; and

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2 **WHEREAS**, this disposal will occur over three phases and is intended to take the
3 form of a Planned Unit Development, affording the development a mixed-density
4 model which will allow single-family, multi-family, and condo-type construction by
5 the ultimate purchasers, thereby addressing several areas of housing needs in the
6 community; and

7
8 **WHEREAS, a Planned Unit Development (PUD), which can allow for greater**
9 **density than current zoning would allow, requires a Conditional Use Permit**
10 **approved by the Planning and Zoning Commission; and**

11
12 **WHEREAS, Phase I of the proposed Holtan Hills Planned Unit Development**
13 **will propose to have single-family, multi-family, and condo-type units; and**

14
15 **WHEREAS**, the completed development will include infrastructure comprised of
16 roads and utilities that will extend to Crow Creek Road creating a second point of
17 egress for the neighborhood and creating the opportunity for development of lands
18 west of Crow Creek Road with utilities in the future; and

19
20 **WHEREAS, development of municipal lands through a public-private**
21 **partnership offers an opportunity for greater public benefit by meeting the**
22 **community's goals in ways not typically feasible with a private development;**
23 **and**

24
25 **WHEREAS, HLB and the Community of Girdwood have committed to work**
26 **together to identify and apply for available State and Federal funding to**
27 **develop secondary access on Crow Creek Road to the Holtan Hills**
28 **development; and**

29
30 **WHEREAS, AWWU has sought a grant to cover the infrastructure costs of**
31 **sewer to the parcels, which will reduce the development costs for offsite**
32 **improvements; and**

33
34 **WHEREAS, the infrastructure development, including roads and utilities will**
35 **attach to all parcels in Phase I, including any lots subject to future conveyance**
36 **to a Girdwood housing entity for the development of housing; and**

37
38 **WHEREAS, to meet the housing needs in Girdwood, the development of**
39 **housing that is at least 50% occupied as primary residences whether owner**
40 **occupied or leased on a five-month to yearly basis should be prioritized; and**

41
42 **WHEREAS, Girdwood has an estimated immediate need to add at least 150-**
43 **300 units of year-round permanent housing for residents to its inventory and**
44 **this demand will be updated through the Girdwood Area Plan that is**
45 **underway; and**

46
47 **WHEREAS, many concerns have been expressed by the residents that the**
48 **addition of more residents will increase the burden on the infrastructure and**
49 **services available within Girdwood; and**

1
2 **WHEREAS, HLB is the primary owner of developable land within Girdwood for**
3 **housing, industrial and commercial uses. HLB's Work Plan which is due for**
4 **updating should be developed concurrently and in coordination with the**
5 **Girdwood Area Plan that is also underway specifically in addressing housing,**
6 **commercial and infrastructure needs for the community; and**

7
8 **WHEREAS, the Assembly finds that the Girdwood community recognizes that**
9 **while there will be opportunity for public involvement during the entitlement**
10 **process (i.e., conditional use permit and planned unit development) where**
11 **public feedback can help shape density requirements, the Girdwood**
12 **community seeks assurance that this development will provide some relief to**
13 **the housing pressures experienced by current and future full-time residents**
14 **of Girdwood, specifically by providing more stable long-term rental property**
15 **and more attainable housing to those at 120 percent and below area median**
16 **incomes; and**

17
18 **WHEREAS, the land development costs are not typically recouped by the**
19 **developer until such time as the lots are sold and/or housing units**
20 **constructed and sold; and**

21
22 **WHEREAS, in the Development Agreement, CY Investments LLC has a duty**
23 **to act as Declarant of the homeowners' association for the Project; and**

24
25 **WHEREAS, as Declarant for the homeowners' association, CY Investments**
26 **LLC can set the terms of the planned community through the declaration, and**
27 **of the homeowners' association through the founding bylaws, including any**
28 **restrictions on short term rentals, percentage required to approve changes to**
29 **the homeowners' association bylaws, as well as the time period in which the**
30 **developer shall transfer control of the homeowners' association to the**
31 **individual owners and any rights retained, and all terms must be approved by**
32 **HLB; and**

33
34 **WHEREAS, the return on investment to the HLB Fund will be deferred but likely**
35 **significant, leading to the long-term health of the Fund; and**

36
37 **WHEREAS, this land disposal commits approximately 22% of the suitable**
38 **residential developable land in Girdwood to the Holtan Hills development**
39 **(2022 Existing Conditions Report by Huddle AK and Agnew::Beck); and**

40
41 **WHEREAS, the Assembly finds that a public commitment by the Municipality**
42 **to improved communication and transparency, as well as a return on**
43 **investment that considers the specific benefit to the Girdwood community as**
44 **part of the calculation of the benefit for the Municipality as a whole, would be**
45 **beneficial to the public interest; and**

46
47 **WHEREAS, the Assembly finds that as a resort community, Girdwood faces**
48 **high external housing demand and has seen a drastic increase in short term**
49 **rentals in the last 10 years, making it challenging for year-round residents of**

1 **Girdwood to obtain housing, and raising concerns among residents that the**
2 **character of this beloved and close-knit community will be lost as community**
3 **members, especially working and middle class families, will be increasingly**
4 **priced out of the housing market; and**
5

6 **WHEREAS, the projected profits of two Phases of the Holtan Hills**
7 **development for HLB are estimated at approximately \$1.2 Million and likely**
8 **additional profits in Phase 3 that are not yet identified, those profits should**
9 **be reinvested in further development of attainable housing in Girdwood; and**
10

11 **WHEREAS, the housing developed from Holtan Hills will contribute to the**
12 **overall property tax base of the Girdwood Valley Service Area; and**
13

14 **WHEREAS, return on investments by HLB should not be viewed in strictly**
15 **monetary terms, but overall benefit to the Municipality of Anchorage; and**
16

17 **WHEREAS, the proposed disposal of portions of HLB Parcel 6-011 is not in the**
18 **2021 HLB Annual Work Program (AR 2021-25), pursuant to AMC § 25.40.020B, to**
19 **proceed with the disposal, the 2021 HLB Annual Work Program must be amended;**
20 **and**
21

22 **WHEREAS, following required public noticing, the HLB Advisory Commission**
23 **(HLBAC) held a public hearing and passed HLBAC Resolution 2022-09(S),**
24 **recommending the disposal of portions of HLB Parcels 6-011, 6-016, and 6-017,**
25 **legally described as Tract I Prince Addition Alyeska Subdivision (Plat 87-131)(PID**
26 **075-311-04-000), Tract B Girdwood Elementary School Subdivision (Plat 85-**
27 **38)(PID 075-031-32-000), and Tract 9A Section 9 Township 10 North Range 2 East**
28 **(Plat 73-220)(PID 075-041-31-000), to CY Investments, LLC as described in the**
29 **Development Agreement between the developer and the Municipality of Anchorage**
30 **Dated April 29, 2022, and amend the HLB 2021 Annual Work Program; now,**
31 **therefore,**
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33 **THE ANCHORAGE ASSEMBLY ORDAINS:**
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35 **Section 1.** The MOA is hereby authorized to execute disposal of portions of HLB
36 Parcels 6-011, 6-016, and 6-017, legally described as Tract I Prince Addition
37 Alyeska Subdivision (Plat 87-131)(PID 075-311-04-000), Tract B Girdwood
38 Elementary School Subdivision (Plat 85-38)(PID 075-031-32-000), and Tract 9A
39 Section 9 Township 10 North Range 2 East (Plat 73-220)(PID 075-041-31-000), to
40 CY Investments, LLC as described in the Development Agreement dated April 29,
41 2022.
42

43 **The following terms shall attach to any conveyance of these parcels as well**
44 **be included in the Development Agreement [This Assembly approval requires**
45 **and is conditioned upon the memorialization of an agreement by the**
46 **Developer to the following terms and conditions]:**
47

48 **A[B].** CY Investments LLC will restrict the use of single-family properties
49 **built in Holtan Hills, Phase I, to prohibit [not include] short-term**

rentals (less than 30 days in duration) except for rental of an Accessory Dwelling Unit (ADU) on the property, through the homeowners' association bylaws; which shall further provide that, until such time as the Municipality adopts an ordinance, applicable to properties in the homeowners' association, otherwise regulating short-term rentals, this specific restriction may be amended only by 100% unanimous approval of all parties entitled to vote on proposed amendments to the homeowners' association's bylaws; and

B. The above restriction and amendment vote requirement shall be included with the initial Declaration recorded by the Developer after approval of HLB and shall not be changed except by unit owners after formation of the homeowners' association and transfer of rights to it.

This Assembly approval requires and is conditioned upon the agreement by the Developer to the following terms and conditions:

C[A]. All developers must submit applications for land use entitlements to the Girdwood Board of Supervisors (GBOS) for review prior to seeking official action by the designated decision-making body; and

D[G]. At least o[O]ne multi-family lot for the development of at least 8 units to be drawn from HLB's portion of profits will be designated for future disposal to a Girdwood housing trust or non-profit entity for the purposes of developing community housing for residents [authority], if and only if a housing trust or [authority] entity is established which can legally receive and own property, and if and only if the housing trust or entity [authority] is established within five years of the recording of the plat for Phase I of Holtan Hills Subdivision entitlements being complete on the parcels [this disposal]. Otherwise, the multi-family lot reverts to Heritage Land Bank ownership; and

E[D]. CY Investments LLC and HLB will continue to engage with the Girdwood Board of Supervisors or delegated committee [the Girdwood Holtan Hills Housing Advisory Committee] as the project progresses; and

E. CY Investments LLC will develop Holtan Hills through the Planned Unit Development and Conditional Use Permit process that must exceed the density of what current underlying zoning - single family zoning (gR3) - permits; and

The above terms are required for legal disposal of parcels in this Ordinance. Conveyance is subject to [null and void without] the agreement of the Developer to comply with the terms of this resolution [the above terms and conditions

~~and the memorialization of those terms and conditions either in the conveyance, by prior amendment of the Development Agreement, or otherwise].~~

Section 2. Within 45 days of passage of this ordinance, HLB and GBOS shall identify and mutually agree on engagement of a third party to liaise between HLB and the Girdwood community until such time as HLB has a newly appointed and confirmed HLB director that has been in the position for at least six months.

Section 3. Within 30 days of the close of the sale, HLB staff shall provide an update to the Assembly through an informational memorandum.

Section 4. The Municipality’s intent for this development in all phases, is to provide community housing opportunities attainable for year-round residents of Girdwood.

Section 5. HLB, in consultation with GBOS or a committee it designates, shall work to identify and apply for available State and Federal funding to develop a secondary access on Crow Creek Road to the Holtan Hills development.

Section 6. Pursuant to AMC § 25.40.020B, this ordinance hereby amends the *2021 HLB Annual Work Program* to include this disposal under the terms stated herein.

Section 7. This Ordinance shall become effective immediately upon passage and approval by the Anchorage Assembly.

PASSED AND APPROVED by the Anchorage Assembly this ____ day of _____, 2022.

Chair

ATTEST:

Municipal Clerk

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