

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

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 2021 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
41 **WHEREAS**, this disposal will occur over three phases and is intended to take the
42 form of a Planned Unit Development, affording the development a mixed-density
43 model which will allow single-family, multi-family, and condo-type construction by

1 the ultimate purchasers, thereby addressing several areas of housing needs in the
2 community; and

3
4 **WHEREAS, a Planned Unit Development (PUD), which can allow for greater**
5 **density than current zoning would allow, requires a Conditional Use Permit**
6 **approved by the Planning and Zoning Commission; and**

7
8 **WHEREAS, Phase I of the proposed Holtan Hills Planned Unit Development**
9 **will propose to have single-family, multi-family, and condo-type units; and**

10
11 **WHEREAS, the completed development will include infrastructure comprised of**
12 **roads and utilities that will extend to Crow Creek Road creating a second point of**
13 **egress for the neighborhood and creating the opportunity for development of lands**
14 **west of Crow Creek Road with utilities in the future; and**

15
16 **WHEREAS, development of municipal lands through a public-private**
17 **partnership offers an opportunity for greater public benefit by meeting the**
18 **community's goals in ways not typically feasible with a private development;**
19 **and**

20
21 **WHEREAS, HLB and the Community of Girdwood have committed to work**
22 **together to identify and apply for available State and Federal funding to**
23 **develop secondary access on Crow Creek Road to the Holtan Hills**
24 **development; and**

25
26 **WHEREAS, AWWU has sought a grant to cover the infrastructure costs of**
27 **sewer to the parcels, which will reduce the development costs for offsite**
28 **improvements; and**

29
30 **WHEREAS, the infrastructure development, including roads and utilities will**
31 **attach to all parcels in Phase I, including any lots subject to future conveyance**
32 **to a Girdwood housing entity for the development of housing; and**

33
34 **WHEREAS, to meet the housing needs in Girdwood, the development of**
35 **housing that is at least 50% occupied as primary residences whether owner**
36 **occupied or leased on a five-month to yearly basis should be prioritized; and**

37
38 **WHEREAS, Girdwood has an estimated immediate need to add at least 150-**
39 **300 units of year-round permanent housing for residents to its inventory and**
40 **this demand will be updated through the Girdwood Area Plan that is**
41 **underway; and**

42
43 **WHEREAS, many concerns have been expressed by the residents that the**
44 **addition of more residents will increase the burden on the infrastructure and**
45 **services available within Girdwood; and**

46
47 **WHEREAS, HLB is the primary owner of developable land within Girdwood for**
48 **housing, industrial and commercial uses. HLB's Work Plan which is due for**
49 **updating should be developed concurrently and in coordination with the**

1 Girdwood Area Plan that is also underway specifically in addressing housing,
2 commercial and infrastructure needs for the community; and

3
4 WHEREAS, the Assembly finds that the Girdwood community recognizes that
5 while there will be opportunity for public involvement during the entitlement
6 process (i.e., conditional use permit and planned unit development) where
7 public feedback can help shape density requirements, the Girdwood
8 community seeks assurance that this development will provide some relief to
9 the housing pressures experienced by current and future full-time residents
10 of Girdwood, specifically by providing more stable long-term rental property
11 and more attainable housing to those at 120 percent and below area median
12 incomes; and

13
14 WHEREAS, the land development costs are not typically recouped by the
15 developer until such time as the lots are sold and/or housing units
16 constructed and sold; and

17
18 WHEREAS, in the Development Agreement, CY Investments LLC has a duty
19 to act as Declarant of the homeowners' association for the Project; and

20
21 WHEREAS, as Declarant for the homeowners' association, CY Investments
22 LLC can set the terms of the planned community through the declaration, and
23 of the homeowners' association through the founding bylaws, including any
24 restrictions on short term rentals, percentage required to approve changes to
25 the homeowners' association bylaws, as well as the time period in which the
26 developer shall transfer control of the homeowners' association to the
27 individual owners and any rights retained, and all terms must be approved by
28 HLB; and

29
30 WHEREAS, the return on investment to the HLB Fund will be deferred but likely
31 significant, leading to the long-term health of the Fund; and

32
33 WHEREAS, this land disposal commits approximately 22% of the suitable
34 residential developable land in Girdwood to the Holtan Hills development
35 (2022 Existing Conditions Report by Huddle AK and Agnew::Beck); and

36
37 WHEREAS, the Assembly finds that a public commitment by the Municipality
38 to improved communication and transparency, as well as a return on
39 investment that considers the specific benefit to the Girdwood community as
40 part of the calculation of the benefit for the Municipality as a whole, would be
41 beneficial to the public interest; and

42
43 WHEREAS, the Assembly finds that as a resort community, Girdwood faces
44 high external housing demand and has seen a drastic increase in short term
45 rentals in the last 10 years, making it challenging for year-round residents of
46 Girdwood to obtain housing, and raising concerns among residents that the
47 character of this beloved and close-knit community will be lost as community
48 members, especially working and middle class families, will be increasingly
49 priced out of the housing market; and

1
2 **WHEREAS, the projected profits of two Phases of the Holtan Hills**
3 **development for HLB are estimated at approximately \$1.2 Million and likely**
4 **additional profits in Phase 3 that are not yet identified, those profits should**
5 **be reinvested in further development of attainable housing in Girdwood; and**
6

7 **WHEREAS, the housing developed from Holtan Hills will contribute to the**
8 **overall property tax base of the Girdwood Valley Service Area; and**
9

10 **WHEREAS, return on investments by HLB should not be viewed in strictly**
11 **monetary terms, but overall benefit to the Municipality of Anchorage; and**
12

13 **WHEREAS,** the proposed disposal of portions of HLB Parcel 6-011 is not in the
14 *2021 HLB Annual Work Program (AR 2021-25)*, pursuant to AMC § 25.40.020B, to
15 proceed with the disposal, the *2021 HLB Annual Work Program* must be amended;
16 and
17

18 **WHEREAS,** following required public noticing, the HLB Advisory Commission
19 (HLBAC) held a public hearing and passed HLBAC Resolution 2022-09(S),
20 recommending the disposal of portions of HLB Parcels 6-011, 6-016, and 6-017,
21 legally described as Tract I Prince Addition Alyeska Subdivision (Plat 87-131)(PID
22 075-311-04-000), Tract B Girdwood Elementary School Subdivision (Plat 85-
23 38)(PID 075-031-32-000), and Tract 9A Section 9 Township 10 North Range 2 East
24 (Plat 73-220)(PID 075-041-31-000), to CY Investments, LLC as described in the
25 Development Agreement between the developer and the Municipality of Anchorage
26 Dated April 29, 2022, and amend the HLB 2021 Annual Work Program; now,
27 therefore,
28

29 **THE ANCHORAGE ASSEMBLY ORDAINS:**
30

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

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

44 **A[B].** CY Investments LLC will restrict the use of single-family properties
45 built in Holtan Hills, Phase I, to **prohibit [not include]** short-term
46 rentals (less than 30 days in duration) **except for rental of an**
47 **Accessory Dwelling Unit (ADU) on the property,** through the
48 homeowners' association **bylaws; which shall further provide that,**
49 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 one 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.

ATTEST:

Chair

Municipal Clerk

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MUNICIPALITY OF ANCHORAGE

Assembly Memorandum

No. AM 30-2023

Meeting Date: January 10, 2023

1 **From:** ASSEMBLY MEMBER ZALETEL

2
3 **Subject:** AO 2022-103(S-1): AN ORDINANCE AUTHORIZING THE
4 **COMPETITIVE DISPOSAL OF PORTIONS OF HERITAGE LAND**
5 **BANK PARCELS 6-011, 6-016, AND 6-017, LEGALLY**
6 **DESCRIBED AS TRACT I PRINCE ADDITION ALYESKA**
7 **SUBDIVISION (PLAT 87-131)(PID 075-311-04-000), TRACT B**
8 **GIRDWOOD ELEMENTARY SCHOOL SUBDIVISION (PLAT 85-**
9 **38)(PID 075-031-32-000) AND TRACT 9A SECTION 9 TOWNSHIP**
10 **10 NORTH RANGE 2 EAST (PLAT 73-220)(PID 075-041-31-000),**
11 **TO CY INVESTMENTS LLC AS DESCRIBED IN THE**
12 **DEVELOPMENT AGREEMENT BETWEEN THE DEVELOPER**
13 **AND THE MUNICIPALITY OF ANCHORAGE DATED APRIL 29,**
14 **2022, AND AMEND THE HERITAGE LAND BANK 2021 ANNUAL**
15 **WORK PROGRAM.**
16

17 This S-1 version of the ordinance proposes to add certain conditions to the transfer
18 of the Heritage Land Bank parcels. The changes in the S-1 version came from a
19 combination of proposed changes received during public testimony, emails from
20 residents and interested stakeholders since the ordinance was introduced, and
21 from individual Assembly members during the worksession on December 2, 2022.
22

23 This memorandum summarizes the changes from the proposed S-version of the
24 ordinance to the S-1 version, and provides additional justification for this proposal.
25

26 The summary of changes are:

- 27
- 28 • Page 5, line 2 through line 17: Requires certain terms to be included in any
29 conveyance as well as be included in the Development Agreement. These
30 include a prohibition of short-term rentals, except for a rental of an
31 Accessory Dwelling Unit. This restriction will remain in effect until the MOA
32 adopts an ordinance allowing such rentals or only if there is 100% approval
33 of all parties entitled to vote on amendments to the homeowners'
34 association's bylaws.
 - 35 • Page 5, line 19 through line 23: Adding language to clarify the restriction
36 described above shall be included with the initial declaration recorded by
37 the Developer and cannot be changed except by unit owners after the
38 formation of the homeowners' association.
 - 39 • Page 5, line 25 though page 6, line 11: Conditions Assembly approval on
40 Developer agreeing to certain terms and conditions. These include,
41 requiring at least one multi-family lot for the development of at least eight
42 (8) units to be drawn from HLB's portion of profits and provided to a

1 Girdwood housing trust or non-profit to develop community housing for
2 residents within five years of the recording of the plat for Phase 1; the
3 Developer and HLB continue to engage with the Girdwood Board of
4 Supervisors (GBOS); and the Developer must exceed the density of what
5 underlying zoning permits through the Planned Unit Development and
6 Conditional Use Permit process. These terms are required for legal disposal
7 of parcels in this Ordinance.

- 8 • Page 6, line 16 through line 20: Within 45 days of passage, HLB and GBOS
9 must mutually agree on engagement of a third party to liaise between the
10 groups until such time as HLB has a confirmed director for at least six
11 months.
- 12 • Page 6, line 25 through line 27: Clarifies the Municipality's intent of this
13 development is to provide attainable community housing opportunities for
14 year-round residents of Girdwood.
- 15 • Page 6, line 29 through line 32: Directs HLB, in consultation with GBOS, to
16 identify and apply for available state and federal funding to develop
17 secondary access on Crow Creek Road to the Holton Hills development.

18
19 In addition to the above summary of changes in the S-1 version, a background
20 summary of the proposal provided by the Administration on how we got here is
21 helpful.

22
23 On April 6, 2021, HLB issued a Request for Proposals for development of the
24 Girdwood tracts known as Holtan Hills. The proposal included development
25 priorities along with the goals for developing the site. Respondents were ranked
26 on six (6) weighted criteria including the following: experience and qualifications of
27 the development team, business plan, level of return and benefit to the MOA,
28 consistency with adopted plans and ordinances, description and clear scope/scale
29 of project, and project timeline.

30
31 HLB Parcels 6-011, 6-016, and 6-017 have been reviewed by relevant MOA
32 agencies and have been deemed excess to municipal need. This area has been
33 the focus of potential residential development since as early as 1995 with the
34 adoption of the Girdwood Area Plan. In 2006, the Crow Creek Neighborhood Land
35 Use Plan was adopted that further described potential residential development in
36 this area, and is the Area Master Plan required by AMC 21.09.070E..

37
38 The successful proposer was identified and the Municipality entered into a
39 Developer Agreement with CY Investments, LLC on April 29, 2022. The developer,
40 CY Investments, in coordination with HLB, will replat Holton Hills, construct on and
41 off-site infrastructure, and complete rezoning to implement the development of
42 Holton Hills consistent with the Crow Creek Neighborhood Plan. Compensation to
43 HLB will be deferred and will be based on sales of the lots within Holton Hills.

44
45 The Holton Hills residential development provides public benefit by providing
46 developed lots for multi and single-family residential development. Housing has
47 been identified as a strong need in the Girdwood Community and this
48 development, with the proposed changes in the S-1 version, would meet a portion
49 of that overall need. This development will also eventually develop secondary
50 access to Crow Creek Road and relocate the National Historic Iditarod Trail.
51

1 AMC 25.40.025H. requires that, when HLB land is disposed of for a specific
2 project, the project provide public benefits. Aspects of the Development Agreement
3 that demonstrate the public benefits of the project include: the developer is sharing
4 responsibility for pre-development costs; timeframes for meeting development
5 milestones are specifically described; the developer provides monthly budget
6 reports, and any requests for increases to the budget exceeding three percent
7 require MOA approval; the Municipality has approval authority for the
8 Homeowner's Association creation document; the project will incorporate the
9 planning and design of Crow Creek Secondary Access; and, finally the Municipality
10 will receive fifty percent of the net profits from the sale of Holtan Hills lots. The S-
11 1 version also prohibits short-term rentals for single family homes, except for
12 Accessory Dwelling Units on the property, unless 100% of the homeowners'
13 association agree.

14
15 Public notice of the HLB Advisory Commission (HLBAC) hearing was posted on
16 the MOA public notice website, paper notices were mailed to surrounding property
17 owners, and the property was physically posted on Thursday, September 8, 2022.
18 HLBAC passed resolution 2022-09(S) recommending competitive disposal to CY
19 Investments, LLC, finding the disposal to be in the best interest of the MOA and
20 consistent with the HLB mission with condition of approval.

21
22 Disposal of HLB Parcel 6-011 is not included in the *2021 HLB Annual Work Plan*,
23 so to proceed with the disposal, pursuant to AMC 25.040.020B, the *2021 HLB*
24 *Annual Work Program* must be amended. This Ordinance authorizes that
25 amendment.

26
27 **I request your support of this S-1 ordinance.**

28
29 Respectfully submitted: Meg Zaletel, Assembly Member
30 District 4, Midtown
31