

Zaletel
Office

Submitted by: Assembly Vice Chair

Prepared by: Assembly Counsel's

For Reading: December 19, 2023

**ANCHORAGE, ALASKA
AO NO. 2023-137**

1 **AN ORDINANCE AUTHORIZING THE COMPETITIVE DISPOSAL OF PORTIONS**
2 **OF HERITAGE LAND BANK PARCELS 6-011, 6-016, AND 6-017, LEGALLY**
3 **DESCRIBED AS TRACT I PRINCE ADDITION ALYESKA SUBDIVISION (PLAT**
4 **87-131)(PID 075-311-04-000), TRACT B GIRDWOOD ELEMENTARY SCHOOL**
5 **SUBDIVISION (PLAT 85-38)(PID 075-031-32-000), AND TRACT 9A SECTION 9**
6 **TOWNSHIP 10 NORTH RANGE 2 EAST (PLAT 73-220)(PID 075-041-31-000), TO**
7 **CY INVESTMENTS LLC AS DESCRIBED IN THE DEVELOPMENT AGREEMENT**
8 **BETWEEN THE DEVELOPER AND THE MUNICIPALITY OF ANCHORAGE**
9 **DATED APRIL 29, 2022, AND AMEND THE HERITAGE LAND BANK 2021**
10 **ANNUAL WORK PROGRAM.**

11
12
13 **WHEREAS**, the Municipality of Anchorage (MOA) proposes the disposal of portions
14 of Heritage Land Bank (HLB) Parcels 6-011, 6-016, and 6-017, legally described as
15 Tract I Prince Addition Alyeska Subdivision (Plat 87-131)(PID 075-311-04-000),
16 Tract B Girdwood Elementary School Subdivision (Plat 85-38)(PID 075-031-32-
17 000), and Tract 9A Section 9 Township 10 North Range 2 East (Plat 73-220)(PID
18 075-041-31-000), To CY Investments LLC as described in the Development
19 Agreement between the developer and the Municipality of Anchorage Dated April
20 29, 2022, and amend the HLB 2023 Annual Work Program; and

21
22 **WHEREAS**, HLB issued a Request for Proposals on April 6, 2021 for the
23 development of portions of three parcels in Girdwood commonly known as Holtan
24 Hills with the intent to provide housing; and

25
26 **WHEREAS**, HLB obtained an appraisal on December 18, 2021 where the
27 developed area was estimated to have a market value of two million one hundred
28 thousand dollars (\$2,100,000); and

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

33
34 **WHEREAS**, the disposal will continue to implement residential housing identified in
35 the 1995 Girdwood Area Plan and the 2006 Crow Creek Neighborhood Plan; and

36
37 **WHEREAS**, this disposal will occur according to the terms of the Development
38 Agreement entered into by the Municipality of Anchorage and CY Investments, LLC
39 including equal distribution of net proceeds of lot sales; and

40

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

6
7 **WHEREAS**, the disposal over three phases is for 16.1 acres for Phase 1, 17.1 acres
8 for Phase 2, and 27.2 acres for Phase III, for a total of 60.4 acres of portions of HLB
9 Parcels 6-011, 6-016, and 6-017; and

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

14
15 **WHEREAS**, Phase 1 of the proposed Holtan Hills Planned Unit Development will
16 propose to have single-family, multi-family, and condo-type units; and

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

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

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

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

33
34 **WHEREAS**, the infrastructure development, including roads and utilities will attach
35 to all parcels in Phase 1, including any lots subject to future conveyance to a
36 Girdwood housing entity for the development of housing; and

37
38 **WHEREAS**, to meet the housing needs in Girdwood, the development of housing
39 that is at least 50% occupied as primary residences whether owner occupied or
40 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 150-300
43 units of year-round permanent housing for residents to its inventory and this demand
44 will be updated through the Girdwood Area Plan that is underway; and

45

1 **WHEREAS**, many concerns have been expressed by the residents that the addition
2 of more residents will increase the burden on the infrastructure and services
3 available within Girdwood; and
4

5 **WHEREAS**, HLB is the primary owner of developable land within Girdwood for
6 housing, industrial and commercial uses. HLB's Work Plan which is due for updating
7 should be developed concurrently and in coordination with the Girdwood Area Plan
8 that is also underway specifically in addressing housing, commercial and
9 infrastructure needs for the community; and
10

11 **WHEREAS**, the Assembly finds that the Girdwood community recognizes that while
12 there will be opportunity for public involvement during the entitlement process (i.e.,
13 conditional use permit and planned unit development) where public feedback can
14 help shape density requirements, the Girdwood community seeks assurance that
15 this development will provide some relief to the housing pressures experienced by
16 current and future full-time residents of Girdwood, specifically by providing more
17 stable long-term rental property and more attainable housing to those at 120 percent
18 and below area median incomes; and
19

20 **WHEREAS**, the land development costs are not typically recouped by the developer
21 until such time as the lots are sold and/or housing units constructed and sold; and
22

23 **WHEREAS**, in the Development Agreement, CY Investments LLC has a duty to act
24 as Declarant of the homeowners' association for the Project; and
25

26 **WHEREAS**, as Declarant for the homeowners' association, CY Investments LLC
27 can set the terms of the planned community through the declaration, and of the
28 homeowners' association through the founding bylaws, including any restrictions on
29 short term rentals, percentage required to approve changes to the homeowners'
30 association bylaws, as well as the time period in which the developer shall transfer
31 control of the homeowners' association to the individual owners and any rights
32 retained, and all terms must be approved by 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 (2022
39 Existing Conditions Report by Huddle AK and Agnew::Beck); and
40

41 **WHEREAS**, the Assembly finds that a public commitment by the Municipality to
42 improved communication and transparency, as well as a return on investment that
43 considers the specific benefit to the Girdwood community as part of the calculation
44 of the benefit for the Municipality as a whole, would be beneficial to the public
45 interest; and
46

1 **WHEREAS**, the Assembly finds that as a resort community, Girdwood faces high
2 external housing demand and has seen a drastic increase in short term rentals in
3 the last 10 years, making it challenging for year-round residents of Girdwood to
4 obtain housing, and raising concerns among residents that the character of this
5 beloved and close-knit community will be lost as community members, especially
6 working and middle class families, will be increasingly priced out of the housing
7 market; and

8
9 **WHEREAS**, the projected profits of two Phases of the Holtan Hills development for
10 HLB are estimated at approximately \$1.2 Million and likely additional profits in Phase
11 3 that are not yet identified, those profits should be reinvested in further
12 development of attainable housing in Girdwood; and

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

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

19
20 **WHEREAS**, the proposed disposal of portions of HLB Parcel 6-011 is not in the
21 *2023 HLB Annual Work Program (AR 2023-235, As Amended)*, pursuant to AMC §
22 25.40.020B, to proceed with the disposal, the *2023 HLB Annual Work Program* must
23 be amended; and

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

35
36 **THE ANCHORAGE ASSEMBLY ORDAINS:**

37
38 **Section 1.** The MOA is hereby authorized to execute disposal of portions of HLB
39 Parcels 6-011, 6-016, and 6-017, legally described as Tract I Prince Addition
40 Alyeska Subdivision (Plat 87-131)(PID 075-311-04-000), Tract B Girdwood
41 Elementary School Subdivision (Plat 85-38)(PID 075-031-32-000), and Tract 9A
42 Section 9 Township 10 North Range 2 East (Plat 73-220)(PID 075-041-31-000), to
43 CY Investments, LLC as described in the Development Agreement dated April 29,
44 2022.

45
46 The following terms shall attach to any conveyance of these parcels as well as be
47 included in the Development Agreement:

- 1
2 A. CY Investments LLC will restrict the use of single-family properties
3 built in Holtan Hills, Phase 1, to prohibit short-term rentals (less than
4 30 days in duration) except for rental of an Accessory Dwelling Unit
5 (ADU) on the property, through the homeowners' association bylaws;
6 which shall further provide that, until such time as the Municipality
7 adopts an ordinance, applicable to properties in the homeowners'
8 association, otherwise regulating short-term rentals, this specific
9 restriction may be amended only by 100% unanimous approval of all
10 parties entitled to vote on proposed amendments to the homeowners'
11 association's bylaws; and
12
13 B. The above restriction and amendment vote requirement shall be
14 included with the initial Declaration recorded by the Developer after
15 approval of HLB and shall not be changed except by unit owners after
16 formation of the homeowners' association and transfer of rights to it.
17

18 This Assembly approval requires and is conditioned upon the agreement by the
19 Developer to the following terms and conditions:
20

- 21 C. All developers must submit applications for land use entitlements to
22 the Girdwood Board of Supervisors (GBOS) for review prior to seeking
23 official action by the designated decision-making body; and
24
25 D. At least one multi-family lot for the development of at least 8 units to
26 be drawn from HLB's portion of profits will be designated for future
27 disposal to a Girdwood housing trust or non-profit entity for the
28 purposes of developing community housing for residents, if and only
29 if a housing trust or entity is established which can legally receive and
30 own property, and if and only if the housing trust or entity is
31 established within five years of the recording of the plat for Phase 1 of
32 Holtan Hills Subdivision and upon approval of the Conditional Use
33 Permit for the Residential Planned Unit Development. Otherwise, the
34 multi-family lot reverts to Heritage Land Bank ownership; and
35
36 E. CY Investments LLC and HLB will continue to engage with the
37 Girdwood Board of Supervisors or delegated committee as the project
38 progresses; and
39
40 F. CY Investments LLC will develop Holtan Hills through the Conditional
41 Use Permit for a Residential Planned Unit Development and will
42 request approval to exceed the allowable density for the gR-3 zoning
43 district as part of this process; and
44

45 The above terms are required for legal disposal of parcels in this Ordinance.
46 Conveyance is subject to the agreement of the Developer to comply with the terms
47 of this resolution.

1
 2 **Section 2.** Within 45 days of passage of this ordinance, and concurrent with the
 3 ongoing development, HLB and GBOS shall identify and mutually agree on and pay
 4 for engagement of a third party to liaise between HLB and GBOS until such time as
 5 HLB has a newly appointed and confirmed HLB director that has been in the position
 6 for at least six months.

7
 8 **Section 3.** Within 30 days of the close of the sale, HLB staff shall provide an
 9 update to the Assembly through an informational memorandum.

10
 11 **Section 4.** The Municipality’s intent for this development in all phases, is to
 12 provide community housing opportunities attainable for year-round residents of
 13 Girdwood.

14
 15 **Section 5.** HLB, in consultation with GBOS or a committee it designates, shall
 16 work to identify available State and Federal funding to develop a secondary access
 17 on Crow Creek Road to the Holtan Hills development.

18
 19 **Section 6.** Pursuant to AMC § 25.40.020B, this ordinance hereby amends the
 20 *2023 HLB Annual Work Program* to include this disposal under the terms stated
 21 herein.

22
 23 **Section 7.** This Ordinance shall become effective immediately upon passage and
 24 approval by the Anchorage Assembly.

25
 26 PASSED AND APPROVED by the Anchorage Assembly this _____ day
 27 of _____, 2024.

28
 29
 30
 31 _____
 32 Chair

33 ATTEST:
 34
 35
 36 _____
 37 Municipal Clerk
 38