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An Analysis of State Land Disposal Programs

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An Analysis of State Land Disposal Programs
1978 - 1981

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AN ANALYSIS OF STATE LAND DISPOSAL PROGRAMS

-Executive Summary-

INTRODUCTION

In the summer of 1980, the Institute of Social and Economic Research (ISER) entered into contracts with the Alaska Department of Natural Resources and the Division of Policy Development and Planning in the Governor's Office to study demands for state land and the impacts of state land disposals. Two separate reports were prepared under these contracts. The first, "The Private Demand for State Land: A Forecast for 1981-1985," constitutes a pioneering effort to develop a workable method of assessing demand as a basis for future state land disposals. This paper, "An Analysis of State Land Disposal Programs," was prepared by George Gee, Economic and Resource Management Consultant, under a subcontract with ISER. It is organized into four parts.

"Part I: Background Considerations" initially distinguishes between land sales and land conversions--transforming raw land into developed uses--to establish a realistic framework for analyzing impacts of recent state land sales. Secondly, it presents a historical perspective on federal and state land disposals in Alaska prior to 1978, the year the Legislature initiated acreage quotas in the disposal program for state lands and provided for statewide lottery sales. "Part II: Subdivision Lottery, Homesite, and Remote Parcel Disposal Programs: Offerings, Sales and Ownership Patterns" analyzes some of the principal features of the first four state land lotteries. "Part III: Public Perceptions of State Land Disposal Programs" addresses land disposal problems raised both by residents of areas where state land offered for sale is located and winners of state land lotteries. The final section, "Part IV: Recent Revisions to State Land Legislation," summarizes major changes in disposal programs enacted by the Alaska Legislature in 1981 to redress some of the problems identified in earlier parts of the paper.

PART I: BACKGROUND CONSIDERATIONS

The Land Conversion Process - A Case Study

Many concerns about the state's accelerated lottery disposal program initiated in 1979 are not directly related to the sale of land but to its subsequent development and use under private ownership. For this reason it is useful to distinguish between state land sales and the land conversion process. The latter refers to transforming raw land into developed uses. Using an analysis of development patterns on state land sold in Ketchikan Gateway Borough between 1963 and 1979 as a case study, several generalizations are drawn about development on state sold land throughout Alaska.

- Total residential conversions for all of Alaska are estimated to range between 4,000 and 10,000 acres a year.

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The rate at which development occurs on land sold by the state is independent of the price at which the state land is purchased, so that selling lots at less than fair market value (as accomplished by the discount program) is not likely to affect the rate at which they are developed.

Because state land is relatively remote from established communities and the state does not construct roads to and within state subdivisions offered for sale, it is likely that the annual rate of residential conversions on state-sold parcels is in the low hundreds. This contrasts greatly with the massive numbers of acres being offered for sale annually by the state.

Historical Perspective

The Legislature's offering of 100,000 acres for private acquisition per year is small in comparison to federal disposal programs that made more than 200 million of acres in Alaska available for settlement and to the state's original open-to-entry (OTE) program making 2.5 million acres of state land available. Despite the amounts of land covered by federal disposal programs, less than 381,000 acres were conveyed to private owners from statehood up until 1967 when a freeze was placed on all federal disposals. Counting pending claims, some 7300 persons acquired land from the federal government during that period.

The state's original OTE program was in operation from October, 1968 through August, 1973. During this period, only 3,800 private parties either leased or purchased OTE land. In combination, less than 20,000 acres -- eight-tenths of one percent of the available acres -- were privately acquired under this program.

Termination of the state's original OTE program virtually halted transfers of public land into private ownership for several years. This set the stage for the Beirne Homestead Initiative and subsequent enactment of minimum acreage quotas for state disposals by the Alaska Legislature.

PART II: SUBDIVISION LOTTERY, HOMESITE, AND REMOTE PARCEL DISPOSAL PROGRAMS: OFFERINGS, SALES AND OWNERSHIP PATTERNS

Overview

Between June, 1979, when the state initiated use of the lottery method of disposal, and fall 1980, the state offered 158,558 acres--12,441 parcels--for sale through four land lotteries under three land programs: subdivision lotteries, homesites, and remote parcels. Tentative land
sales data, available for the spring 1979, fall 1979, and spring 1980 state land lotteries, show that:

- 43 percent of 5,641 subdivision lots sold,
- 72 percent of 776 homesites sold, and
- 85 percent of 1,705 remote parcels sold, although it was estimated that probably less than 30 percent will actually stake.

Anchorage and Fairbanks residents, constituting about 60 percent of the state's population, acquired about 70 percent of all state lottery parcels.

### Subdivision Lotteries

The success of subdivision lot sales differ greatly by region and land sale areas within regions. Subdivision lots in southeast, excepting one subdivision in Ketchikan, have consistently high rates of sales. Over 90 percent of the subdivision lots offered by the state in southeast sold, compared to 52 percent in southcentral and 25 percent in northcentral. There has been a $43 per capita return to state residents from selling of 2,404 subdivision lots. People who bought state subdivision lots received an average price discount of $3,400 per lot.

### Factors Affecting Rates of Sales

On a regional basis, southeastern lots have garnered by far the highest numbers of applicants for state-offered subdivision lots. In the three land lotteries, southeastern lots attracted an average of 46 applicants each, southcentral lots an average of four and northcentral lots five. While just under 10 percent of the 5,641 lots offered by the state over the three lotteries were in southeast, these lots attracted 51 percent of the lottery applications.

Most state land applicants seek waterfront property: 51 percent of the lots offered in southeast are on waterfront; these received over 80 percent of the applications for southeast land and 45 percent of the total applications. Within the category of waterfront lots, appraised value is a good indicator of which lots will attract the most applicants. The higher a lot's appraised value the more applicants it attracted.

### Geographic Distribution of Land Ownership

Because place of residence within the state has had no bearing on one's chances of winning the opportunity to buy a lot in these three lotteries, lottery sales disperse ownership of land located in one area to people living throughout the state. For instance, the state has sold lots located in Petersburg to residents of Juneau, Ketchikan, Fairbanks, Anchorage, and more than a dozen other Alaskan communities. The number
of lots sold to persons living within the land sale area is a rule-of-thumb measure of how many state lots are going to persons intending to use the land themselves. The state sold only 686 lots to persons living in the immediate vicinity of the land they bought, less than 30 percent of the 2404 subdivision lots sold. Excluding recreation lot sales and making further assumptions aimed at understating this quantity, at least 63 percent of state lottery land sales appear to have been made to speculative and investment buyers.

**Purchase Patterns by Residents of Land Sale Areas**

Purchases of state subdivision lots by residents of Alaska's three largest population centers are relatively concentrated near their respective communities, but they are also widely distributed across all land sale areas. For example, 84 percent of the 164 subdivision lots offered for sale in the Fairbanks area were purchased by local residents. In addition, people living in Fairbanks bought 329 subdivision lots located in other areas of the state. Thus, 71 percent of all purchases by people living in the Fairbanks area are located elsewhere in the state. The patterns of land purchases by residents of other areas in which the state offered land for sale contrast markedly with those for Anchorage, Juneau and Fairbanks. More than 80 percent of the total purchases by residents of eleven communities in the vicinity of subdivision lot sales were limited to land near where they live; less than 20 percent of the purchases were dispersed throughout other areas of the state.

This review of purchase pattern shows that most state land buyers wish to acquire lots near their homes. Yet the scarcity of land offerings in those areas of the state where prospective buyers are concentrated, joined with the opportunity for them to participate in lotteries for lots located elsewhere widely disperses ownership of state-sold lots.

**Historical Increases in Household Units by Area**

To assess how effectively state subdivision sales have offset local demands for residential land, three features of land sale patterns are compared with area-specific increases in housing units: lots offered, lots sold, and lots sold to area residents. The state did not offer subdivision lots in Anchorage, Kenai Peninsula Borough, Juneau, Bethel, or Kodiak Island Borough during the study period; together these municipalities contain more than 64 percent of the new households formed in the state between 1970 and 1980. The eight census areas where the state-offered subdivision lots account for only 31 percent of the average annual increase in Alaska's housing units over the same period.

Comparing land offerings with land sales, 2,787 subdivision lots located in the eight census areas were not purchased. Only 31 percent of the total 1775 lots sold went to residents living in the census area where the
land is located. Residents of the four census areas with higher increases in housing units, and presumably the strongest local demands for land, had proportionally less opportunities to buy state land.

Through

• a lack of offerings in areas experiencing rapid population growth,
• excessive and nonmarketable land offerings in other areas, and
• the geographical dispersion of land ownership,

very few of the subdivision lots the state offered for private purchase at the first three lotteries are helping to offset pressures on local land markets.

Summary of Homesite and Remote Parcel Programs
Lotteries #2 and #3

For the 766 homesite parcels the state offered in the second and third land lotteries, there have been 556 permit takers to date, constituting a 72 percent sales rate. Even though a winner of a homesite parcel is required to build a dwelling and live on the land a prescribed period of time to qualify to acquire the parcel from the state, relatively few homesites--less than 28 percent--are won by people who reside in the general proximity of where the land is located.

The remote parcel program is the most and least successful of the three state disposal programs under review. At lottery, 85 percent of the available entry awards are applied for and won. This exceeds rates of lottery participation for both homesites (72 percent are won) and subdivision lots (43 percent). On the other hand, of the 85 percent who won remote parcel lotteries, early indications are that less than 30 percent will actually stake lots.

Summary of Estimated Final Sales

Based upon the analysis of subdivision lotteries, homesites, and remote parcels offered at the first state lotteries and indications of a high percentage of relinquishment by remote parcel winners, less than 20,000 of every 100,000 acres offered for sale under these programs will be subsequently purchased.
PART III: PUBLIC PERCEPTIONS OF STATE LAND DISPOSAL PROGRAMS

This section addresses land disposal problems raised by two groups directly affected by state land sales: people who won the right to acquire land at state lotteries and residents of sparsely settled areas where state lands have been offered for disposal.

Views of Local Residents

Transcripts of four public land classification hearings, held by the Department of Natural Resources in Summit Lake, Trapper Creek, Skwentna, and McCarthy, were used to identify and highlight types of problems experienced by residents of areas where state land is being offered for disposal. Although practically everyone testifying at these meetings indicated they could support some type of state land disposal in their area, they opposed proposed disposals for a variety of reasons. These include:

- poor quality land is being offered for sale,
- small lot subdivisions and homesites are the wrong types of disposals in remote areas,
- disposal proposals are not tailored to local conditions or the carrying capacity of the land, and,
- land having good public use value and important wildlife habitat are scheduled for disposal.

Survey of Lottery Winners

Of the 344 persons returning DNR's mail survey of state land lottery winners: about one in five state unqualified satisfaction with the state's land disposal program. About two out of five responding (136 persons) are satisfied with the lots they won the opportunity to buy through the land lottery, but have reservations regarding either how the disposals are accomplished in general (114 persons) or a particular disposal program (22 persons). About one out of five respondents (60 persons) expressed frustration, disillusionment, or anger toward their participation in the land lottery. Major problems highlighted are too much poor quality land and lack of access.

Pros and Cons of Specific Disposal Programs

Subdivisions

The subdivision disposal program receives the greatest approval of any of the disposal programs: 47 of the 53 persons commenting on their experience with the subdivision lottery express satisfaction; only six, who received poor or inaccessible land, are dissatisfied.
Homesite

Nineteen of the 32 commenting on their participation in the homesite lottery are pleased, and most state intentions to build a home on the land in the near future. The remaining 13 cite problems with the program: the lack of access and cost of providing access; the time limit; the inability to use the land as collateral for a bank loan with which to build the required dwelling; the lack of job opportunities in areas where homesites are offered.

Remote Parcels

Only 12 of the 92 people commenting on the remote parcel program report receiving good quality land and expressed unqualified satisfaction with the program. The remaining 80 persons are displeased with one or more aspects of the program.

PART IV: RECENT REVISIONS TO STATE LAND LEGISLATION

In 1981, the Alaska Legislature enacted House Bill 31. Passage of this Act made several important revisions to state land disposal legislation that redressed many of the problems raised in Parts II and III of this paper. Major revisions accomplished by the Act include:

- elimination of the requirement that at least 100,000 acres from the state land disposal bank be made available for private acquisition annually;
- provision for future disposal decisions to be based on annual assessments of land demand in different regions of the state;
- changes in disposal procedures that will reduce land sales to individuals not residing in the vicinity of the land offered for disposal; and
- reconstruction of the remote parcel program.
ANALYSIS OF STATE LAND DISPOSAL PROGRAMS
INTRODUCTION

In the summer of 1980, the Institute of Social and Economic Research (ISER) entered into contracts with the Alaska Department of Natural Resources (DNR) and the Division of Policy Development and Planning (DPDP) in the Office of the Governor to study demands for state land and the impacts of state land disposals. Two separate reports were prepared under these contracts. The first, "The Private Demand for State Land: A Forecast For 1981 - 1985," constitutes a pioneering effort to develop a workable method of assessing demand as a basis for future state land disposals and for a preliminary five-year forecast. The Alaska Legislature revised the land disposal statutes in 1981 (after much of the work under the contracts had been completed) thereby instituting a requirement that future disposals be based upon annual assessments of land demand. The Department of Natural Resources is currently working to refine the forecasting method and to incorporate it into its disposal programs.

This paper, "An Analysis of State Land Disposal Programs," was prepared by George Gee, Economic and Resource Management Consultant, under a subcontract with ISER. It addresses the impacts of the state's recent land disposal programs. At the outset, this assessment of impacts sought to identify a wide variety of short and long-range consequences associated with state land disposals and to construct a methodology for evaluating similar impacts of future land disposals. As the investigation began, it quickly became apparent that these objectives were too ambitious. The initial section of Part I of the paper, entitled "Background Considerations," reviews some principal factors posing difficulties for comprehensively identifying and analyzing state land disposal impacts at this time.

Important omissions in the assessment of consequences of state land sales include future costs of governmentally supplied improvements and services--roads, schools, fire and police protection, utilities, water and sewer systems, etc.--and the sacrifice of highly valued public use and resource lands, e.g., public recreation areas, fish and wildlife habitat, and timber and mining areas. These issues are raised by residents of areas where state land is offered for disposal at public hearings reported on in this paper, but no attempt is made here to quantify or develop a method for estimating the real costs associated with these types of impacts. Such impacts occur primarily when the land is actually developed; the period of land sales investigated here is so recent it is not yet

1 In preparation of this report for publication, several excerpts from other work independently performed by Gee prior to or during the contract period are included. Where they appear in the paper, these excerpts are noted.
possible to determine how fast development will occur in different areas or which services will be demanded as a result of eventual development.

In light of these difficulties, the study of impacts focused on less speculative, more easily documented consequences. These include descriptive information such as the following:

- where state lands offered for sale are located;
- numbers of applicants attracted to state lands offered for disposal in different locations;
- geographical patterns of land sales to lottery winners residing in different areas of Alaska;
- numbers of unsold parcels remaining in state ownership; and
- quantities of state land sold compared to rates of new household formation in different areas of the state.

These findings are derived in Part II of the paper entitled "Subdivision Lottery, Homsite, and Remote Parcel Disposal Programs: Offerings, Sales, and Ownership Patterns."

More qualitative impacts are presented in Part III, "Public Perceptions of State Land Disposal Programs." This section addresses land disposal problems raised by two groups directly affected by state land sales: people who won the right to acquire land at state lotteries and residents of sparsely settled areas where state lands have been offered for disposal. Even though it is too early to discern where and how fast development will occur, a major reason for focusing on sparsely settled areas is that even small amounts of development may constitute a scale having drastic effects on lifestyles, subsistence uses of resources, and limited employment opportunities. Also, the types of services that may be required to support even low levels of development in rural settlements differ somewhat from what would be needed in more populous areas of the state.

Lottery winners, almost by definition, would be expected to be pleased generally with state land disposal programs. That many are not--some being so dissatisfied they relinquish their right to purchase land--is indicative of serious disposal problems. Comments drawn from personal experiences with disposal programs made by both satisfied and dissatisfied lottery winners are highly instructive.

The final section, Part IV: "Recent Revisions to State Land Legislation," summarizes major changes in disposal programs and procedures made by the Alaska Legislature in 1981 to address many of the problems discussed in earlier parts of the paper. These include eliminating the requirement that 100,000 acres in the state land disposal bank be offered for private acquisition annually, providing for regional demand assessments to be used as the basis for disposal decisions, altering lottery disposal procedures, and revamping the remote parcel disposal program.
PART I: Background Considerations

Many concerns about the state's accelerated lottery disposal program, which began in 1979, are not directly related to the sale of land but to its subsequent development and use in private ownership, for this is generally when the impacts occur. For this reason, it is useful to distinguish between state land sales and the land conversion process; the latter referring to undeveloped land being transferred into a more developed use. Due to the disposal programs under review (subdivision lottery, homesite, and remote parcel), the types of uses of interest in this analysis are year-round and seasonal residences and occasional use recreation cabins.

Past state land sales dating back to 1963 and land development patterns in the Ketchikan area are intensively examined here for the purpose of detecting relationships between land sales and conversions. Insomuch as some of the major findings are reasonably applicable statewide, a summary of Ketchikan's land development patterns is presented to provide a background for understanding how future residential uses are likely to develop on land more recently sold statewide. Since the analysis of the Ketchikan area deals principally with year-round residential development, it is not a basis for conjecture about where or how fast seasonal residences and recreation cabins will develop on state-sold land. Despite this limitation, links developed between state land sales, private land markets and construction of year-round residences supply a good rule-of-thumb indicator for assessing the scale of recent state disposals relative to use demands.

Following the discussion of land conversions, a summary of federal and state land disposals in Alaska made prior to 1978 provides a historical perspective that contributes to understanding the state's current disposal programs. Amounts of land conveyed into private ownership under federal disposal programs and the state's original Open-To-Entry (OTE) program, and key characteristics of how these disposal methods operated highlight the historical role of public land disposals in Alaska and identify key differences in the structure of earlier programs compared to the current lottery method of land disposal. The freeze on federal disposals and termination of the OTE program were largely responsible for passage of the Beirne Homestead Initiative and the instituting of an acreage quota, which more recently (1981) has been removed from the statutes due to the serious problems it caused.

The Land Conversion Process - A Case Study

Land conversion refers to the process by which raw land is converted to direct use. While state land sales transfer ownership, they do not necessarily lead to conversions. Findings from a study of state land sold in Ketchikan Gateway Borough between 1963 and 1979 illustrate the relationship between
state land sales and residential conversions. During this period, the State of Alaska auctioned 322 parcels totalling 512 acres in the Ketchikan area.

During the 1960's, the Ketchikan area experienced a relatively slow rate of population growth of 1.4 percent annually, increasing from 8800 in 1960 to just over 10,000 in 1970. In the next eight years, the yearly rate of population increases doubled as the area's population grew to about 12,500 in 1978. Accompanying population growth, the housing stock in Ketchikan increased by about 320 units during the 1960's and 550 units between 1970 and 1979. As might be expected, these increases are roughly comparable to one new housing unit per family added to Ketchikan's population.

The Ketchikan area is reputed to have a shortage of land available for residential development. Although several hundred acres of privately owned lots and tracts of land stand undeveloped, changes over 15 years in real prices (adjusted for inflation) of undeveloped residential land offer striking testimony on the shortage of land on the Ketchikan market. Based on price information reported for more than 150 transactions involving both the resale of land initially auctioned by the state and sales of other privately owned parcels located in all areas of Ketchikan, annual increases in real prices of residential land averaged about 20 percent for the period from 1963 to 1978.

Although price data, except for state auctions, are sparse for the 1960's and early 1970's the average rate of increases does not appear to mask sporadic trends. More readily available land sale values for the period from 1974 to 1978 indicate a continuation of yearly real increases at or slightly in excess of 20 percent. At the observed average rate of change, land prices double every four years: a lot selling for $650 in 1963 would have a 1978 price of $10,000 in constant dollars and would cost $36,000 in 1985, if the long term trend in real increases continues into the future. Accounting for a six percent per year average of inflation, the actual market price of the same lot would have been about $21,000 in 1978 and would exceed $100,000 in 1985.

Of the 322 parcels initially auctioned by the state in Ketchikan, 43 lots were subsequently resubdivided by private owners into 133 lots bringing the total number of parcels in 1978 to 412 lots. By 1978, only 89 of 412

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1 Information about state land sales, land development patterns, and land prices in Ketchikan was compiled from several papers prepared for the Ketchikan Gateway Borough and subsequently cataloged in the document: Ketchikan Gateway Borough Land Program: A Summary Prepared For The House Resources Committee, February, 1981, prepared by Kathryn Carssow and George Gee.
lots, 22 percent, had been developed into residential use. The other 78 percent remained vacant that year. Since practically all of the residences are on lots located on the road system, it is realistic to reduce the base of state sold land under consideration to include only lots on the road system. In this case, the number of vacant lots still exceeded 70 percent -- 220 of 304 lots. If, to allow ample time for development to occur, the base is further reduced to land on the road system sold prior to 1970, more than 62 percent, 140 of 224 lots, remained vacant in 1978.

These separate observations posed a serious paradox calling for a more detailed analysis of residential development patterns in Ketchikan. On the one hand, land prices in Ketchikan have spiraled at high rates of increase for a considerable period of time, including recent years. On the other hand, lands purchased by private parties from the state have undergone relatively slow rates of conversion into residential use. Vacant state-sold lots in conjunction with other undeveloped private land apparently indicate there are ample quantities of land available to accommodate additional community expansion.

The purpose of the more intensive analysis of residential development patterns was to determine if some areas systematically grew more rapidly than others and to see if state sold land is located predominately in slow growth areas. The relative rates of residential development in different areas are virtually impossible to determine by direct analysis due to a lack of information about when individual housing units were constructed. The Ketchikan borough assessor's office has only recently begun to keep records of construction dates for residential units. For practically all structures built prior to 1978, construction dates recorded in the assessor's files are staff estimates based on information supplied by owners or occupants, or based on style of construction and general knowledge of different areas. These records are probably fairly accurate to the decade but are not useful for more detailed analysis.

An alternative method of investigating comparative development of different areas in Ketchikan was devised using data available in a 1978 comprehensive land use inventory compiled by the borough planning department. First, nine discernible "neighborhoods" which encompass all developed areas outside the City of Ketchikan were defined. These neighborhoods differ not only in terms of relative location (proximity to places of work, schools, retail centers, and other community facilities and services), but also the number of lots and amount of built roads (versus platted access) vary greatly from one neighborhood to another. To standardize the differing neighborhoods for comparing their respective development rates, the total number of lots, of residences, and of vacant lots per mile of roads were calculated for each. In addition, undeveloped land prices were compared for each neighborhood.
Major findings of this analysis are as follows:

- In Ketchikan, the road system determines which lands are competitive for residential uses. Less than three percent of the housing stock is on land having only water access. Densities of residential development are slightly higher in areas having had earlier road access.

- There is a relatively even degree of development throughout all of the neighborhoods despite any locational advantages or disadvantages. The percent of lots in residential use per mile of road ranges between 47 percent and 54 percent for six of the nine neighborhoods. The other three areas have special characteristics accounting for higher or lower percentages. For example, in a large subdivision completed in 1974, only 38 percent of the lots per mile of road have housing. The comparative levels of development are strikingly similar when areas north and south of the City of Ketchikan are aggregated: there are 53 lots, 27 residences and 23 vacant lots per mile of road north of the city compared to 58 lots, 30 residences, and 26 vacant lots per mile of road south of the city.

- Differences in land prices interlink these disparate land markets represented by different neighborhoods and account for their relatively uniform levels of development. Although the price of an individual lot depends on many factors including site characteristics and buyer's and seller's circumstances, lots located further from the city tend to have lower average selling prices than do lots nearer the city. Land price differences for different neighborhoods systematically offset locational and other significant disadvantages.

These findings suggest the reason for apparently slow rates of development of state-sold land but they do not explain the long term upward spiraling of Ketchikan land prices. Land sold by the state constitutes about 20 percent of the local stock of privately owned, undeveloped land. Approximately 10 percent of the housing built in Ketchikan between 1963 and 1979 is on state-sold land. This indicates the rate of converting undeveloped land into residential use is slower for land sold by the state than for other private land. However, the state added parcels to the private land base in increments over the 15 year period. Adjusting for the time factor, the rates of conversion for state-sold parcels and other private land are about equivalent.

The explanation for price increases probably centers upon the function of prices in allocating the use of goods over time. This function is explicit in formal futures and spot markets for commodities and minerals; for economic goods like land, for which no formal futures market exists, allocation of "consumption" over time is less obvious. Conjecturally, when housing is constructed on undeveloped land, the latter is in effect consumed.
In Ketchikan, the average rate of conversion, approximately 57 lots per year during the period of 1963 to 1979, more than doubled the rate at which public land was sold to private owners. Price adjustments allocating the shrinking base of privately owned land are influenced by the cost of improving raw land for residential use, expectations concerning future rates of conversions, and expectations about future additions to the private land supply from public land sales. In Ketchikan, actual price adjustments characterizing the period under investigation resulted in 20 percent annual increases in the real price (over inflation) of undeveloped land. This characterizes the behavior of land prices in each of the neighborhoods for which price data is available.

Whereas some findings from the Ketchikan study cannot be generalized to the state level, the significance of population growth as a determinant of housing construction, the importance of road access in making land competitive in the residential land market, and the interlinkages of land markets through competitive pricing are probably applicable on a statewide scale. Total residential conversions for all of Alaska probably range between 4,000 to 10,000 acres a year. Prospective buyers wanting land for immediate residential use canvass the entire market of available and competitive land prior to purchasing. Prices in markets of privately owned undeveloped land tend to adjust for state offerings. Under the best of circumstances, the rate of residential development of state-sold land is not likely to exceed the proportion of undeveloped suitable land it represents in the total available to a community. State land offered for sale is relatively remote from the established communities that absorb most of the state's population growth. Furthermore, the state is not providing road access to even the more favorably located lots it offers for sale. Taking these considerations into account, it would not be surprising to find annual statewide residential conversions of state-sold parcels to number in the low hundreds.

**Historical Perspective**

Since passage of the Beirne Homestead Initiative (Ballot Proposition 4) on November 7, 1978, it has become almost an article of faith that there is a massive demand for land in Alaska. The State Legislature responded to grass root sentiments communicated through the successful petition drive to put the issue on the ballot, and its subsequent majority vote, by enacting the most ambitious "active" land disposal program in the state's brief history. Yet, the offering of 100,000 acres of state land annually for private purchase is small compared to federal disposal programs that made hundreds of millions of acres in Alaska available for settlement or compared to the State's original open-to-entry program that designated 2.5 million acres of state land as available for private acquisition.

These historical public land disposal programs were passive. They did not "sell" land in the sense that a real estate development firm would -- preparing, surveying, and promoting the sale of lots. These programs
designated which lands were available for private acquisition and required the prospective purchaser to initiate the action -- selecting and staking a parcel -- that could culminate in conveyance of title to the land. From the perspective of the prospective buyer, these programs were self-executing, and the government's role was passive. If a person's desire for land was not satisfied in the market place of privately owned lands, the option to obtain public land existed. In discussing private land demands in Alaska, it is significant that these programs did not flood land into private ownership and, on average, only about 1,000 people a year obtained land through these programs.

More than two hundred million acres of vacant and unreserved public domain land in Alaska were available for private acquisition during the early years of statehood. In 1967, the Department of Interior placed an unofficial "freeze" on federal land disposal programs by suspending practically all disposal proceedings. In January, 1969, Public Land Order No. 4582 temporarily withdrew all unreserved public lands in Alaska from disposition under Public Land Laws. Finally, the Alaska Native Claims Settlement Act of December 1971, and Public Land Order No. 5418 issued in March 1974, withdrew all unreserved lands in Alaska indefinitely.

From 1960 through 1974, approximately 278,000 acres of federal lands were patented to 2,100 persons under federal homesteading laws. At the end of 1974, 330 homestead claims for 56,000 acres were still pending. Excluding native allotments, all other federal disposal programs active between 1960 and 1967 resulted in some 27,000 acres being patented to 4,100 persons and corporate individuals; about 800 claims involving 20,000 acres remained pending at the close of 1974. In total, these programs may result in 381,000 acres being conveyed to 7,330 private parties. Assuming all claims are approved, for the seven and one-half years following statehood these programs were in effect, federal homesteading got on average about 44,500 acres to 325 owners annually and the other programs -- including homesteads, trade and manufacturing sites, townsites, and small tracts -- averaged disposals of 6,300 acres to 650 owners yearly.

The self-executing feature of the State of Alaska's original open-to-entry program was similar to the way in which federal homesteading functioned. A U.S. citizen, 19 years or older, could enter any area designated as "open-to-entry" and stake up to 5 acres of land. The OTE program differed from some of its federal counterparts in requiring that the land be leased or purchased rather than used and developed. A staked OTE parcel could be leased under a 5-year renewable lease agreement. At any time during the lease period, the lessee could buy the land by paying survey costs and the parcel's fair market value as calculated for the date of entry.

The OTE program was in operation from October, 1968, through August, 1973, when the Director of the Alaska Division of Lands declassified open-to-entry lands. This action was taken "to re-evaluate the program and determine if it has been abused or exploited." In Figure 1 the comparable levels of lease activity generated by open-to-entry opportunities is graphically illustrated in relation to state sales of land classified as Residential and Private Recreation to private parties.

FIGURE 1
State of Alaska
Open-To-Entry, Residential, and Private Recreation Land Disposals
1960 - 1975

3,809 OTE Leases and Sale Contracts, 1968-1975
2,998 Residential and Private Recreation Sales, 1960-1975


During its less than five year history, 3,800 OTE leases were initiated. This amount constitutes 70 percent of all leases of state land during the first 16 years of statehood. It is 27 percent greater than the number of residential and private recreation parcels sold during the 15-year period. It is more than a third of the period's 10,336 lease and sale contracts combined. Even so, in its most active years less than 1,000 persons obtained OTE leases and, in total, less than 20,000 acres of land -- eight-tenths of one percent of the available acres -- were absorbed by OTE leases.

In addition to the quantity of land privately claimed compared to the amount made available by the state in the OTE program, the type and location of lands selected by people shed light on other dimensions of private demands for land in semi-remote areas not accessed by roads. In a draft paper prepared by Department of Natural Resources personnel in 1976, entitled "White Paper on Alaskan Land Situation," five areas representing more than 90 percent of all OTE acreage available during the program's period of operation were analyzed. The distribution of OTE lots by area and their waterfront characteristics are summarized below.

FIGURE 2

Amounts and Characteristics of Open-To-Entry Land Leased and Purchased

<table>
<thead>
<tr>
<th>Area of State</th>
<th>KODIAK</th>
<th>KENAI</th>
<th>SUSITNA</th>
<th>FAIRBANKS-PENINSULA</th>
<th>VALLEY</th>
<th>NENANA</th>
<th>DELTA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Available OTE Acres:</td>
<td>5,010</td>
<td>22,345</td>
<td>1,843,168</td>
<td>159,652</td>
<td>301,828</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OTE Acres Leased or Purchased:</td>
<td>315</td>
<td>1,515</td>
<td>12,470</td>
<td>1,115</td>
<td>1,395</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent of Total:</td>
<td>6.3%</td>
<td>6.8%</td>
<td>0.7%</td>
<td>0.7%</td>
<td>0.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of OTE Parcels:</td>
<td>63</td>
<td>303</td>
<td>2,494</td>
<td>223</td>
<td>279</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

78% of all OTE lots have waterfrontage

- non-waterfront Lots
- river or stream frontage
- lake front
- marine waterfront

Nearly 80 percent of all OTE lots in the study areas are located on marine waters, lakes, rivers or streams. On Kodiak Island and the Kenai Peninsula, two-thirds are on the ocean and nearly 20 percent are lake front lots. Five percent of the OTE sites on the Kenai Peninsula and 11 percent on Kodiak Island front on rivers or streams.

Almost three-fourths of all OTE sites are located in the Susitna Valley. There, nearly half of the lots are on lakes and more than one-fourth are on river and streams. The study reports that 20 percent of the non-waterfront lots are accessed by the Alaska Railroad; other methods of access reported in addition to airplanes and boats were walking, snow machine, car or truck, and cross country skiing.

In the Fairbanks-Nenana and Delta areas, respectively, about 63 and 85 percent of the OTE sites are on rivers or streams, notably the Tanana River. Only five percent of the Fairbanks-Nenana sites and 10 percent of those in the Delta area are located on lakes.

The DNR analysis also included a random sample of leases to determine where leaseholders lived. Two-thirds had Anchorage addresses, 10 percent lived in Fairbanks, 12 percent of the addresses listed communities in the vicinity of OTE areas and undoubtedly includes some people who live on their OTE property, and 11 percent of the lessees live in other communities throughout Alaska.

It is hardly questionable that people selecting and staking OTE parcels weighed many locational and site factors when finalizing their decisions, including taking prime value land when it met other criteria and was available. It is equally apparent that the great preponderance of waterfront property selected reflects its relative ease of access when alternatives are limited to roadless areas. The paramount importance of access to people selecting OTE parcels is stressed here as a contrast to current State disposals in which lack of access is often a problem.

A final note of the state's original OTE program is that its closure resulted in a virtual termination of transfers of public land into private ownership until 1978. It was as if the popularity of the OTE program overshadowed demands for other types and uses of land. When it was stopped, no step-ups in other state land disposal programs occurred to offset pent-up and natural increases in Alaskans' land demands. This result, the tapering off of all types of disposals, is graphically illustrated in Figure 3. This, indeed, set the stage for the Beirne Homestead Initiative.

Sales of State Land (Acres)

Leases of State Land (Acres)

Two features of the Beirne Initiative and the majority support it garnered at the ballot box are interesting in light of the legislature's response. First, the language of the Initiative did not speak to amounts or rates of land disposal. It read:

This proposal would make all vacant, unappropriated and unreserved state general grant land (except trust land and 500,000 acres selected by the state for public purposes) available for homesteading until 30 percent of the land or 30,000,000 acres, whichever comes first, has passed into private ownership.

Had it survived legal tests, it would have mandated, in effect, that almost all but 1,500,000 acres of state land be available for private acquisition through "homesteading." Since the land was to be essentially free on a first-come-first-take basis, it is easy to conjure up images of a second Great Land Rush -- the roar of thousands of planes straining to stay in position, wings tip-to-tip, awaiting the starter's gun. But the wording of the Initiative did not even suggest that there should be land "offered" for disposal in the sense of the state choosing, surveying and promoting lots for sale. It is ironic, given the passive type of program (with respect to the state's role) proposed in the Beirne Initiative, that the legislature responded by designing a 100,000 acre per year disposal plan of the real estate development firm-variety.

A second interesting feature is the outcome of the vote of the issue: 55,511 of 125,920 voters -- 44 percent -- opposed this proposal for "free land for all Alaskans." It is not apparent from their negative votes what this sizable minority desired in place of the Beirne plan; their votes do suggest there may be other important concerns that compete with "getting land rapidly into private ownership" in Alaskans' views about how the state's program ought to function.
This analysis is an inquiry into, rather than an evaluation of, effects of three state lottery disposal programs. As an inquiry, it focuses on how much land was sold, who purchased the land, and what reasons appear to explain observed geographical patterns of land sales and purchases. It is not an evaluative analysis developed from comparisons of what happened versus what was expected or desired to happen. For the years under consideration, 1979 and 1980, legislatively formulated objectives were virtually limited to how many acres were to be offered for sale, pricing mechanisms, state residency requirements and what types of land should not be sold. Few positive objectives existed concerning which land ought to be available for sale, types of land demand (homesite, recreational, investment, or speculative) to which sales ought to be targeted, acceptable levels of sales versus offerings, or other performance requirements for the land sales program. Consequently, there were too few established standards upon which an evaluation could be based.

One type of evaluation is incorporated into the analysis. It is based on the assumption that a key objective of the state's subdivision lottery and homesite programs were, and still are, to make land inexpensively available for residential use. This is discussed in the assessment of the geographic dispersal of land ownership that has emerged from state land lotteries.

Overview of State Land Lotteries

Between the inception of an accelerated land disposal program in June 1979, and December 1980, the state offered 158,558 acres and 12,441 parcels for sale under three land programs: subdivision lotteries (including surveyed open-to-entry lots), homesites, and remote parcels (including unsurveyed open-to-entry parcels). These acres were offered for private purchase in the first four separate land lotteries as shown in Figure 4. Lots remaining unsold following a lottery are available for over-the-counter purchase for a specified period of time.

The first large lottery sale was in June, 1979. In that lottery, the state offered 28,119 acres for disposal. These included 15,367 acres offered in 1,026 surveyed open-to-entry lots, 45 homesite lots totaling 202 acres, and 2,510 unsurveyed parcels under the open-to-entry disposal
Figure 4
Subdivision, Homestead, and Remote Parcel Lotteries:
Acres and Parcels Offered For Disposal By Region, 1979-80

300 Dillingham parcels
205 Northcentral parcels

775 Southeast parcels
210 Northcentral parcels

802 acres
300 acres
2210 acres
100 Northcentral Lots
34 Southeastern lots

322 Southcentral lots
232 Southcentral lots
101 homesites

624 Northcentral lots
45 Northcentral homesites

216 Southeastern lots

85 Southcentral lots
420 Southcentral homesites

67 Southeastern homesites

188 Northcentral homesites

1583 Southcentral lots

425 Southcentral parcels

2326 Northcentral lots

425 Southcentral parcels

1243 acres
1015 acres
751 acres
162 acres

1120 acres
893 acres

27300 acres
179 acres
948 acres

25920 acres

SPRING 1979
(35,300 acres)
63 Southcentral
38 Northcentral

FALL 1979
(28,100 acres)

FALL 1980
(38,900 acres)

SPRING 1980
(56,700 acres)
923 Northcentral parcels

RE!~OTE PARCELS
HOMESITES
SUBDIVISION LOTS
program with a maximum acreage equaling 12,550 acres. Winners at lottery of surveyed open-to-entry lots could enter either a purchase or lease (up to 10 years) contract with the state. Winners of unsurveyed OTE parcels were granted "entry authorization" to stake parcels in designated areas and file lease applications; once surveyed, lessees could purchase their parcels at 1979 prices. Winners of homesites in the first lottery were based on longest state residency; entry permits to build and live on the land were granted; purchasing ownership of homesites required living on the land 21 months during the first three years, building a single family dwelling on it during the first five years, and paying platting costs to the state.

More than 80 percent of the lots constituting 74 percent of the acreage offered at this "spring, 1979" sale are located in the northcentral region of the state. These included 624 surveyed OTE lots, 2,210 unsurveyed OTE parcels, and all 45 homesites available at the lottery. Only surveyed OTE lots were offered in the southcentral and southeastern regions. In the Dillingham area 300 unsurveyed OTE parcels were offered for entry authorization and eventual sale.

Substantially more acreage, over 7,000 acres more, was offered at the second large land disposal lottery in December, 1979. Most of it, 82 percent, was offered as 20-to-40 acre remote parcels. As a result, only 1,455 lots were offered at the fall lottery compared to 3,581 lots in the spring sale. Of 980 remote parcels offered, 775 were located in the southcentral area of the state and 205 were in the northcentral region. Only 374 subdivision lots, 17 percent of the total acreage, were offered for private purchase. The remaining 406 acres were offered in the form of 101 homesite lots. Of the 374 subdivision lots, 62 percent were located in the southcentral region, 29 percent in northcentral, and 9 percent in southeastern. Of the 101 homesites, 63 were located in southcentral and 38 were in the northcentral area of Alaska.

Private acquisition of land under the state's remote parcel program was similar to the way in which unsurveyed parcels could be purchased under the open-to-entry program. Applicants selected at lottery were authorized to enter designated areas, to stake parcels, and to lease the land for up to 10 years. Unlike the OTE program, retired by the legislation creating remote parcel disposals, a lessee of remote parcels must build a habitable dwelling or make other permanent improvements as well as survey the parcel to qualify to purchase the land from the state. The purchase price of a remote parcel was based on its valuation on the date the survey plat was officially approved.  

1 In 1981 the Alaska Legislature extensively revised the remote parcel program. These changes are discussed in Part IV.
TABLE 1

Summary of Four State Land Lotteries, Selected Disposal Programs, Spring 1979 - Fall 1980

<table>
<thead>
<tr>
<th>Areas Where Land is Located</th>
<th>Subdivision Lots 2</th>
<th>Homesites</th>
<th>Remote Parcels</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southeastern</td>
<td>2,858 (5.9%)</td>
<td>162 (5.5%)</td>
<td>63,500 (59.4%)</td>
<td>3,020 (1.9%)</td>
</tr>
<tr>
<td>Southcentral</td>
<td>16,808 (34.5%)</td>
<td>1,527 (51.9%)</td>
<td>41,8903 (39.2%)</td>
<td>81,835 (51.6%)</td>
</tr>
<tr>
<td>Northcentral</td>
<td>29,058 (59.6%)</td>
<td>1,254 (42.6%)</td>
<td>1,5003 (1.4%)</td>
<td>72,202 (45.5%)</td>
</tr>
<tr>
<td>Dillingham</td>
<td>0 (0.0%)</td>
<td>0 (0.0%)</td>
<td>1,500 (0.9%)</td>
<td>1,500 (0.9%)</td>
</tr>
<tr>
<td>Total Acreage</td>
<td>48,724 (100.0%)</td>
<td>2,943 (100.0%)</td>
<td>106,890 (100.0%)</td>
<td>158,557 (99.9%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Parcels Offered</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Southeastern</td>
<td>542 (9.2%)</td>
<td>67 (7.8%)</td>
<td>0 (0.0%)</td>
<td>609 (4.9%)</td>
</tr>
<tr>
<td>Southcentral</td>
<td>2,126 (36.2%)</td>
<td>498 (58.0%)</td>
<td>2,015 (35.3%)</td>
<td>4,639 (37.3%)</td>
</tr>
<tr>
<td>Northcentral</td>
<td>3,201 (54.5%)</td>
<td>294 (34.2%)</td>
<td>3,3983 (59.5%)</td>
<td>6,8933 (55.4%)</td>
</tr>
<tr>
<td>Dillingham</td>
<td>0 (0.0%)</td>
<td>0 (0.0%)</td>
<td>3003 (2.4%)</td>
<td>3003 (2.4%)</td>
</tr>
<tr>
<td>Total Acreage</td>
<td>5,869 (99.9%)</td>
<td>859 (100.0%)</td>
<td>5,713 (101.0%)</td>
<td>12,441 (100.0%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Average Parcel Size</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Southeastern</td>
<td>5.3 acres</td>
<td>2.4 acres</td>
<td>--</td>
<td>5.0 acres</td>
</tr>
<tr>
<td>Southcentral</td>
<td>7.9 acres</td>
<td>3.1 acres</td>
<td>31.5 acres</td>
<td>17.6 acres</td>
</tr>
<tr>
<td>Northcentral</td>
<td>9.1 acres</td>
<td>4.3 acres</td>
<td>12.33 acres</td>
<td>10.62 acres</td>
</tr>
<tr>
<td>Dillingham</td>
<td>--</td>
<td>--</td>
<td>5.03 acres</td>
<td>5.02 acres</td>
</tr>
<tr>
<td></td>
<td>8.3 acres</td>
<td>3.4 acres</td>
<td>18.7 acres</td>
<td>12.7 acres</td>
</tr>
</tbody>
</table>

1 Includes duplicate offerings of the same parcel.
2 Includes surveyed OTE lots.
3 Includes unsurveyed OTE lots having 5 acres maximum size limitation.
The largest numbers of subdivision lots and homesites were available at the spring lottery, held in June, 1980. The 4,241 subdivision lots and 675 homesites constitute about 73 percent of these types of parcels offered at these four state lotteries. In total, 5,341 parcels and 33,439 acres were included in the spring 1980, lottery.

The geographic locations of subdivision lots offered are as follows: 2,326 were in the northcentral, 1,593 in the southcentral, and 322 in the southeastern areas. There were 188 homesites located in northcentral and the remaining 67 offered were in the southeastern region. All 425 remote parcels were in the southcentral region.

The fourth land lottery under consideration, held in December, 1980, offered the largest number of acres for sale--55,716 acres. Nearly 94 percent of the acreage was made available under the remote parcel program, 815 parcels, and 27,300 acres located in the southcentral region and 983 northcentral parcels totaling 25,920 acres. The fewest number of lots and acres were offered as subdivision lots and homesites at this disposal: 228 subdivision lots and 38 homesites. In the northcentral area of the state, 143 subdivision lots and 23 homesites were offered. The remaining parcels offered in fall 1980 included 85 subdivision lots and 15 homesites located in the southcentral area. Table 1 summarizes land offered for private purchase under three programs at the 1979 and 1980 state land lotteries by region, program, number of parcels, and acreage.

Subdivision Lotteries: Number of Lots Sold

Tentative land sales data is available for the spring 1979, fall 1979, and spring 1980 state land lotteries. The sales figures also include lots sold at over-the-counter offerings following the second and third lotteries. This sales data is tentative in that not all successful applicants for parcels, permits, and entry authorizations enter and fulfill the terms of contracts with the state to finalize their purchase of land. Thus, the data may overstate the actual percentage of final sales for any area. Since most of the parcels are purchased from the state on long-term contracts or have staking, surveying, and improvement requirements to be met prior to purchase, the actual amount of overstatement cannot be determined at this time.¹

For the purpose of analyzing the land sales information, the subdivisions offered for sale are grouped into seventeen generalized locations: six in southeastern Alaska, five in southcentral, and six in northcentral (see Table 2). Southeastern land sale areas are located in the vicinities of six communities: Wrangell, Haines, Ketchikan, Petersburg, Gustavus, and

¹ Of 667 subdivision lots indicated as sold at the spring 1979 lottery, 71--10.6 percent-- were reoffered for sale in the spring 1980 lottery.
<table>
<thead>
<tr>
<th>Region</th>
<th>Area</th>
<th>State Land Listings in Land Brochures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Southeast</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I.</td>
<td>Wrangell</td>
<td>Wrangell</td>
</tr>
<tr>
<td>II.</td>
<td>Haines</td>
<td>Haines, Mosquito Lake, Mud Bay</td>
</tr>
<tr>
<td>III.</td>
<td>Ketchikan</td>
<td>Ketchikan, Mud Bight</td>
</tr>
<tr>
<td>IV.</td>
<td>Petersburg</td>
<td>Petersburg, Kupreanof</td>
</tr>
<tr>
<td>V.</td>
<td>Gustavus</td>
<td>Gustavus</td>
</tr>
<tr>
<td>VI.</td>
<td>Hollis</td>
<td>Harris River, Hollis Anchorage, Clark Bay Peninsula, Clark Bay Terminal</td>
</tr>
<tr>
<td><strong>Southcentral</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VII.</td>
<td>Glennallen</td>
<td>Glennallen, Copper Center, Gulkana, Willow Creek, Willowcrest, Copper Heights, Tazlina Southwest, Tazlina Northwest, Tazlina Hills</td>
</tr>
<tr>
<td>VIII.</td>
<td>Susitna</td>
<td>Susitna, Big Lake, Iditarod Flats, Greensward, Bruce Lake, Goldstreak</td>
</tr>
<tr>
<td>IX.</td>
<td>Talkeetna</td>
<td>Talkeetna, Montana Creek, Bartlett Hills, Trapper Creek, Swan Lake, Chase</td>
</tr>
<tr>
<td>X.</td>
<td>Yentna</td>
<td>Yentna, Lake Creek/McDouglas, Hewitt Lake, Alexander Creek, Otter Lakes, Skwentna Station, Hewitt-Whiskey Lakes</td>
</tr>
<tr>
<td>XI.</td>
<td>Valdez</td>
<td>Lowe River, Robe Lake</td>
</tr>
<tr>
<td><strong>Northcentral</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>XII.</td>
<td>Fairbanks</td>
<td>Fairbanks, Northeast Alaska Range, Chena South, Alder Creek, Goldstream, Chena Ridge</td>
</tr>
<tr>
<td>XIII.</td>
<td>Anderson</td>
<td>Anderson, Rex, Rock Creek, Windy Creek, Bear Creek, June Creek, Panguingue Creek, Windy Hills</td>
</tr>
<tr>
<td>XIV.</td>
<td>Circle</td>
<td>Circle, Central</td>
</tr>
<tr>
<td>XV.</td>
<td>Delta</td>
<td>Delta, Warren, Jack, Greely</td>
</tr>
<tr>
<td>XVI.</td>
<td>Tok</td>
<td>Tok, Tok Hills, Tok Replat</td>
</tr>
<tr>
<td>XVII.</td>
<td>Lake Minchumina</td>
<td>Lake Minchumina</td>
</tr>
</tbody>
</table>

-26-
Hollis. In southcentral, three of the land sale areas are grouped by communities in the vicinity of the subdivisions offered for sale: Glennallen, Talkeetna, and Valdez. The "Susitna" land sale area in southcentral includes subdivisions located in an area east of the Susitna River and generally bounded by the Willow community on the north and Anchorage on the south. The "Yentna" area comprises subdivisions west of the Susitna River. In the northcentral region, the land sale area designated "Fairbanks" generally includes subdivisions located within the boundaries of the Fairbanks North Star Borough. The other five northcentral land sale areas comprise subdivisions located near Anderson, Circle, Delta Junction, Tok, and Lake Minchumina.

The sales success of subdivision lot offerings made by the state differ greatly by region and by land sale area within regions. These comparisons are shown in Figure 5. Subdivision lots located in the southeastern region had a consistently high rate of sales except for the Ketchikan area. For subdivisions in the vicinities of Wrangell, Haines, Petersburg, Gustavus, and Hollis, 96 percent or more of the lots offered by the state were purchased. In Ketchikan, only 57 of 94 "Mud Bight" subdivision lots, 60 percent, were sold at the third lottery or over-the-counter.¹ The lottery brochure advertising the Mud Bight parcels prominently noted that "costs for the development of roads, water and sewer systems is (sic) anticipated to be high."

In the southcentral area 1,059 subdivision lots were sold at lotteries or over-the-counter. This represents 52 percent of the 2,041 parcels in that area offered for purchase. Virtually all the lots made available in the Susitna and Valdez land sale areas, 93 and 99 percent respectively, were purchased. These areas represent only about 8 percent of all southcentral subdivision lots. Nearly 73 percent of southcentral lots offered were located in the Glennallen (43 percent) and Talkeetna (30 percent) land sale areas. Just over half of the 1,490 lots in these two areas sold. The Yentna land sale area had the lowest rate of sales in the southcentral region: purchase rights to only 25 percent, or 99 of 392 subdivision lots, were won at lottery or acquired over-the-counter.

Slightly more than one of every four subdivision lots located in the northcentral region offered at the first three lotteries sold. In large part, this was due to an extremely poor land sale rate for the Anderson area. Of 1,921 subdivision lots, nearly 63 percent of the total located in the northcentral region, only 137 were purchased. The Fairbanks and Lake Minchumina land sale areas had 98 percent sales rates but only accounted for 7 percent of the total northcentral lots. Land sale rates for the Tok, Delta, and Circle areas were 44 percent, 55 percent, and 70 percent respectively.

¹ Twelve of 12 lots in the Ketchikan area sold in lottery #1.
Figure 5

Subdivision Lotteries:
Numbers of Parcels Offered and Sold By Area,
Spring 1979 - Spring 1980

Northcentral Areas (2,058 parcels offered)

Southcentral Areas (1,059 parcels sold)

Southeastern Areas (193 parcels sold)
If the Anderson area is omitted, the sales percentage for subdivision lots located in the northcentral region rises to 63 percent; similarly, omitting Yentna lots from the southcentral offerings increases the sales rate to over 58 percent. Even with these adjustments, rates of sales in the southcentral and northcentral areas are significantly lower than the sale of more than 90 percent of the lots offered in southeastern areas.

TABLE 3
Characteristics of Subdivision Parcels and Applications Per Parcel Offered

<table>
<thead>
<tr>
<th>Land Sale Area</th>
<th>Spring 1979 Lottery</th>
<th>Fall 1979 Lottery</th>
<th>Spring 1980 Lottery</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Appl-</td>
<td>Appl-</td>
<td>Appl-</td>
</tr>
<tr>
<td></td>
<td>Par-</td>
<td>Price/</td>
<td>Par-</td>
</tr>
<tr>
<td></td>
<td>Acres/</td>
<td>cations/</td>
<td>Acres/</td>
</tr>
<tr>
<td></td>
<td>Parcel</td>
<td>Parcel</td>
<td>Parcel</td>
</tr>
<tr>
<td>J. Wrangell</td>
<td>29</td>
<td>1.7</td>
<td>$5100</td>
</tr>
<tr>
<td>II. Nome</td>
<td>40</td>
<td>14.4</td>
<td>$730</td>
</tr>
<tr>
<td>III. Ketchikan</td>
<td>12</td>
<td>1.6</td>
<td>$1250</td>
</tr>
<tr>
<td>IV. Petersburg</td>
<td>105</td>
<td>7.8</td>
<td>$3250</td>
</tr>
<tr>
<td>V. Gustavus</td>
<td>34</td>
<td>11</td>
<td>$2150</td>
</tr>
<tr>
<td>VI. Hollis</td>
<td>104</td>
<td>2.8</td>
<td>$3870</td>
</tr>
</tbody>
</table>

Southeastern         | 106   | 8.0    | $2210 | 68    | 183   | 8.0    | $2210 | 68    | 183   |

VII. Glennallen      | 177   | 13.7   | $500  | 10    | 120   | 13.7   | $500  | 10    | 120   |
VIII. Sustina        | 13    | 42.0   | $1150 | 114   | 30    | 42.0   | $1150 | 114   | 30    |
IX. Zikzak           | 26    | 50.0   | $1050 | 30    | 26    | 50.0   | $1050 | 30    | 26    |
X. Yentna            | 1     | 40     | $1050 | 79    | 1     | 40     | $1050 | 79    | 1     |
XI. Valdez           | 292   | 4.0    | $1350 | 2      | 99    | 4.0    | $1350 | 2      | 99    |

Southcentral        | 216   | 19.7   | $760  | 15    | 256   | 19.7   | $760  | 15    | 256   |

XII. Fairbanks       | 55    | 36.7   | $1240 | 48    | 54    | 36.7   | $1240 | 48    | 54    |
XIII. Anchorage      | 132   | 37.3   | $580  | 4     | 26    | 37.3   | $580  | 4     | 26    |
XIV. Circle          | 177   | 3.9    | $1130 | 10    | 102   | 3.9    | $1130 | 10    | 102   |
XV. Delta            | 195   | 4.9    | $640  | 3     | 92    | 4.9    | $640  | 3     | 92    |
XVI. Tot             | 67    | 14.8   | $850  | 11    | 50    | 14.8   | $850  | 11    | 50    |

XVII. Lake Minchumina| 62    | 15.4   | $830  | 4     | 31    | 15.4   | $830  | 4     | 31    |
Northeastern        | 621   | 15.4   | $830  | 12    | 236   | 15.4   | $830  | 12    | 236   |
Statewide           | 1026  | 15.0   | $940  | 20    | 677   | 15.0   | $940  | 20    | 677   |

-29-
Including all land sale areas, less than half of the subdivision lots offered by the state for sale in the first three lotteries, 43 percent, were purchased. Excluding lots in the Anderson and Yentna areas, the sales rate rises to slightly more than 65 percent. Of the 17 land sale areas, 9 had higher than 90 percent rates of apparent sales. Five of these are southeastern areas, two southcentral, and two northcentral. Of the southcentral and northcentral areas, two, Susitna and Fairbanks, are located in close proximity to densely populated areas, one is the Valdez area where population has increased from 1,005 in 1970 to 4,006 in 1979, and one, the Lake Minchumina subdivision, consists largely of lake front lots.

Factors Affecting Rates of Sales

Composites of different types of land demand underlie the rates of parcel sales in different land sale areas. People desiring to acquire land for near-term residential or recreational use, for anticipated long-term uses, or for its potential speculative value compete in state land lotteries. Some persons may be induced to participate in the lotteries more by the prospects of obtaining a substantial gain from application of the land discount program than by a desire to acquire land. Information directly pertaining to the composition of land demand is not available; however, the lottery method of sale provides a basis for investigating some characteristics of land demand in that it generates the number of applicants for each parcel.1

Applications per parcel averaged for different land sale areas, state regions, and statewide for the first three subdivision lotteries are summarized in Table 3. There has been a significant decline in the statewide number of applicants per parcel over time. In the spring 1979 lottery, there was an average of 20 applicants for every parcel offered. In the next lottery, fall 1979, the average fell to 12. By the third subdivision lottery, there were only 5 applicants per parcel offered on average.

On a regional basis, southeastern lots by far have garnered the highest numbers of applicants. In spring, 1979, southeastern lots, constituting only 18 percent of the total subdivision lots offered, received nearly 62 percent of all applications. In the fall lottery that year, the only southeastern offering consisted of 34 Gustavus lots, about 9 percent of the subdivision lots available statewide; 60 percent of all applications submitted statewide were for these lots. In the spring 1980 lottery, a total of 322 lots in six southeastern locations represented less than 8

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1 House Bill 31, enacted in 1981, directs that the amount and location of land offered annually for private purchase be based on regional assessments of demand for state land. These assessments will provide more information about different types of land demand than was available when this section was prepared.
percent of all the lots offered but received slightly more than 47 percent of all applications. Discounting the one parcel sale in Wrangell, Petersburg was the only land sale area to have a significant increase in the number of applicants per parcel between the spring 1979 and spring 1980 lotteries.

In spring 1979, southcentral lots averaged 15 applicants each compared to eight applicants per northcentral lot. In the second lottery, northcentral lots again averaged eight applicants per parcel while the average for southcentral lots fell to four. In the spring 1980 lottery, northcentral and southcentral lots averaged four and three applicants per parcel respectively. Fairbanks was the only land sale area in these regions to maintain the same average number of applicants per parcel offered from the first to third lotteries.

Taking into account a preference for lots offered in southeastern Alaska, inspection of the pattern of applicants by land sale area suggests that specific parcel features such as water frontage and road access, rather than generalized information such as land sale area, average parcel prices, and average parcel sizes, are better indicators of where people decide to apply for land offered at each lottery.

As shown in Table 4, each of seven lots in the Wrangell land sale area, attracting more than 50 applicants are located on marine waters. Seven other parcels, garnering between 13 and 26 applicants each, also have marine frontage. Significantly, the seven lots that had higher appraised values attracted more applicants.

Of 40 lots offered in the Haines land sale area in spring, 1979, 22 had more than 50 applicants each, 19 of these have river or lake frontage land, two have highway access, one 31 acre parcel borders the Haines Highway and one 40 acre parcel has a corner adjacent to the highway. Only one of the lots with more than 50 applicants has neither water frontage or road access. None of the 18 lots with less than 50 applicants has either feature.

Nine of 12 lots offered at the first lottery in the Ketchikan area had 50 or more applicants. None of the nine have road access and only five are marine waterfront properties. The three lots receiving less than 50 applicants have neither water frontage nor road access. The apparently enthusiastic demand for four lots having no special features is offset somewhat by the enormously larger demand for the five waterfront lots. The numbers of applicants for the four lots ranged between 60 and 70 and averaged 66 per lot. The comparative numbers for the waterfront properties ranged between 159 and 295 and averaged 229 applicants per parcel. Using appraised values as indicators of differences in the physical quality of property, the waterfront lots averaging over 200 applicants averaged $14,600 per acre, whereas the other four lots with more than 50 applicants averaged $2,100 per acre.
### TABLE 4

**Significant Property Characteristics, Southeastern Region, Spring 1979 Lottery**

<table>
<thead>
<tr>
<th>Waterfront Lots(^1)</th>
<th>Lots with 50 or More Applicants</th>
<th>Lots with 49 or Less Applicants</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>number of lots</td>
<td>average size</td>
</tr>
<tr>
<td>Wrangell</td>
<td>7</td>
<td>1.7 ac.</td>
</tr>
<tr>
<td>Haines</td>
<td>13</td>
<td>2.8 ac.</td>
</tr>
<tr>
<td>Ketchikan</td>
<td>5</td>
<td>1.0 ac.</td>
</tr>
<tr>
<td>Petersburg</td>
<td>36</td>
<td>4.5 ac.</td>
</tr>
</tbody>
</table>

| Large Lots\(^1\)     |                        |                                  |                                |                |                                |                                |
|                       | Haines\(^2\)           |                                  |                                |                | Petersburg                      |                                |
|                       | 8               | 31.9 ac.      | $880 | 199 | 8               | 20.0 ac.      | $310 | 31 |
|                       | 8               | 34.3 ac.      | $1080| 72  | 5               | 29.7 ac.      | $1040| 40 |

<table>
<thead>
<tr>
<th>Lots with Road Access Only</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petersburg(^3)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Lots</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wrangell</td>
</tr>
<tr>
<td>Haines</td>
</tr>
<tr>
<td>Ketchikan</td>
</tr>
<tr>
<td>Petersburg</td>
</tr>
</tbody>
</table>

\(^1\) Includes some lots with road access.

\(^2\) First column includes six waterfront lots.

\(^3\) Three lots in first column combined and sold as one unit.
In the spring 1979 lottery, 105 parcels located in the Petersburg area were offered for sale. Forty-seven of these received 50 or more applicants at the lottery. Two types of lots generally drew large numbers of applicants: 36 marine waterfront parcels (some with road access) in the two-to-six acre size range and eight parcels having large acreages, between 22 and 40 acres. Three smaller, non-waterfront lots, sold as a unit, also received more than 50 applicants.

The pattern of demand in Petersburg is similar to that in Wrangell; there were 21 waterfront properties that received fewer than 50 applicants. As was the case in Wrangell, a difference in the respective quality of these lots can be presumed based on their lower averaged appraised value compared to the waterfront lots receiving more applicants. Using appraised value as an indicator of relative lot quality, the average for the 36 waterfront lots having more than 50 applicants was $6,300 per acre; the average for the other 21 waterfront lots was $4,100 per acre. There was no appreciable difference in the average appraised value of the eight large lots, with more than 50 applicants per parcel, and the five similarly sized lots that received fewer than 50.

In summary, waterfrontage is apparently a key desirable feature of state land offerings. Southeastern waterfront land accounted for 51 percent of that region's lots but received over 80 percent of all applications submitted for southeastern lots. These 95 waterfront lots, constituting 9.3 percent of all state subdivision parcels offered at the first lottery, attracted more than 45 percent of all applications submitted statewide. Within the category of waterfront lots, appraised value appears to be a good indicator of which lots will attract the most applicants. Lots having higher appraised values tend to receive greater numbers of applicants.

An insufficient number of large parcels and road accessed lots were available in the first southeastern offering to determine whether these two features are important considerations in people's choice of state land for purchasing. From the available information, large lot size and road access appear to have had a relatively small effect on the numbers of applications for southeastern lots.

Reviewing other lottery #1 land sale areas in the state with high numbers of applications per parcel, features contributing to the comparative attractiveness of different parcels are less obvious. In the Susitna land sale area, seven parcels were offered for sale in the vicinity of Iditarod Flats and six parcels near Big Lake. Combined, these 13 parcels attracted an average of 114 applicants per lot. Of the Iditarod Flats lots, the only two crossed by a creek received more than 100 applicants each; two other lots had about 25 applicants each; the three lots having the highest appraised values attracted no applicants. In the Big Lake area, all six lots offered had
more than 50 applicants per parcel. The three lots receiving the most applicants, 177 and 263, were also the smallest; these three lots were between 5 and 6 1/2 acres compared to an average size of 38 acres for the other three lots. They were also the only ones of the six within 150 feet of lake frontage.

In the Fairbanks land sale area, 24 of the 57 lots offered for sale got more than 50 applicants, resulting in an average for all lots of 48 applicants per parcel. Several of the more preferred lots have road access and creeks, but no consistent patterns of applications were structured around these features. The lots receiving more than 50 applicants had a somewhat higher average appraised value than the others: $1,500 per acre compared to $1,200. However, as with the former group, correspondence between appraised values and numbers of applicants was absent.

Both the Susitna and Fairbanks land sale areas are in densely populated areas of the state -- on average 83 percent of the lots sold in the Susitna area were purchased by Anchorage residents and 84 percent of the Fairbanks lots were acquired by people residing in the area. A survey of local knowledge would likely produce more in-depth explanations of the application patterns for the other areas discussed than can be developed from the lottery brochure information maps. However, for land sales other than in Anchorage, Fairbanks, and Ketchikan vicinities, more lots go to people living outside the vicinity of the land's location than to nearby residents.

Geographical Distribution of Land Ownership

One interesting feature of the lottery system used in these sales was that it made all lots offered for sale equally available to all qualified Alaska residents, regardless of where they lived. A consequence of this lottery method was it resulted in a geographically dispersed pattern of land ownership. For instance, lots located in Petersburg have been sold to residents of Juneau, Ketchikan, Fairbanks, Anchorage, and more than a dozen other Alaska communities. The extent to which this has occurred and general geographical patterns of land ownership resulting from the first three lotteries of subdivision lots is investigated in this section.

To assist in this analysis, communities listed as places of residence (mailing addresses) by purchasers of state subdivision lots are grouped.

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1 The 1981 revisions to Alaska Land Legislation are intended to change this aspect of the lottery disposal program. Specifically, the changes required that lotteries be held in the community near the land offered and that lottery participants attend the drawing. See Part IV for a discussion of these changes.
into 13 geographic areas with the state. The "land purchase areas" are graphically depicted in Figure 6 and are listed below in order of the number of residents of each area purchasing state subdivision lots.

<table>
<thead>
<tr>
<th>Locations of State Land Purchasers</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Municipality of Anchorage</td>
<td>864</td>
</tr>
<tr>
<td>2. Fairbanks North Star Borough</td>
<td>464</td>
</tr>
<tr>
<td>3. Southeastern Area</td>
<td>421</td>
</tr>
<tr>
<td>4. Delta - Tok Area</td>
<td>181</td>
</tr>
<tr>
<td>5. Glennallen Area</td>
<td>118</td>
</tr>
<tr>
<td>6. Matanuska - Susitna Borough</td>
<td>77</td>
</tr>
<tr>
<td>7. Prince William Sound Area</td>
<td>70</td>
</tr>
<tr>
<td>8. McKinley Park to Nenana Area</td>
<td>54</td>
</tr>
<tr>
<td>9. Kenai Peninsula Borough</td>
<td>45</td>
</tr>
<tr>
<td>10. Western Brooks Range - Yukon River Area</td>
<td>26</td>
</tr>
<tr>
<td>11. Southwestern Area</td>
<td>25</td>
</tr>
<tr>
<td>12. East Yukon River Area</td>
<td>15</td>
</tr>
<tr>
<td>13. North Slope Borough</td>
<td>5</td>
</tr>
</tbody>
</table>

In terms of general distribution patterns, it is useful to review where residents of Alaska's three largest population centers, Anchorage, Fairbanks, and Juneau, purchased state lots. The separate and cumulative purchases by residents of these areas are compared with the number of lots acquired by people who live in the immediate area of a land sale as an indication of the extent of the ownership dispersal effect.

In 1979, the Municipality of Anchorage had an estimated population of 185,280 people, about 45 percent of the state's total population. The 864 subdivision lots (statewide) purchased at lottery by residents of the Anchorage area represent 36 percent of the lots sold, an amount considerably less than a per capita share.

The first four subdivision lotteries included no lots located in the Anchorage area. However, the geographic purchase pattern of Anchorage residents depicts a decreasing concentration of purchases the more remote land sale areas are from Anchorage and the nearer the land sale areas are to other competitively large population centers. For subdivisions offered in the southcentral area, Anchorage residents dominate lotteries. In the Susitna, Yentna, and Talkeetna areas, purchases by Anchorage residents account for 80 to 83 percent of all the land sold. In the Glennallen and Valdez areas, more remote from Anchorage, the percentages fall to 52 and 44 percent respectively.
Figure 6. STATE SUBDIVISION LOTS SOLD AND RESIDENCE OF PURCHASERS BY AREA, SPRING 1979 - SPRING 1980

Number of Parcels Purchased By Residents of Each Area:

1. 1644
2. 2464
3. 3421
4. 4181
5. 5118
6. 677
7. 770
8. 854
9. 945
10. 1026
11. 1125
12. 1215
13. 135

LAND SALE AREAS:

- Sold to Anchorage area residents
- Sold to Fairbanks area residents
- Sold to Juneau area residents
- Sold to residents in vicinity of land
- Sold to residents of other areas
In all but one other area of the state, the shares of purchases by Anchorage residents fall below 20 percent. For southeastern land sale areas, the percent of lots purchased by Anchorage residents ranges between 17 percent in Wrangell and 8 percent in Haines. The share hovers around 10 percent for Ketchikan (10.1 percent), Petersburg (9.9 percent), and Hollis (11.0 percent), and is only slightly higher at 11.8 percent for Gustavus subdivision lots. For all southeastern subdivision lots sold at lottery, 52 or 10.6 percent were acquired by residents of the Anchorage area.

In northcentral areas, the comparable average of lots purchased by Anchorage residents is 13.7 percent, 117 of 854 lots sold. These shares of land purchases range from 32 percent for Lake Minchumina lots to 4 percent in the Fairbanks land sale area. In Tok, Delta, and Anderson, the Anchorage shares are 15, 17, and 18 percent respectively. Lots offered in the Circle area attracted a significantly large response from Fairbanks residents which probably accounts for the lower share purchased by Anchorage residents, 8.9 percent.

The pattern of purchases made by residents of the Fairbanks area is similar to that for Anchorage residents. In 1979, Fairbanks North Star Borough had a population of 60,227 people. Residents of this area acquired 464 state subdivision lots at the first three land lotteries; this is slightly more than 19 percent of 2404 lots sold at lottery by the state. The highest percentage of lots purchased are in the immediate vicinity of Fairbanks; the percentage tends to decline for lots in more remote locations. In Anderson, Fairbanks residents' share is 31 percent; in Delta it is 24 percent; and in Tok it is 15 percent. Lots in the Circle and Lake Minchumina areas are exceptions in that they are relatively popular offerings for Fairbanks residents even though they are more remotely located than land offered in the Anderson and Delta land sale areas. Nearly 70 percent of the lots sold in Circle and 42 percent of the Lake Minchumina lots went to Fairbanks residents.

Outside the northcentral areas, Fairbanks purchases are relatively more concentrated in areas where Anchorage buyers were less competitive. For the most part these were southeastern land sale areas. Fairbanks residents purchased nearly as many lots in Southeast Alaska as did residents of Anchorage, 49 compared to 52 lots, accounting for 10 percent of total sales in the region. Fairbanks residents acquired nearly 9 percent of the lots sold in the Valdez areas. Of state subdivision lots sold in the vicinities of Glennallen and Talkeetna, about 3 percent were sold to residents of Fairbanks; they acquired no lots in the lotteries of land located in the Susitna and Yentna land sale areas.

The City and Borough of Juneau has a much smaller population base than does either Anchorage or Fairbanks. Juneau's 1979 population, estimated at 23,115 persons, was only one-eighth the size of Anchorage and about two-fifths the size of Fairbanks North Star Borough. Comparing purchases of
state offered subdivision lots, the 161 parcels acquired by Juneau residents constitute seven lots per thousand persons whereas residents of Anchorage and Fairbanks acquired about five lots and eight lots per thousand people respectively. On average, Juneau residents acquired slightly more than a statewide per capita share of the state's subdivision lots sold by lottery. The general pattern of purchases is similar to both Anchorage's and Fairbanks. Though none of the subdivision lots are located within Juneau's municipal boundaries, larger concentrations of purchases by Juneau residents are in southeastern land sale areas located nearer to Juneau. The 76 lots sold in the Gustavus area are most closely located to Juneau and more than 60 percent were purchased by Juneau residents. The next two highest shares are in the Petersburg and Haines land sale areas: Juneau residents purchased 26 percent of 142 lots sold in the vicinity of Petersburg and 23 percent of 75 lots in the Haines area. For lots in the Wrangell, Ketchikan, and Hollis areas, the shares purchased by Juneau residents are 13, 9, and 15 percent respectively.

Whereas Anchorage residents purchased 52 southeastern lots and Fairbanks residents purchased 49 southeastern lots, Juneau residents bought 22 lots in southcentral areas and 16 in northcentral areas. Juneau residents purchased 11 lots in the Glenallen land sale area, seven in Talkeetna, and six parcels in Anderson. They purchased from one to three lots in each of the remaining land sale areas except Lake Minchumina where they made no purchases. In total, about 2 percent of the southcentral and northcentral subdivision lots sold were acquired by people living in the Juneau area.

Regional purchase patterns for Anchorage, Fairbanks, and Juneau residents are roughly comparable to regional shifts of ownership resulting from lots sold to all buyers. Of 1,059 southcentral lots sold, ownership of 940 lots -- 89 percent -- went to people living in southcentral communities. Of the remaining 119 parcels, 43 were sold to southeastern residents, 37 to northcentral residents, and 39 to people living in other regions of the state. Some 71 percent of the 492 southeastern and 854 northcentral subdivision lots were acquired by persons living within the respective regions. A total of 75 southeastcentral lots were sold to southcentral residents, 55 lots to northcentral residents, and 15 lots to residents of other regions. The largest proportion of the 29 percent of the northcentral lots sold to persons living outside that region went to 159 southcentral residents: 31 northcentral lots were sold to southeastern residents and 56 lots were sold to persons living in other regions of the state. On a regional basis, then, the geographical dispersion of land ownership ranges between 11 percent for southcentral parcels and 29 percent for parcels located in the southeastern and northcentral regions.

Regional purchase patterns are too aggregated to reveal the full extent that state lotteries have geographically dispersed the ownership of state-sold land. Analysis of purchase patterns for each land sale area reveals
that only 686 lots were sold to persons living in the immediate vicinity of the land they bought; that is less than 30 percent of the 2404-subdivision lots sold at lottery by the state were sold to area residents.

**TABLE 5**

<table>
<thead>
<tr>
<th>Land Sale Area</th>
<th>Lots Purchased By Residents</th>
<th>Percentage Of Lots Sold To Area Residents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairbanks</td>
<td>135</td>
<td>84%</td>
</tr>
<tr>
<td>Ketchikan</td>
<td>38</td>
<td>55%</td>
</tr>
<tr>
<td>Tok</td>
<td>68</td>
<td>51%</td>
</tr>
<tr>
<td>Delta</td>
<td>100</td>
<td>47%</td>
</tr>
<tr>
<td>Valdez</td>
<td>38</td>
<td>42%</td>
</tr>
<tr>
<td>Wrangell</td>
<td>12</td>
<td>40%</td>
</tr>
<tr>
<td>Petersburg</td>
<td>52</td>
<td>37%</td>
</tr>
<tr>
<td>Anderson</td>
<td>40</td>
<td>29%</td>
</tr>
<tr>
<td>Haines</td>
<td>20</td>
<td>27%</td>
</tr>
<tr>
<td>Glennallen</td>
<td>109</td>
<td>24%</td>
</tr>
<tr>
<td>Hollis</td>
<td>24</td>
<td>24%</td>
</tr>
<tr>
<td>Susitna</td>
<td>8</td>
<td>13%</td>
</tr>
<tr>
<td>Talkeetna</td>
<td>28</td>
<td>8%</td>
</tr>
<tr>
<td>Gustavus</td>
<td>4</td>
<td>5%</td>
</tr>
<tr>
<td>Circle</td>
<td>9</td>
<td>5%</td>
</tr>
<tr>
<td>Lake Minchumina</td>
<td>1</td>
<td>2%</td>
</tr>
<tr>
<td>Totals</td>
<td>686</td>
<td>29%</td>
</tr>
</tbody>
</table>

The highest concentration of sales to residents of the immediate area occurred in the densely populated Fairbanks area. For other land sale areas, the ones that are relatively remote from the state's three largest population centers tend to have higher proportions of sales to local residents. (Of course the more remote the parcels, the fewer "area residents" there are to apply for it.)

One purpose of this review is to develop an indicator of how many lots were sold to persons who intend to use the land themselves. Because some local buyers of land are undoubtedly motivated by the prospects for speculative or investment gains rather than use, the indicator derived from the analysis of sales to local residents is more accurately characterized as a rule-of-
thum measure of how many sales were to persons who are not planning direct personal use of the land. The implicit assumption is that intended personal use is inconsistent with a buyer's lack of proximity to the land purchased. Some parcels, however, were purchased for occasional recreation use and it is of less significance where the owner resides. If non-local purchases of lots in Gustavus, Circle, Lake Minchumina, and Hollis are considered to be for recreational use and are excluded from calculation of sales to local residents, the percent of sales to persons living within the vicinity of the land purchased rises to 34 percent.

If final adjustment is made to reflect the unlikely proposition that Anchorage residents intend to live on land they purchased in the Susitna area, the percentage of "local" sales increases to about 37 percent. Evident from these computations is that, even under assumptions aimed at understating this quantity, at least 63 percent of state lottery land sales appear to have been made to speculative and investment buyers. Since it is likely that many local purchasers also acquired land for investment and speculative reasons rather than for direct use, the actual share of such sales is probably closer to 71 percent, as derived from information in Table 5, and may constitute an even higher proportion of total state lottery sales.¹

Purchase Patterns By Residents of Land Sale Areas

Purchases of state subdivision lots by residents of Alaska's three largest population centers are relatively concentrated near their respective communities, but they are also widely distributed across all land sale areas. Fairbanks is the only community of the three where the state has sold subdivision lots. Of the 164 Fairbanks lots offered for sale 135--84 percent--were purchased by local people. Fairbanks residents, in addition, bought 329 subdivision lots located in other areas of the state. Thus, 71 percent of all parcels purchased by people living in the Fairbanks area are located elsewhere in the state. This section investigates patterns of purchases by residents of other areas where subdivision lots are located to determine if they differ markedly from those observed for Anchorage, Fairbanks, and Juneau residents. Table 6 summarizes the pertinent land sales information for these other areas.

¹ This estimate differs significantly from the results of a 1978 survey by DNR in which only 22.4 percent of those responding stated they wanted land for investment or speculative purposes.
### TABLE 6

**Land Purchase Patterns For Area Residents, Selected Land Sale Areas**

<table>
<thead>
<tr>
<th>Land Sale Area</th>
<th>Spring 1979</th>
<th>Fall 1979</th>
<th>Spring 1980</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Area Lots Offered</td>
<td>% of Local Purchases</td>
<td>Area Lots Offered</td>
</tr>
<tr>
<td>Wrangell</td>
<td>29</td>
<td>80%</td>
<td>0</td>
</tr>
<tr>
<td>Haines</td>
<td>40</td>
<td>92%</td>
<td>0</td>
</tr>
<tr>
<td>Ketchikan</td>
<td>12</td>
<td>38%</td>
<td>0</td>
</tr>
<tr>
<td>Petersburg</td>
<td>105</td>
<td>98%</td>
<td>0</td>
</tr>
<tr>
<td>Glennallen</td>
<td>177</td>
<td>89%</td>
<td>231</td>
</tr>
<tr>
<td>Copper Center</td>
<td></td>
<td>67%</td>
<td></td>
</tr>
<tr>
<td>Gakona</td>
<td></td>
<td>0%</td>
<td>0</td>
</tr>
<tr>
<td>Talkeetna</td>
<td>26</td>
<td>0%</td>
<td>1</td>
</tr>
<tr>
<td>Valdez</td>
<td>0</td>
<td>0%</td>
<td>0</td>
</tr>
<tr>
<td>Delta</td>
<td>195</td>
<td>84%</td>
<td>17</td>
</tr>
<tr>
<td>Tok</td>
<td>67</td>
<td>96%</td>
<td>15</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Total Lots Purchased By Residents</th>
<th>Percent Purchased In Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wrangell</td>
<td>21</td>
<td>57%</td>
</tr>
<tr>
<td>Haines</td>
<td>22</td>
<td>91%</td>
</tr>
<tr>
<td>Ketchikan</td>
<td>94</td>
<td>40%</td>
</tr>
<tr>
<td>Petersburg</td>
<td>55</td>
<td>95%</td>
</tr>
<tr>
<td>Glennallen</td>
<td>60</td>
<td>97%</td>
</tr>
<tr>
<td>Copper Center</td>
<td>44</td>
<td>91%</td>
</tr>
<tr>
<td>Gakona</td>
<td>8</td>
<td>88%</td>
</tr>
<tr>
<td>Talkeetna</td>
<td>11</td>
<td>82%</td>
</tr>
<tr>
<td>Valdez</td>
<td>56</td>
<td>68%</td>
</tr>
<tr>
<td>Delta</td>
<td>101</td>
<td>91%</td>
</tr>
<tr>
<td>Tok</td>
<td>70</td>
<td>97%</td>
</tr>
</tbody>
</table>
Of the eleven communities selected because of their location in the vicinity of state subdivision lots offered for sale, residents of eight limited their purchases predominantly to lots located in their immediate area. Ninety percent or more of the lots bought by residents of Haines, Petersburg, Glennallen, Copper Center, Delta Junction, and Tok are located in the purchaser's home area. The slightly lower percentages for people living in Gakona and Talkeetna results from few total purchases rather than from different purchase patterns.

Purchases by residents of Wrangell, Ketchikan, and Valdez are less concentrated than purchases by residents of other areas. The proportion of local lot purchases ranges between 40 and 68 percent of all purchases by people living in Wrangell, Ketchikan, and Valdez. The number of lots offered in an area--relative to its population size--appears to account for most of the differences between shares of local purchases. All but one of Wrangell's 30 lots were offered at the first lottery. At that sale, 80 percent of the lots purchased by Wrangell residents--12 of 15 lots--are in the Wrangell area. All 91 lots located in the Valdez area were offered for sale at the third lottery; sale of these lots to local residents constituted 86 percent of their purchases in that lottery. Ketchikan is a special case only in that 104 lots located on Prince of Wales Island (near Ketchikan) were offered for sale at a lottery that included lots in the immediate Ketchikan area. Counting all lots from that sale purchased by Ketchikan residents, only 40 percent are located in Ketchikan. If the Hollis lots are classified as "local", the percent of local purchases by Ketchikan residents rises to 91 percent; if the Hollis lots are excluded from consideration, then 82 percent of lots purchased by people living in Ketchikan are local lots.

An interesting feature of local purchase patterns not shown in Table 6 is that--in virtually every instance--the number of purchases, by residents of a land sale area, of lots located outside their area is higher for lotteries in which local land is offered for sale than for lotteries offering no local lots. This suggests that either information about lot offerings is not as readily available to residents of a community when there are no lots in their vicinity included or that the availability of local lots triggers greater local interest in the statewide lottery while also attracting a majority of local applicants.

This review of purchase patterns indicates the prevailing desire of most buyers to acquire nearby lots. The exclusion or relatively small offerings of land close to areas throughout the state where prospective buyers are concentrated, joined with the lottery method of sale, seems to result in widely dispersed ownership patterns.
### TABLE 7

**Household Formation Rates, Alaska Census Areas, 1970-1980**

<table>
<thead>
<tr>
<th>Census Area</th>
<th>Annual Average Number of New Households</th>
<th>State Subdivision Lots Located In Census Area?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aleutian Islands</td>
<td>41</td>
<td>No</td>
</tr>
<tr>
<td>Municipality of Anchorage</td>
<td>3262</td>
<td>No</td>
</tr>
<tr>
<td>Bethel</td>
<td>145</td>
<td>No</td>
</tr>
<tr>
<td>Bristol Bay Borough</td>
<td>15</td>
<td>No</td>
</tr>
<tr>
<td>Fairbanks North Star Borough</td>
<td>1008</td>
<td>Yes</td>
</tr>
<tr>
<td>Haines Borough</td>
<td>23</td>
<td>Yes</td>
</tr>
<tr>
<td>City and Borough of Juneau</td>
<td>313</td>
<td>No</td>
</tr>
<tr>
<td>Kenai Peninsula Borough</td>
<td>561</td>
<td>No</td>
</tr>
<tr>
<td>Ketchikan Gateway Borough</td>
<td>121</td>
<td>Yes</td>
</tr>
<tr>
<td>Kobuk</td>
<td>49</td>
<td>No</td>
</tr>
<tr>
<td>Kodiak Island Borough</td>
<td>106</td>
<td>No</td>
</tr>
<tr>
<td>Matanuska-Susitna Borough</td>
<td>590</td>
<td>Yes</td>
</tr>
<tr>
<td>Nome</td>
<td>90</td>
<td>No</td>
</tr>
<tr>
<td>North Slope Borough</td>
<td>N.A</td>
<td>No</td>
</tr>
<tr>
<td>Prince of Wales - Outer Ketchikan</td>
<td>35</td>
<td>Yes</td>
</tr>
<tr>
<td>Sitka Borough</td>
<td>77</td>
<td>No</td>
</tr>
<tr>
<td>Skagway - Yakutat - Angoon</td>
<td>N.A</td>
<td>No</td>
</tr>
<tr>
<td>Southeast Fairbanks</td>
<td>109</td>
<td>Yes</td>
</tr>
<tr>
<td>Valdez - Cordova</td>
<td>N.A</td>
<td>Yes</td>
</tr>
<tr>
<td>Wade Hampton</td>
<td>48</td>
<td>No</td>
</tr>
<tr>
<td>Wrangell - Petersburg</td>
<td>72</td>
<td>Yes</td>
</tr>
<tr>
<td>Yukon - Koyukuk</td>
<td>200</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Total for reported census areas......6865.................................9 Yes 13 No

**Historical Increases In Household Units By Area**

The previous section used place of residence of buyers as an indicator of investment and speculative purchases of state land. It assumes that Anchorage residents purchasing lots in the Talkeetna area are not intending to construct housing units for their own family's use. An alternative approach to estimating the extent to which subdivision lots sold at state lotteries help to satisfy Alaskans' residential land needs is to inquire whether state land is being offered in areas where new residential construction is occurring. Increases in the number of household units in an area can be used as an indicator of how fast undeveloped land is being transformed into residential use. Although new household units resulting from the construction
of multi-family dwellings tend to absorb less land per family unit than do single family residences, and, the average size of lots on which housing is built can differ by area, without more detailed information it is reasonable to assume that areas experiencing greater increases in number of housing units have greater demands for additional land for residential use.

The numbers of household units reported in preliminary 1980 census counts and the final 1970 counts are used to show increases in housing units for different areas. For an overview, average annual increases in households during the past decade are presented for Alaska census areas in Table 7; whether subdivision lots offered for sale are located within a census area is indicated by either a "Yes" or "No". Land in 9 of the 22 census areas listed has been offered for sale in the state's subdivision lottery program. Of the 19 census areas for which 1980 and 1970 household information is available, eight contain state subdivision lots and 11 do not. The census areas that have no state subdivision lots account for 4,707 new households per year, 69 percent of all new households reported for Alaska. Anchorage, Kenai Peninsula Borough, Juneau, Bethel, and Kodiak Island Borough contain more than 64 percent of the new households formed in Alaska. These five stand out as census areas having relatively high increases in household units and no state subdivision offerings.

Eight census areas that have had state subdivision lots offered for sale account for 2,158 of the average annual increase in Alaska's housing units. Table 8 summarizes information about land sales and increases in household units for these areas.

Of the total lots offered in an area, the number of parcels not sold indicates either that the amount of land made available by the state exceeds the real demand for land in the area or that the land is not suitable — that is, does not compete with other available land — for private use. Of the lots that are sold, those going to residents of other areas typically will be resold, at prevailing market prices, to local residents before they are developed. Thus, there are three features of land sale patterns that can be compared with increases in housing units to assess how effectively state subdivision sales have offset historical absorption of land into residential use: lots offered, lots sold, and lots sold to area residents.

There have been 4,562 state subdivision lots offered for sale in all eight census areas. At the first three lotteries, an average of about two residential lots have been made available for every new household unit.

1 Although the accuracy of population and population per household estimates reported in the preliminary 1980 census figures for Alaska is widely disputed, the preliminary counts of household units have thusfar spurred little controversy.
formed in these areas annually. In six of the eight census areas -- Wrangell-Petersburg, Haines Borough, Prince of Wales-Outer Ketchikan, Matanuska-Susitna Borough, Yukon-Koyukuk, and Southeast Fairbanks -- the number of lots offered exceeds local yearly increases in households. In Fairbanks North Star Borough, where there has been only one subdivision lottery lot offered for every six new households formed annually, it is likely that actual absorption of undeveloped land into residential use greatly exceeds additions to the area's private land base resulting from state sales.

Comparing land offerings with land sales, 2,787 subdivision lots located in these eight census areas were not purchased. Two-thirds of the unsold parcels are located in the Yukon-Koyukuk area; either actual land demand,
corresponding to the creation of 200 new housing units per year in the
area, was not sufficient to absorb 2,208 lots even at the state's discounted
prices or much of the land was unsuitable. The same is probably true for
the Southeast Fairbanks area and Matanuska-Susitna Borough; it is likely
that some of the unsold lots in these areas were deemed unsuitable rather
than unneeded by prospective buyers. The unsold Ketchikan lots are in a
subdivision advertised in the lottery information brochure as having
development costs "anticipated to be very high." Almost all lots offered
in the other four census areas were sold.

Only 31 percent of the total 1,775 lots sold went to residents living in the
census area where the land is located. Comparing sales to residents with
annual increases in household units, the four census areas with higher
increases in households, and presumably the strongest local demands for
land, had proportionally fewer sales to area residents. In the Matanuska-
Susitna Borough where more than 80 percent of all sales were to Anchorage
residents, there was only one subdivision lot sold to borough residents for
every 12 household units formed yearly. Comparative ratios for Fairbanks,
Yukon-Koyukuk, and Ketchikan were one-to-eight, one-to-four, and one-to-
three respectively. Only in the Southeast Fairbanks census area is the
number of sales to residents greater than annual increases in housing units.

Census areas are sufficiently large geographically that classifying all
sales to area residents as "local" tends to overstate the availability, in terms
of location and ownership, of state-sold lots for development. The fifteen
Alaskan communities having the highest household formation rates during the
1970's account for 53,600 new households, nearly 80 percent of the total
for the state. The communities are Anchorage (32,620 new households),
Homer (630), Kenai (710), Soldotna (570), Sterling (460), Palmer (460),
Wasilla (580), Big Lake (530), Fairbanks (1008), Valdez (850), Ketchikan
(1210), Juneau (3130), Sitka (770), Bethel (540), and Kodiak (460). Whereas
there have been subdivision lottery sales in the vicinity of six of the 15
communities, only 219 lots have been sold to local residents. This represents
only four percent of the average annual increase in households in these
communities and four-tenths of one percent of their household formations
during the past decade. Through

- a lack of offerings in some areas experiencing rapid population
growth,
- excessive and nonmarketable land offerings in other areas resulting
  in unsold parcels, and,
- the geographical dispersion of land ownership resulting from lottery
  sales,

very few of the subdivision lots made available for private purchase at the
first three state lotteries will help offset existing pressures on land
markets in different areas of Alaska.
Over-The-Counter Sales of Subdivision Lots

The land sales data for subdivision lots reported in previous sections have included over-the-counter sales of lots that were offered at lottery but were not purchased. Of the lots offered in the fall 1979 lottery, 37 or about 16 percent of the ones that were purchased were sold over-the-counter. A total of 417 subdivision lots, 28 percent of the purchases, were sold over-the-counter following the third lottery. In total, then, slightly more than one-quarter of the sales resulting from the second and third lotteries were over-the-counter.

Surprisingly, the percentage of over-the-counter sales that went to buyers living in other areas of the state than where the land is located was approximately the same as that for all sales. Whereas 71 percent of all sales were to persons who do not live in the vicinity of the land sold, the same result occurred for 70 percent of the over-the-counter sales.

Price Discounts

The State of Alaska permits a buyer of a subdivision lot a one-time only price discount. The amount of the discount is based on length of state residency and whether or not a person is a veteran. Non-veterans are allowed a price discount of 5 percent per full year of Alaska residency up to a maximum of 50 percent of the purchase price or $25,000, whichever is less. The 5 percent per year discount available to qualified veterans have for a maximum the lesser of 75 percent of the purchase price or $37,500.

Estimates of the average price of a subdivision lots sold by the state, of the average discount applied, and of revenues received by the state from the sale of subdivision lots were made from a sample of 99 sales from the second and third lotteries.

The 5,641 subdivision lots offered at lottery by the state had an average price of $8,850 per lot and a total sale value of nearly $50,000,000. Based on the sample, the average price of the 2,404 lots that sold was $10,560. If these had been sold at full price, they would have returned about $25,400,000 to the people of the state. An average discount of 32 percent -- equivalent to slightly more than six years of residency -- was applied in the purchase of subdivision lots and reduced the receipts to the state to $17,300,000. This represents a return from subdivision sales of about $43 per person for all state residents compared to an appraised value return of $3,400, on average, for the discount to people who won lots at lotteries.
Summary of Homesite and Remote Parcel Programs -- Lotteries #2 and #3

Table 9 shows the number of homesite lots offered in Lotteries #2 and #3 and homesite entry permits issued. Of 766 homesite parcels offered for sale at the second and third lotteries, permits to 556 homesite lots were acquired. This constitutes a much higher "sales" rate for the homesite program than for subdivision lotteries: 72 percent compared to 43 percent. One distinctive feature of homesite sales is that approximately the same percentage of the total homesites offered in each region were taken; this contrasts with greatly different success rates by region for the sale of subdivision lots. The percentage of over-the-counter sales is slightly higher for homesites (32 percent) than for subdivision lots (26 percent).

**TABLE 9**

<table>
<thead>
<tr>
<th>Lots Offered</th>
<th>Entry Permits Issued</th>
<th>Percent &quot;Sold&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Southeastern Lots</strong></td>
<td>67</td>
<td>50</td>
</tr>
<tr>
<td><strong>Southcentral Lots</strong></td>
<td>483</td>
<td>346</td>
</tr>
<tr>
<td><strong>Northcentral Lots</strong></td>
<td>226</td>
<td>160</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>776</td>
<td>556</td>
</tr>
</tbody>
</table>

* Comparable "percents sold" for subdivision lots are given in parentheses.

Comparative distributions of homesite and subdivision lot sales by geographic area are summarized in Table 10 for population centers and land sale areas. There is a considerably higher percentage of homesite sales than subdivision sale to Anchorage residents; the reverse is true for comparable sales to Fairbanks and Juneau residents. This result reflects a different configuration

---

1 Forty-five homesites and 2510 unsurveyed open-to-entry parcels were offered at the first lottery in spring 1979. The sale of these lots was completed prior to when the Department of Natural Resources began keeping computerized records of lottery application and sales data. Information on the number of homesite permits issued and authorizations granted to enter designated open-to-entry tracts are not available for inclusion in this study.
TABLE 10
Comparisons of Major Distributional Effects
Of Homesite and Subdivision Lottery Programs

<table>
<thead>
<tr>
<th></th>
<th>% Sold To Residents Of</th>
<th>% Sold To Residents Of</th>
<th>% Sold To Residents Of</th>
<th>% Sold To Residents Of</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Anchorage Area</td>
<td>Fairbanks Area</td>
<td>Juneau Area</td>
<td>Land Sale Area</td>
</tr>
<tr>
<td>Southeastern:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>492 Subdivision Lots</td>
<td>10.2%</td>
<td>9.6%</td>
<td>25.3%</td>
<td>30.3%</td>
</tr>
<tr>
<td>50 Homesites</td>
<td>14.0%</td>
<td>4.0%</td>
<td>14.0%</td>
<td>48.0%</td>
</tr>
<tr>
<td>Southcentral:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1059 Subdivision Lots</td>
<td>65.6%</td>
<td>2.9%</td>
<td>2.1%</td>
<td>15.3%</td>
</tr>
<tr>
<td>346 Homesites</td>
<td>66.2%</td>
<td>3.2%</td>
<td>0.3%</td>
<td>16.5%</td>
</tr>
<tr>
<td>Northcentral:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>853 Subdivision Lots</td>
<td>13.7%</td>
<td>44.3%</td>
<td>1.9%</td>
<td>41.5%</td>
</tr>
<tr>
<td>160 Homesites</td>
<td>10.6%</td>
<td>35.0%</td>
<td>0%</td>
<td>49.4%</td>
</tr>
<tr>
<td>Totals:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2404 Subdivision Lots</td>
<td>35.9%</td>
<td>19.3%</td>
<td>6.7%</td>
<td>28.5%</td>
</tr>
<tr>
<td>556 Homesites</td>
<td>45.5%</td>
<td>12.4%</td>
<td>1.4%</td>
<td>27.2%</td>
</tr>
</tbody>
</table>

of offerings and sales for homesites than for subdivision lots. More than 62 percent of all homesites offered and sold are located in the southcentral region; only 36 percent of the subdivision lots offered and 44 percent of the lots sold are in the southcentral region.

A winner of a homesite permit is required to build a dwelling and live on the land before purchasing the lot from the state. For this reason it might be expected that proportionally more homesites would go to persons living near to where the land is located than was found to be the case for subdivision sales. This is true for parcels located in the southeastern and northcentral regions; still more than half of the homesites in both regions were won by persons who do not reside in the vicinity of the land they acquire. The percentage of southcentral homesites and subdivision lots sold to residents in the immediate vicinity of the land is about the same: 17 percent of the homesites compared to 15 percent of the subdivision lots. Because a higher proportion of homesites was offered in the

-49-
southcentral region, the percentage of all homesite sales to people who live close to the land they acquire is lower than for subdivision lots. Nearly 73 percent of all homesite and 71 percent of all subdivision sales were to persons who live in areas of the state other than where the land is located.

Regional ownership patterns summarized in Figure 7 are very similar for remote parcels, subdivision lots and homesites. Except that there are proportionally fewer inter-regional sales of homesites and there tend to be higher percentages of homesites than subdivision lots sold to people who live in the area where the land is located, the program used to sell land appears to have little effect on resulting ownership patterns. (Southeastern subdivision lots and homesites are excluded from the comparisons because no remote parcels offered for sale are located in the southeastern region.

Comparatively fewer remote parcels than subdivision lots in most land sale areas were sold to Anchorage residents. For instance, 74 percent of the remote parcels sold in the Yentna area were acquired by Anchorage residents whereas they purchased 80 percent of the subdivision lots located there. People living in Anchorage purchased 66 percent of the remote parcels and 82 percent of the subdivision lots sold in the Talkeetna area. But due to the greater concentration of remote parcels in areas near Anchorage, the percent of all remote parcels acquired by Anchorage residents is much higher than for subdivision lots or homesites; they purchased nearly two-thirds of all remote parcels sold compared to slightly more than a third of all subdivision lots and less than half of all homesites. Reviewing comparative purchases by Fairbanks residents, they acquired 17 percent of all remote parcels, 19 percent of all subdivisions, and 13 percent of all homesites sold. Taking the three programs together, Anchorage and Fairbanks residents, about 60 percent of the state's population, acquired 70 percent of all subdivision lots, homesites, and remote parcels sold statewide.

The remote parcel program is the most and least successful of the three state disposal programs under review. In the lottery, 85 percent of the available entry awards are applied for and won. This exceeds rates of sale for both homesites (72 percent) and subdivision lots (43 percent). Several features of the remote parcel program probably account for people's high rate of participation. It is unique in that it allows a winner to select a desired site and parcel size, subject to a maximum acreage limit, within a designated area. The winner's opportunity to lease the land gives the person a five to ten year period in which to decide whether or not to purchase the property.

On the other hand, the fact that a remote parcel's purchase price is not set by the state until after a lessee meets improvement requirements and a survey plat of the parcel is approved means a degree of uncertainty and
risk for the lessee. This uncertainty and risk along with other factors reported in Part III result in a dramatic attrition rate in the number of lottery winners that actually stake parcels. Of the 85 percent who win remote parcel lotteries, early indications are that less than 30 percent will actually stake lots. Of those who have already staked parcels, few have taken full advantage of the maximum acreage allotment. Rather, the average remote parcel staked is in the range of seven acres. Finally, based on the historical rate of lapses of OTE leases obtained between 1968 and 1973, an estimated 15 percent of the people who lease remote parcels will not purchase the lots.

Summary of Estimated Final Sales

Based upon the preceding analyses of subdivision lotteries, homesites, and remote parcel disposals, estimates can be made of the number of acres likely to be sold in the future using these programs and the number of people who will purchase the land. These estimates are graphically summarized in Figure 8. For each 100,000 acres offered, on average 67 percent are remote parcels, 31 percent are subdivision lots, and two percent are homesites.

Of the 31,000 acres of land offered as subdivision lots, an average of 43 percent are won at lottery or purchased over-the-counter. If only three percent either fail to enter purchase contracts with the state or default on contracts, only 12,500 acres will be transferred ultimately into private ownership. At an average parcel size of 8.3 acres, about 1,500 persons will acquire subdivision lots per 100,000 acres offered using these three disposal programs.

Of the 67,000 acres offered as remote parcels, fifteen percent of the parcels are not applied for. This means about 10,000 acres stay in state ownership from the start. Relinquishments prior to staking by 71 percent of the winners leave about 40,200 additional acres in state ownership. The election to stake and lease parcels that are smaller than the maximum allowed size leaves 12,700 more acres in state ownership. If 15 percent of the leased parcels are relinquished prior to purchase, some 600 acres would be returned to state ownership. Consequently, of each 100,000 acres offered using these three programs, only 3,500 acres pass into private ownership through the remote parcel program. At seven acres per parcel, these will be owned by 500 persons.

The final component of 100,000 acres offered is 2,000 acres of homesite parcels. At lottery, about 72 percent or 1,440 acres are applied for. The program has not been in use long enough to indicate how many homesite winners will acquire their land by complying with building and habitation

1 The Legislature addressed this problem in House Bill 31 in 1981. See Part IV.
requirements. A representative of the Department of Natural Resources' disposal program estimates that in the best homesite offering made in 1978—consisting of accessible lots—less than 45 percent of the successful applicants will meet the program's requirements by the deadline. If 50 percent is assumed to succeed on average, then about 720 acres will be "purchased" ultimately by about 200 persons. Consequently, for each 100,000 acres offered by the state through the subdivision lottery, remote parcel, and homesite programs, it is estimated that less than 20,000 acres will be purchased by a total of 2,200 persons.

FIGURE 8

Estimates of Acres Sold and Number of Winners Per 100,000 Acres of State Land Offered in Remote Parcel, Subdivision, and Homesite Lotteries
A principal objective of this section is to report on a variety of concerns people have expressed about current state land disposals. In presenting and characterizing views of others, key parts of this paper rely extensively on reporting comments as stated or written by the people themselves. Two sources of personal comments are used: transcripts of taped comments made at four public hearings held in sparsely settled areas of the southcentral region of the state and 344 written responses to a Department of Natural Resources survey of lottery winners. These provide a wide range of perspectives on state land sales held by people most directly affected: residents of areas where state land to be offered for sale is located and the people who are buying state parcels, or who won the opportunity to buy and turned it down. A third group directly affected, Alaskans who have hunted, fished, and recreated on land being converted from public to private ownership, are covered here only to the extent they are represented in comments of area residents and lottery winners having these concerns.

Views of Local Residents on Proposed State Land Sales

Transcripts of four classification hearings conducted by the Southcentral District Office of the Division of Forest, Land and Water Management are used to present a sampling of local concerns about current land disposal practices. The meetings, held between May and August, 1980, are the Summit Lake, Trapper Creek, Skwentna, and McCarthy Classification Hearings. Each meeting was held specifically to solicit comments from local residents about classifying state land proposed for disposal in Fiscal Years 1981 and 1982.

The Summit Lake Classification Hearing covered proposed disposals in the vicinity of the recreation areas at Summit and Fielding Lakes, located between 10 and 15 miles north of Paxson on the Richardson Highway. Attendance at the meeting was not recorded but only three area residents participated in the formal hearing portion of the meeting. Many issues associated with the planned disposals were raised and thoroughly discussed by the three -- the transcript ran to eight pages of single-spaced, typed comments.

The Trapper Creek Classification Hearing solicited discussion of a number of proposed subdivision, remote parcel, and agricultural disposals in the general vicinity of Talkeetna. Practically all of the objections were to proposed subdivisions although there seemed to be a general sentiment that remote parcel offerings ought to be scaled down in size. No attendance figure was recorded but eleven residents participated in the taped discussions and the transcript for this meeting and those held at Skwentna and McCarthy are about 16 pages in length.
Skwentna is a roadless area about 75 miles northwest of Anchorage. Fourteen persons attended the public hearing held there and seven residents participated in the transcribed portion of the meeting.

The McCarthy area is approximately 63 miles east of Chitina. The road from Chitina to McCarthy can be negotiated during the summer but it is very difficult traveling. Thirty-nine people attended the McCarthy Classification Hearing held to discuss two state disposals proposed for the area. Ten residents spoke during the discussions reported in the meeting's transcript.

No specific criteria were used to determine which Southcentral hearings to report. The Southcentral District Information Officer supplied hearing transcripts that were available. A transcript of an Anchorage hearing held on April 23, 1980 was not used. Of the five people who testified at that meeting, one spoke as a representative of the Alaska Department of Fish and Game, one is Conservation Chairman of the Knik Club, one spoke for the Sierra Club, the Alaska Center for the Environment, and Friends of the Earth, and one speaker represented the Isaac Walton League and the Sportsman Game Preservation Association. Whereas these individuals represent groups of Alaskans who use state owned land and have legitimate concerns that ought to be taken into account in disposal decisions, their concerns at this meeting were filtered through official positions of the organizations that represent them. The decision was made to limit this report to coverage of comments made by citizens in their own behalf.

Comments from transcripts of four meetings held in Anchorage, Dillingham, Cordova, and Skwentna during February, 1981 are not reported here. Testimony at the Anchorage hearing was presented predominately by residents of the general Talkeetna area and reiterated positions expressed earlier at Trapper Creek. The transcript of the Dillingham meeting consisted of a one sentence statement. Comments at the February, 1981 Skwentna meeting repeated the sentiments conveyed in much greater detail at the July, 1980 hearing which is reported. The testimony given by Cordova residents is singular in its unqualified support for state disposals in the area. Eleven people each made a brief statement endorsing disposals, several citing that a scarcity of privately owned, undeveloped land has hampered Cordova's progress for years.
One view of concerns expressed by people living in areas where land disposals are proposed is that they constitute selfishly motivated opposition to local disposals. This is how local concerns are summarily depicted in a 1979 report: Alaska Land: Ownership and Disposal, prepared for the Alaska House Finance Committee.

The objections come from local residents who already have their piece of the wilderness and don’t want it disturbed by others. A widespread sentiment seems to be that ‘land disposals are fine as long as they’re in somebody else’s back yard.’

This interpretation misses the mark of what residents of sparsely settled areas of the state are saying about land disposals in their areas. It misrepresents their testimony by implying they are opposed to disposals when, instead, they have strongly disapproved of what they consider are poorly conceived disposal plans. In fact, people in attendance at each of the public hearings reported on expressed understanding of the quan­dry Division of Lands personnel are in and state support for better planned, smaller scale disposals.

"We're some of the people who have been saying there should be more private land available to the people of this state. I understand less than one third of one percent of the land in the state is held in the hands of private individuals.... You understand what we all object to, but I'd just like to say that if the inevitable happened, if there's no way to avoid this particular disposal out here,... I would like to see as large as parcels possible in the interest of having as few people as possible because everyone's talked about how things will be affected out here in terms of subsistence." (McCarthey Classification Hearing)

"I can see the problems the state's got alright. I can see guys getting ulcers trying to give it away just like we're getting ulcers because you're giving it away. Still, they have, in this program, they really do have some good high ground but they've got an accessibility problem. That's it, yeah. Where there is good ground in your area (proposed for disposal) there's no access." (Skwentna Classification Hearing)

"I'm against the subdivision proposal in that area. I think, in a way, it's too bad we are having to come out sounding like we're against land disposals. Some of these areas would be fine as remote parcels, especially if people would know how much they pay for what they get into it. It's a shame that we're sounding like we don't want any disposals anywhere. It's just simply not true." (Trapper Creek Classification Hearing)

"I would like to see as large as parcels possible in the interest of having as few people as possible...."

"I can see guys getting ulcers for trying to give it away just like we're getting ulcers because you're giving it away."

"It's a shame that we're sounding like we don't want any disposals anywhere. It's just simply not true."
"I wouldn't think you'd have to let all the land go at once. Could see what the response is and how things go. If you got into 1985, then let a couple more go. That way you don't end up selling all of it and then finding out that you made a big mistake." (Summit Lake Classification Hearing)

People in attendance at these public hearings did not typically indicate they are against "disposals in their own backyard". They opposed the proposed scale of disposals and subdivision-homesite type offerings for specific and well-articulated reasons. And they repeatedly expressed opposition to different aspects of the disposal planning process that created the proposals presented for local review.

One planning issue which is central to other problems they perceive is broadly framed in an interchange between a resident of the McCarthy area and a representative of the Department of Natural Resources.

RESIDENT: "I've resided here for seven years and to begin with, I'd like to object to your coming here with this much work done, this advance stage of planning without us knowing more of what's happened. We've been completely in the dark."

DNR: "Those maps were done years ago. The coloring took about fifteen minutes."

RESIDENT: "Well, who did this that's familiar with this area? I mean who has walked over this ground?"

DNR: "We have terrain unit mapping of the area. It's not as good as a detailed field analysis. It's the next best thing."

RESIDENT: "You don't know how deep the soil is? You don't know when the water flows in those drainages?"

DNR: "There's has been some analysis of that. It's interpreted analysis."

RESIDENT: "Interpreted from what? These aerial photographs?"

DNR: "No, more than that. Dennis would probably explain more of that; he's got a terrain unit map of the area."

RESIDENT: "It's like I said before. You've got the cart before the horse. You'd come out here it seems to me and you'd do a lot more ground work before you start coloring the map."

DNR: "This is only a proposal. This is what we're looking at. If there's better evidence that this land's totally unsuitable, that's what we're here to find out. Well, you say the cart's before the horse. Maybe so; the thing that's a real mess like that; things get spun around. Like I said; a decision was made at a policy committee meeting."

These public hearings on classification in effect pit knowledge of land conditions that local residents have amassed through direct familiarity with the land against analysis of terrain unit maps interpreted by people who have not visited the area in question. The local concern that disposal commitments are based on inadequate information about the physical
suitability of the land for proposed uses is expressed directly or indirectly at each of the meetings. The finest illustration of the limited value of interpreted terrain information for making disposal decisions is from the Skwentna Classification Hearing. Joe Delia, a 32-year resident of the area, discussed access and use problems of different areas proposed for disposal in the vicinity of Skwentna. Here is a sampling of his comments.

"The Skwentna Remote Flats is the only one that's, as far as building sites, I don't know where you'd build in there. It's just flat swamp. That's why they call them flats. Beaver dams are the high spots and even they are under water."

"Eight Mile Creek is navigable this year for the first time for any length of time. You can go into the Skwentna Remote Flats Addition just for a very short few days in the spring during the run-off and the rest of the year you can't navigate it."

"There's some beautiful building sites all through there. Kahiltna's got some beautiful, there's some small lakes off the river there, really nice. The Kahiltna's only navigable for a short ways by a sane man."

"I trapped in the Nacochna and did a lot of bear hunting in there and the Kichatna one year....The Nacochna is totally not navigable; it's not a navigable river; it's almost totally inaccessible except right at the mouth and you can get up the Kichatna with a jet boat; if you know what you are doing, you can get up with a prop and a lift. But for the average guy, that's not boating country for him."

"Canyon Lake is tough boating and very few people boat it mainly because they're a little frightened of the river itself. The river is very rough, full of snags, shallow, and braided....That river has shifted back and forth constantly. What is accessible today on that river is not accessible maybe a month from now."

"Quartz Creek is the same way. Very, very rough country. A lot of beautiful building sites but just rough, rough country and tough to get into. Almost to this day there is not more than five men who have ever gone in there on foot in the summer time. I've seen helicopters. If you want to do like this fellow on Alexander Creek. His site is back so far that the only way you can get in is with a helicopter. You've got beautiful places"
if you want to go in by helicopter all the time."

"Johnson Creek has got some few lakes in that area. Johnson Creek is not navigable. From the Yentna you can go up just a very short ways with a boat and it's a pretty mean stream. After the winter snow gets deep you have to get up on a snowmachine but that's for a very short portion of the winter that you have access with a snowmachine."

Similar testimony contributing information acquired through firsthand experience with the land was given by residents attending other classification hearings.

"On the maps it appears dry in places, but once you get on the ground in that area, it's surprising how wet it is in the woods."

"Much of the area, particularly in the Ninemile subdivision, which is adjacent to our land, is very, very swampy and, in fact, the Borough did not even classify the back part of our land subdividable because of the swampy area and that would be the upper Ninemile area. It was not considered usable land....It's very marshy and very poor; you could not build on it."

"Kenny Creek doesn't lend itself to subdivisions as just about the entire area is wet. There's virtually no place in that area where you could put more than ten lots together. On the maps it appears dry in places, but on the ground in that area, it's surprising how wet it is in the woods."

"Now in my opinion after living in this area for over 25 years, I'll put it this way, the climate is rigorous here (in the area under consideration) and, in fact, so much so that the wild game will leave the area in winter. Fielding Lake has been known to have eight to twelve to fourteen feet of snow on the level....The north side of the lake, as I see it now, is the most uninhabitable side because the soil depth is barely enough to support the moss....That area is the windiest area of the country. The winds will pass from the north roughly through the south through the Fielding Lake area and up the Tangles. It's one of the most rigorous climates we know up here. It's even worst than Summit Lake."

The issue is not merely the selection of non-buildable and inaccessible lands for disposal. A second and related dimension of the planning process local residents identify as a problem is its failure to tailor disposal programs to local conditions. By designing subdivisions and
homesite offerings for remote areas, impossible demands are being created for eventual buyers of the land. They speak of limits on the "carrying capacity" of the land to provide wood for house logs and firewood. About other situations, residents ascertain that the placement of subdivisions does not take into account how future land owners will obtain water. Garbage disposal is seen as a common problem that is greatly exacerbated when numerous small parcels are clustered together side by side. For some low lying areas, local residents project that sewage problems will develop. A major consequence they see resulting from this lack of planning is that people who have not experienced living in semi-bush areas will unsuspectingly acquire land on good faith, try to make a go of it, and fail. The homesite program is viewed as particularly onerous in such situations because it forces people to try to live and build on the land to qualify for obtaining title to it. Local residents also judged that these factors will create a variety of hardships -- minor to drastic -- for themselves.

"The Bald Mountain area is high country covered with alders and stuff, and you're going to divide it into places for people to live and you can't even get enough firewood up there to heat your house. You've got to go all the way down into the woods. It's a heck of a long haul uphill, back up onto the hill. How are people going to get water up there? How are people going to get building supplies up there? How are people going to heat their houses?....You setup a disposal but you never think of the social impact or how people are going to live there, how people are going to maintain their lives, how people are going to build their homes, how they're going to get water. You leave that up to the people that get the land and that's all fine and dandy, but a lot of us might not have enough imagination to build our houses out of alders and bring our water three miles up the hill....You haven't considered the social impact such as where people are going to go to school, where are people going to work? I think it's your responsibility to consider all these things. Social impact, economic impact, and the whole realm of how people are going to live there. You're planning out Alaska and people's lives in disposing of land and you're skipping a major part of it."

(Trapper Creek Classification Hearing)

"On five acres like was offered in the subdivisions around here before for the homesites, if a man lived on these homesites around here for three years he wouldn't have any wood left on his property. He's surrounded by other cabin sites which means he's got to travel quite a ways to where he can cut wood." (Skwentna Classification Hearing)

"...a lot of us might not have enough imagination to build our houses out of alders and bring our water three miles up the hill."

"You're planning out Alaska and people's lives in disposing of land and you're skipping a major part of it."
"Well, you've got to have a place for disposing of garbage; you can't throw it in the rivers."

...then, and only then, should planning put something like maybe ten, twenty people to one section, or one square mile of land.

"...there's going to be cat tracks all over the place where they haul those things in. They're going to have squabbles over firewood. If they're on a creek they'll be lucky."

"There are too many outhouses and there's a sewage problem in Talkeetna for the same reason...."

"But homesites where people have to live in small groups and people are unsuspecting -- they, you can't call a man dumb because he lives in town and doesn't know what things he gets."

"Can you imagine right now we've got a good garbage disposal system? But if you took this homesite with 42 cabin sites and each guy had to dispose of his garbage by burying it on his own property, in three years between your wood cutting and your garbage digging -- and, boy, I'm telling you to shovel eight feet of snow and chip frozen ground in the winter just to bury your garbage is something else. Well, you've got to have a place for disposing of garbage; you can't throw it in the rivers."

(Trapper Creek Classification Hearing)

"Planning could get specific input on the amount of trees, amount of forestation, and amount of wood that could be supplied; and then, there are studies down on how much people use, how many cords a winter, a year, for building and for firewood; and then, and only then, should planning put something like maybe ten, twenty people to one section, or one square mile of land."

(Trapper Creek Classification Hearing)

"It's the homesites -- people, five acres -- they're right next to each other. People have to build on them; they have to live there for three years out of five. You're going to have, there's not enough firewood available for that kind of set-up. Even people hauling in trailers, trying to get their building on their property, there's going to be cat tracks all over the place where they haul those things in. They're going to have squabbles over firewood. If they're on a creek they'll be lucky. They'll be able to drink water, especially if they're first in line. If they're further down they may have a problem. Again, there's a sewage problem. Talkeetna is a low area. They have problems there. There are too many outhouses and there's a sewage problem in Talkeetna for the same reason, and that was a place that developed slowly and naturally as a result of people gradually moving into the area, not an instantly created rural slum."

(Trapper Creek Classification Hearing)

"Well, you know, I'm not nearly as concerned about subdivisions as I am about homesites. Most of these people will take subdivisions on speculation alone. They don't care if they have to wait ten years to sell it. So if they want to buy swamp that's fine. But homesites where people have to live in small groups and people are unsuspecting -- they, you can't call a man dumb because he lives in town and doesn't know what things he gets. You might call a
guy dumb if he swamps a boat and it's obvious to you that it was foolish to leave it that way. It's not obvious to him; he's not dumb because he did it; it's something he doesn't understand. Anyway, you know people are coming out in good faith and when you speak about a flood plain the average guy from town will look at you with a blank look. He doesn't know what you're talking about when you say 'flood plain.' The average guy has no conception of what you're talking about. He can't conceive of country like this."

(Skwentna Classification Hearing)

"I'm against the subdivisions for a lot of the reasons mentioned and I'm violently opposed to any possibility of homesites being put in these subdivisions. Before I had a chance to live in a semi-bush type environment, I figured that 'Wow, if I had five acres somewhere in the bush I'd have the world, that's all I'd ever need.' The people that you are going to get (taking subdivision lots and homesites) are residents of some of the larger cities who have been living in an apartment or renting a house who have this dream: 'Boy! If I can get out there and have my own land I'll have everything.' They might go out and try it and they'll probably fall flat on their faces. I really think that the State of Alaska's doing the people of this state a great injustice by presenting something like this. Letting people get their hopes up and then just letting them fall flat."

(Trapper Creek Classification Hearing)

"We're very far from population centers. There's no way you can live out here and work in town or commute or do something like that. Most people will end up having to go out to work in construction, or something similar, for periods of time. You've got to be relatively self-sufficient because of the inaccessibility and lack of amenities that the state would offer. We don't have services and don't want them, and the kinds of programs you'd offer here in terms of land disposal should be considering that... If you start introducing a large number of people onto a large number of tracts, small subdivisions lots or whatever, then that would probably eventually put pressure on for increased access for sure, if not for government intervention of some sort."

(McCarthy Classification Hearing)
"This country has a very limited supply of birds, rabbits, and it has a very limited supply of goats. It's just not, it cannot support more people living a subsistence lifestyle. It cannot, in other words, support a community of close living people."

"I've lived here year-round, my wife and I have lived here year-round for fourteen years. We gain at least fifty percent of our income from the land trapping. Subsistence is very important. If people come into here it's going to have a very adverse impact on me, my neighbors, and the people in McCarthy. There's too much, there'll be too much pressure on game. This country has a very limited supply of birds, rabbits, and it has a very limited supply of goats. It's not just, it cannot support more people living a subsistence lifestyle. It cannot, in other words, support a community of close living neighbors."

"There is no place that a person can get firewood except across the river on state land and we want to be sure and have it on the record that we are dependent on that and not to let that part be sold off and cut us out."

"This has been my home for twenty-five years. I'm speaking primarily for myself and for my family, and three other families that are working. The main thing I wanted to do is put on the record that we're totally dependent on firewood, and we do not have oil and we do not have the facilities for oil. We all of us set up entirely for heating and cooking with firewood, and we want to put it on the record that we do have an area that is possible to get to for anywhere from a week to a month per year. And we have to be right there ready to go across (the river) when it's ready. It might be November and it might be in March. Sometimes you can go across in winter, other times you can't. It just depends on ice conditions. But at any rate, that's the only place we can get firewood. The side of the river that we live on is almost entirely privately owned. There is no place that a person can get firewood except across the river on state land and we want to be sure and have it on the record that we are dependent on that and not to let that part be sold off and cut us out."

"The existing level of residential settlement is straining the ability of the entire state selected land area to supply us (with firewood) in the long run. And we would like to know, we think it would be involved, specifically how much would it cost, in money terms alone let alone lifestyle, if we had to switch to shipping in oil."

"I do object to the whole thing and in particular the firewood concern is probably one of the most important subsistence issues. I'm going to have a really hard time getting my winter wood when I start living out here in the winter. It's hard..."
enough for me to get summer kitchen wood, I have to go a long ways now and it's really scrounging wood. And that's just the existing situation so it's going to be a big problem if you bring in more residents."
(McCarthy Classification Hearing)

"People are moving in at about the rate that it's possible to find a place to do it, and to find firewood and find a way to get in and out and I certainly don't want to see the population increase to the point where they're screaming for a big road and then they start screaming for all kinds of facilities, and then they want everybody to pay for them. Cause I don't want those facilities, and I don't want to pay for them."
(McCarthy Classification Hearing)

"One of the things everybody is really concerned about that I don't think we've mentioned before is: why live out here if you've got all the hassles of living here and none of the advantages. What's being withdrawn now (by subdivision and homosite sales) from people who have lived here for years is the advantages. The personal freedom, the ability to go out and get a moose without competing with 180 others....If you've got people crowded in real close like John said, you can't move, you've got to hunt on your five acres you're not going to get a moose. It's already to the point where a lot of local people don't get a moose and you're getting so many local people when you share i moose you don't get any."
(Skwentna Classification Hearing)

"The thing of it is a guy can come out here and get a homosite on a remote parcel area they would spread out and there would be enough wood for everybody and they'd keep pollution down. Also, it would help protect the wildlife. But whenever you crowd everybody in one area in a subdivision you're going to ruin the whole area."
(Skwentna Classification Hearing)

"...don't just bunch them all into one little group...everyone worries about the wood, I worry about water. That's what you can get sick from and the water level in most of these places their giving away, my god, their sewers are going to run on top of the ground. It's got to because that's the only place there is...the water level above the ground."
(Skwentna Classification Hearing)

"...why live out here if you've got all the hassles of living here and none of the advantages. What's being withdrawn now from people who have lived here for years is the advantages."

"It's already to the point where a lot of local people don't get a moose and you're getting so many local people when you share a moose you don't get any."

"...I worry about water. That's what you can get sick from...."
"It's morally wrong I think and it's also morally wrong to deny us a place to cut wood."

"You're destroying the reason for being out here which is being able to build your own house, having your own piece of land where you don't have to pay rent, you don't have the 20 - 30 year mortgage sitting over your head."

"Share a lot of wood and stuff now, cutting lumber; whenever you dump so many people in one area there's not enough lumber to go around to build your own house. You've got to go to town and pay a very high cost for lumber and you double the cost to get it out here. You're destroying the reason for being out here which is being able to build your own house, having your own piece of land where you don't have to pay rent, you don't have the 20 - 30 year mortgage sitting over your head. You don't have all your utilities, but if you put in a subdivision, you're going to have to start having utilities. You're going to have to put in a community dump and all the rest of the things that go along with living in a community. Right now, it's spread out; we don't need all this and there's still lumber we can build our houses with and kind of take it easy. Go into town, make a few bucks, and buy a few groceries to get us through the year. A bunch of those people who are getting into the subdivisions think that all they're going to do is come out here and build and have a piece of their own and try to get away from the city but they're going to find they are getting into a bigger headache than they had in town."

"The only thing I have to say is like I was telling you earlier, the hunting pressures really been quadrupled in the last few years. Seems like Anchorage is growing and this is the spot they come right outside of Anchorage, you know, for hunting and fishing, especially moose....In the last ten years it's declined drastically. And especially for a guy living out here it's pretty tough to get to subsist each year with fish and meat....I don't
know how many people took you up on that last offer, but 42 of those lots are beautiful homesites. That means that we'll have 42 new families in this area living on that land and in three years out of five. That's ridiculous. That would wipe all moose out of the country."

(Skwentna Classification Hearing)

"Around all those lakes, there's a lot of swamp in there, but around those lakes there's some -- I hate to see them go cause that's one of my main trap lines -- but there's some nice cabin sites. It's mostly burn off, grassy fields and hilly country; real nice, some real nice country. I just hate to see them go. I've got a couple of cabins in there myself."

(Skwentna Classification Hearing)

"What effect do you think this land program is having possibly on our taxes? Do you think it's had anything to do with raising the value of our property? My taxes went up 800 percent and the Carey's went up 850 percent. Well, you know $3-400 in taxes is a heck of a lot for the average family here that lives a subsistence lifestyle. You know inflation hits us as hard as it does anybody else but our cost for everything is doubled. Just like John said for lumber, to get out a sack of dog food for my daughter's sled dogs is doubled the price and it doesn't raise from the same comparison for people in town so, as John says, it ruins what it's done to Skwentna or what it will do is wipe out a unique sort of lifestyle. What we've got here is a village with no roads, we've had sort of a wilderness area within striking distance of Anchorage. Something that you have in the interior you've got here which is poof, gone."

(Skwentna Classification Hearing)

"...this is going back to the area where I have lived in and it's the old open-to-entry site land, and disposals are being planned in that area, and yet, when we entered in that area, it was kind of a good faith clause with the state because that was a recreation site area. And presently, there are subdivisions that are being entered right in that area, in amongst the places where people are supposed to get away from the hustle and bustle of the cities. This is another thing that planning should really be aware of, that one area can take so much, it can't take just over, each year it's a different ball game."

(Trapper Creek Classification Hearing)

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"This is another thing that planning should really be aware of, that one area can take so much, it can't take just over, each year it's a different ball game."
"If you even had as many as ten permanent dwellers in each of those subdivisions you would need immediately another portable unit for Trapper Creek's school, among other services." 

"If you even had as many as ten permanent dwellers in each of those subdivisions you would need immediately another portable unit for Trapper Creek's school, among other services. And I don't know where all those people are going to go to work. In Trapper Creek right now, there's two service stations, one lodge, one hardware store was here but it shut down because there wasn't any business, four people working for the State Highway Department, three people employed by the State Parks, State Troopers that come from outside of the area and have to pass a special course. Most local people aren't eligible for those jobs; and the teachers in the school, and that's our local employment. Everybody else either goes out of the community to work, or they live on food stamps, welfare, and unemployment. So I think there are big social and economic problems being created by these subdivisions."

(Trapper Creek Classification Hearing)

"...the state is not considering...all the future expenses and things will be mainly put on the borough, and they realize that. And I do, and most of everybody here does, except the State Division of Lands planners. And maybe they won't have the problems in the future but we will and the borough will and we're against it." 

(Trapper Creek Classification Hearing)

"It's too remote and too far away for people who need to get here and build their own access as it would have to be done in subdivisions. You get that many people in that small of an area, because of the density problems, you're necessitating use of roads."

(Trapper Creek Classification Hearing)

"I know that's a fly-in area,...if you're putting in a subdivision here with road easements, I'm wondering where all the vehicles are going to come from and how they're going to get out there to begin with. It's deceptive. For people to think they can live subdivision style, acquire a subdivision lot and have access, as the map tells them they can."

(Trapper Creek Classification Hearing)

"I'm a teacher at the local high school. I don't even see how the schools could absorb that sort of thing, if indeed, people did try to move to the area...."
I understand. I think we would be creating a rural ghetto that would be an eyesore to the community and would be something that the people, even the people who live there, would not want. I think you're in competition with local lands that are already for sale and in fact, not moving very quickly at this time.

(Trapper Creek Classification Hearing)

"On the thing about placing subdivisions near an area, right adjacent to an area that already has lots of subdivision lots available for sale on the private market,...If the state could set up some sort of loan system where people wishing to buy subdivision lots could get a loan to buy the lot, you would not only get lots to those people to have them, you would also help the private economy in certain areas, and you would sell land that was already available. And you probably end up saving money. You wouldn't have to plan these things out, you wouldn't have to survey them, you wouldn't have to hassle us each time, and you might boost the economy."

(Trapper Creek Classification Hearing)

"Let's say you left the entire lake in one thing, a residential site of some sort, and people thought they're not maintaining that road. There is this problem with it and that problem with it cause we know the community. Here, all of a sudden, you let go a hundred or fifty or thirty or whatever, there becomes enough people there they all get together and say the state's going to maintain the Fielding Road. We know they don't now. We know the area pretty well now. Now, all of a sudden, later we're saying: Hey, if we were going to know this was going to happen -- I don't know if that's just a selfish reason but you don't know what something's going to develop into."

(Summit Lake Classification Hearing)

"Maybe we've got far afield here, I don't know but, I feel this problem is probably going to come up. Three years ago the Department of Forestry had its only garbage truck and they came out of Delta and they came to all these road pull-outs here where you see one of these large barrels. They, by contract, picked all this garbage up. There were 22 barrels on the lake here from the Richardson Monument down to Paxson...Okay, so as time went on the Department of Forestry said they didn't have money and one year they just forgot to fund it. So the state's going to have to pick up the garbage."

(Summit Lake Classification Hearing)
"It's happened before and it doesn't make sense but it can happen."

"Fielding Lake there was a good example. On a weekend you'll see people going in there with sleds piled clear up with beer cans, everything imaginable, and I have yet to see anybody haul that out."
(Summit Lake Classification Hearing)

"But if there were more they could probably get (the road kept open). And build a school here cause they have six or three kids. It's happened before and it doesn't make sense but it can happen."
(Summit Lake Classification Hearing)

"One person has got a subdivision down there.... He's a little worried about that trying to move. I can sympathize with him. He's spent some money surveying and patenting his land and whatever, and he's going to make a buck off it. Which you should be entitled to and he's a little bit worried about this is going to lose him some customers."
(Summit Lake Classification Hearing)

"That's another thing that we talked over before that is, if there's an area that's already developed and the people in it want it to get larger so they can get someplace, that's fine. Then the homesites should be let in there. But you wouldn't let a homesite in an area that you really didn't want to develop and have all the facilities that are required through taxes or whatever.... The next thing you'll know is the people up there will want a school and a post office and a library and garbage pick-up."
(Summit Lake Classification Hearing)

Local residents perceive there are other issues that current planning for land disposals simply ignores. At the McCarthy meeting, it was suggested that people in the valley are being subjected to three major changes: the proposed land disposals, the coming of the National Park Service, and upgrading of the road from Chitna. Then, it was established that, thusfar, there has been no coordination of plans by the Department of Natural Resources, the Department of Transportation, and the National Park Service. A resident's summary and the response by DNR's representative were as follows.

RESIDENT: "You've described the planning process or lack thereof that you used to come to this proposal. You've also described the political pressure that you were under which led you to this proposal. We are located in the middle of a National Park area, we're located in an area that has some of the best settlement land that you'd identified. We're located in an area of high development pressure and, quite obviously, of high local opposition to the development. Let me make a request:
that you conduct the same kind of planning process here that you did for Haines-Skagway."

DNR: "We don't do a good planning job. We do the best we can with the time that we've got, when we've got pressures, and we can't always do that kind of detailed plan. Again, I would stress the reality of the situation."

In the Skwentna and Summit Lake hearings, residents in attendance felt wildlife values of some areas are not taken into account. For example:

SKWENTNA: "But what you're really getting at is the flat lands have been poor land to offer and, in general, the flat lands along the river basin, this is where most of your wildfowl, your fish, your beaver, your water animals, your better habitat, your wintering ground for the moose -- all of your wintering grounds for moose are along the river...Your not offering the people swamp, you're protecting a wildlife resource along the river basin and you're preventing pollution of those streams."

SUMMIT LAKE: "We are dealing with some of the prime ptarmigan habitat of this area. The north side of the lake where approximately ten miles is ptarmigan nesting area...I'm saying a study of the area before the disposal would be apropos."

In summary, the residents of these sparsely settled areas consider that they, and future purchasers of state lands, and state residents who use these areas on a seasonal basis are being subjected to a broad spectrum of adverse impacts by inadequate planning for land disposals. Despite assurances from DNR representatives that these are the types of concerns they are at the meetings to hear, area residents do not feel their views are really incorporated into disposal decision-making. A resident at the Trapper Creek meeting summed up these sentiments: "The public hearings that we've attended could be defined as meetings at which the public hears what the Division of Lands is going to do. We feel we've been duped from the level of the Governor on down. One of Hammond's main campaign issues was to preserve the Alaskan lifestyle, this has not been done." The basis for this conclusion is most clearly revealed through comments made at the Trapper Creek meeting.

"It happened in the last disposal. People were not happy with subdivisions, and they continue to put in subdivisions, continue to survey them out, and now they're going to sell them, and it's happening over again...I think it's very, very poor planning and perhaps the mandated acreage is too much; perhaps you don't have the money to plan properly; perhaps you've got the wrong people planning; perhaps you've got the wrong imagination. But whatever it is, I think you're screwing us and you'll screw Alaska because it's just not right. And we've been over this all last year and I see the same problems happening over again. You're by-passing the public input and you're certainly not trying, as far as I see, to use it. Sure, you're asking "I think it's very, very poor planning and perhaps the mandated acreage is too much; perhaps you don't have the money to plan properly; perhaps you have the wrong people planning; perhaps you've got the wrong imagination."
"I realize that there's a system that you have to buck, but I don't see enough bucking from the people that should be bucking: the planners that are responsible for what we have to live with...."

"The 100,000 acres I realize is probably an awful lot to be planning for. I think that the Department of Natural Resources -- you people -- should be putting pressure on the legislature to let them know. Now maybe you have some hearings, but really, you know, you could almost go into a strike situation, saying it's ridiculous, it's asinine to try to plan logically for the future, and this is what we, the people of this State, that's your job, that's what we're paying you for. And here we end up, a subdivision that we have to live with from now to doomsday, in places where there's no reason for them....I think the people in those divisions, Natural Resources, should be heard by the legislature, saying it's ridiculous. I realize that there's a system that you have to buck, but I don't see enough bucking from the people that should be bucking: the planners that are responsible for what we have to live with from now, for 50 to 100 years, whatever."

"We have ten years of experience in this area and pointed out weaknesses in their plan. It was water off the duck's back."

"The Division of Technical Services is the engineering section of the Division of Lands. They'd lay out subdivisions and we got to know them by giving up our days off last summer, driving 275 miles round-trip to Anchorage to attend their planning meetings. We see them as an introspective, insensitive panel with urban engineers who do not understand the needs of bush-Alaskans and could care less. We watched them plat a huge subdivision in two or three minutes in an area in which none of them had ever been. We have ten years of experience in this area and pointed out weaknesses in their plan. It was water off the duck's back. Technical Services will tell you that they worked with us and that we've been granted substantial concessions. Definitely not true.... An example of a compromise with Technical Services is the Sunny Lake subdivision; it was considered. It was originally slated to be 50 lots. They incorporated our carefully considered dispersed cluster plan and came up with the present 89 lot urban beehive."

"It was originally slated to be 50 lots. They incorporated our carefully considered dispersed cluster plan and came up with the present 89 lot urban beehive."

us for the second time if we want subdivisions here. Well, we don't; and we think there's a different way of doing it; and, you're going about and do it again."
A total of 344 persons responded to the questionnaire (see Page 73) sent to lottery winners by the Department of Natural Resources. There are some difficulties encountered in interpreting the results of this survey because of the type of questions posed. The questions were intended to trigger comments rather than to provide a basis for aggregation and generalization. For instance, numerous respondents failed to mark any of the allotted spaces and simply proceeded to comment. Each respondent stressed what she or he considered important to communicate about getting the opportunity to acquire state land; none necessarily crafted a comprehensive explanation designed to convey what they felt about all major aspects of land disposals. This severely limits any attempt to standardize and tally responses for the purpose of reporting that a certain percent favor some feature of the disposal program whereas a remaining percent are opposed to it.

At the same time, written comments provide a richness of detail and emotion that would be lacking in boxes marked in response to standardized questions. Consequently, the survey results are reported in large part through direct use of people's comments. Presentation of their comments is organized according to whether the response expresses satisfaction or dissatisfaction about land sales in general or about the program through which the right to land was acquired. The comments are grouped also by topics that are highlighted by repetition in different responses. This organizational structure is offered to aid the reader in understanding the preponderance of different types of responses received rather than to convey the numbers of people who are for and against any aspect of the state's land disposal program.

For example, respondents who stress that lack of road access is a problem may or may not prefer to own the land without access than to have the state hold up sales until roads are built. Others state that they believe the state is selling too much unaccessible land, i.e., the state should either limit sales to accessible areas or begin constructing more roads. A third group isolated in the presentation express that they were very disappointed to learn that the land they won does not have access and feel that the state misrepresented the land when it was offered for sale. Whereas there is informational value in grouping responses into these categories, readers are left to determine from their own interpretation of the various comments how much of a problem unaccessible lands are to winners of state land lotteries.

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1 State disposal brochures contain a standard caveat stating that the lots offered for disposal have only guaranteed legal access, not physical access.
Over the past two years, thousands of Alaskans have participated in the disposal by lottery of 200,000 acres of state land. The Department of Natural Resources, Division of Forest, Land and Water Management is interested in your opinion, as a successful applicant, of the state land program. Please take a few moments to answer in 100 words or so, any one of the four questions listed below. Please include in your reply the program under which your land is classified—Open to Entry, Remote Parcel, Subdivision Lottery, Homesite, or Agriculture, and return it to us by December 20.

Your reply will help us conduct a better state land program.

☐ I have participated in the land lottery because
☐ I’ll never participate in the land lottery again because
☐ I love my state purchased land because
☐ I hate my state purchased land because

Thank you for sharing your comments. Please return to:

Information Office
Department of Natural Resources
Division of Forest, Land and Water Management
323 E. 4th Avenue Anchorage, Alaska 99501
SUMMARY OF RESPONSES. Sixty-three of the 138 respondents who offered unqualified expressions of support for state land disposals made general remarks rather than discussed specific programs. Six basic features are stressed in the comments by people in this group: affordable land, the experience of land ownership, good property, land for future use, land for immediate use, and the fairness of the lottery method of disposal. These comments are illustrated below. The frequencies with which different features were referenced are similar; comparatively more people make up the future use group and fewer are directly using the land at this time. With the possible exception of a few persons who have yet to see the property they won, this group of 63 comprises people with a variety of circumstances who the land disposal program successfully serves.

TYPICAL COMMENTS.

Affordable Land. "I was born and raised in Alaska, however I had no land of my own. I got a beautiful piece of property which I think is great, and with a low down payment and easy terms. Good Financing. I don't have much money, however, through your program I was able to acquire land."

"I got property I could afford."

"The state made it so easy to own land--the terms and payments are easy...."

"...This is the only way I know of I could ever own land."

"...It is a less expensive way to acquire land than buying from a land speculator."

"It was a good way to get some land at a cheaper price than on the regular market....There is no question of title problems as you might expect from a private party...."

Good Experience. "It's the best thing that ever happened to me, and back to the land, our land is bringing my family back together, on land that is wild and unspoiled, land that fires my spirit, and brings strong hope for a good life."
"It has been fair, exciting, adventurous, invigorating, frustrating, and expensive."

"I think it is a great feeling of security to own your own land."

"I have the chance to direct my assets and goals to a worthwhile and challenging experience."

"I feel that possessing a piece of this great land directly through a patent is a climax to my forty years of residence."

"It will provide a wonderful opportunity for my family and I to share some great events in building a homestead environment as well as stronger relationships."

Good Property. "It's on the beach in a beautiful area where dungeness crab abound. It'll have a good resale value if I ever decide to sell it. It's 1.6 acres with 330' on the water, and has a perfect anchorage for boats."

"It is good land--high and dry with big trees and a good view."

"Our land...is heavily timbered and near the river. I'm sure someday it will be accessible, too."

"It is where I wanted land. It's not low swampy--has trees and I could not believe the state had a good road into same."

"There appears to be enough timber to build a log cabin...The land itself is beautiful and receives the sun so we can garden. It is accessible by water and by road with a short hike."

Land For Future Use. "Although there is no access to the lot at the present time it will be a nice place to build a home someday."

"We will be able to retire on it in several years."

"It will enable my family to own our own home someday."

"With this land I hope to someday build on it and pass it on to my children."
"I am retiring soon and hope to have a place to get away from these high prices and congested living."

"(I) appreciate opportunity to possibly have a summer cabin out of town, or... (a) lot for future construction of home by son."

"I am a senior citizen. When I pass away I want to leave something to my children."

Land For Immediate Use. "I put a cabin on it so my wife and three children have a place we can go and really enjoy the Alaska outdoors."

"... We have been able to build our home, a road to the property, lay our septic system and move in within a six month period...."

Lottery Is Fair. "It is a fair and reasonable way to transfer title from the state to private ownership."

"It gives everybody an equal chance to win."

"It seems to be a fair way to let citizens acquire land."

"It's as good a way as any and fair."

2. I am pleased I won land but I think there are problems in the state land disposal program.

SUMMARY OF RESPONSES. A total of 136 persons stated they are pleased with lots they received but feel there are problems concerning some aspects of disposals in general or of a particular disposal program.
Of these, 114 criticized how disposals are generally accomplished. The comments most frequently identify poor quality land offered for sale, lack of access, and procedural problems involved in the transfer of title to individuals as issues. The largest category, a concern expressed in more than 40 comments, pertains to time delays, misinformation, times set for staking remote parcels, and other procedural problems in the disposal process. An equivalent number of comments are split between poor quality land and access problems. An assortment of other disposal issues also were raised.

**TYPICAL COMMENTS.**

**Poor Quality Land:** "Most of the land you are offering is very poor and should not be offered until last. It is a waste of money to do the paperwork and survey the land....Why waste hundreds of thousands of dollars to develop junk....Don't turn the land program into a joke...."

"To date, it seems like mostly the swamp has been available."

"I'm upset because 'good' land is generally excluded from the lottery...."

"There are two basic things wrong with the land disposal program--
1) poor land offerings..., and
2) cumbersome and inadequate filing procedures."

"My hope is that Alaska can go through this process of making land available to people without causing land use patterns which will bring us the same problem seen in the outside or worse."

"Some of the land that has been offered is not usable and should not have been made available."

"I don't believe the state should keep offering so much marginal land."

"Only one problem--too much of the land is poor quality and inaccessible."

**Lack Of Access.** "If no road or trail exists, the state should clearly mark out, on the ground itself, proposed roads so that owners can bush out access to their property...so at least the people that got these lots can get to their property without trespassing over federal, state and private property."
"The lot which I purchased has no access, either by road or water."

"I do believe that disposal without roads is a real impediment to development."

"He ended up with a homesite parcel in a prime location...but with no access. To reach the property you have to go up a 2:1 slope 130 feet from the...highway. Cost of road access will be approximately $40,000."

"I got land in a subdivision which is very hard to get to and needs roads and access roads."

"Most land on lottery has been surveyed roughly by state but no provision for access....A ready and locatable access point needs to be established for every parcel or group of parcels. State surveys should always include marking access from nearest highway and a staked trail in to land."

"I have misgivings...because of difficulty of gaining access to the property."

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Procedural Problems. "I guess it is in litigation at present. I can't do anything with the land because I don't know what is going on with it. I haven't been notified about anything. Can I start work on it this spring or should I just forget it?? Lack of communication between successful applicants and management. Please let me know the status of my land."

"I was quite upset when the 'surveyed land' status turned out to be paper platted survey only. Before I could build or improve the land I had to spend an additional $1500.00 to have the lot surveyed."

"I drove up there this summer to look at it and asked at the information office about where the land is but no one knew from the newspaper map I had..."

"...the information given was very vague, the map especially wasn't up to date..."

"The problem is legal access across an old homestead. Right after I was notified of my awarding of my land I asked questions concerning access to which I was told I had legal right of way down a certain section line and after repeated contact with Div. of Lands and Dept. of Transportation it was ascertained that I in fact did not have the
right of way that was advertised by Div. of Lands....I don't have the money to seek legal help to fight the Division of Lands and have them keep their word...."

"I cannot state that I am pleased or displeased with the land because I don't know precisely what land is mine. I was disappointed to find that there are virtually no markings on the parcels--no corner stakes, nothing."

"I believe it would be very useful to know ahead of time what tracts are going to be made available so that an individual could plan and decide what area would best fit his needs--change the 'mysterious' release of information way of behavior."

"I wish aerial photographs were available for purchase so prospective property owners could get a better idea of the terrain of the property."

"Although I paid the full purchase price of my state land on July 26, 1980, I have not yet received patent to this property. On October 10, 1980, I wrote a letter to the State Division of Lands asking about this matter, but to date, I have received no reply."

"What I do not like is the length of time from successful drawing to the time the land contract is received. What is eminently unfair is the interest rates should apply at the time of successful drawing not at time of receipt of land contract."

"Make Realistic Deadlines! The letter of intent and down payment was 2-3 months before contracts arrived."

"My daughter...got a piece of land in the lottery before this one and I put down the downpayment but she never got a contract. How come?"

"I am disappointed in the time it's taking to get a purchase contract for the land I made a deposit on Aug. 15."

"...so far have made two telephone calls and no results. I am wondering when I will receive my contract so that I can send in my downpayment and start making payments on my land. I am concerned because we will be gone (for a month). I am letting you know that I have called your office twice long before this; I'm not sure what other step to take for action since we have not had a reply."

"...but it took over two months to get my lease after I applied for it. Those were two precious summer months which I could have used working on improvements. When I received my lease to be signed and didn't return it within 8 days, I was threatened with losing the rights to my lease if I didn't return it immediately."
"(The problem is)...the way your dept. instructed board of Directors at the initial meeting to build a connecting road from the Parks Highway to Trapper Creek Glen Subdivision. It was urged upon these directors to build any sort of road forgetting about permits and existing laws. This will tend to spoil the whole area and should not be allowed...The state employees of Dept. of Natural Resources should not tell these homeowners associations to build unlawful or hasty roads."

"I do think that having the staking start in February was stupid--the springtime after snow is gone would be far more reasonable."

"So you have put people in a poor situation where those people who will eventually be neighbors competing with each other to be the first to get the choicest land. Thus people show up days ahead of the actual staking date and attempt to hold off the others by physical possession of their intended staking area."

"Then you send me a letter saying you need more proof. So I send more proof; you send another letter need more proof. How about my driver's lic.? I've had it since '62. How about my teamster card? I've been a member since '64. None of this counts I'm told....I was outside for 3 years--'70, '71, '72. I came back in summer of '73. So I lost 4 years for that and still have enough to qualify. But you say NO! And you still have my damn money---"

"I was never told that the interest rates would be hiked up upon me due to my first tardy payment. Because of extreme hardship in getting my money together for the first payment, I have been afforded the burden of a much higher interest rate for the next twenty years. I'm deeply hurt about this and request a review and a reconsideration in this matter."

"...from what I've been reading in the papers about the opposition of the Mat-Su Borough to the sale, I'm not so sure the sale will go through. Wish the state and boroughs would get together before putting land up for sale to avoid this mess."

"...with (the state) holding all rights but the land rights, at any time I could be dispossessed of use of my land by them selling either the oil or mineral rights right out from under my home."

"I would suggest that the state quit forcing subdivision corporations on the people that purchase the land. Your control of the land has to end sometime."

"Transferring State land to private ownership should not mean that the State earns more interest than the selling price itself. The state hardly needs the money."
"I do feel that the prices for the various lands were somewhat high, given the primary motive for the land disposal which was to get land into the hands of the public."

"...I believe that the restrictions on the land for sewer and water, etc., are too severe for some of the areas. Much of this land is remote and virtually inaccessible to machinery that it takes to complete these projects."

3. **I won land but I am very disappointed in the state land disposal program!**

**SUMMARY OF RESPONSES.** The issues raised by lottery "winners" who are greatly dissatisfied with the state's land disposal program in large part echo concerns expressed in comments presented in the previous section: poor quality land principally and access limitations. They can be distinguished, however, by their tones: mixtures of frustration, hurt, and anger. For these people, the exhilaration of winning became twisted by circumstances into feelings of loss and disillusionment. Of 60 persons, about a third are disturbed by specific provisions of the remote parcel program; comments made by the other two-thirds are profiled below.

**TYPICAL COMMENTS.**

"...It's been an expensive lesson for me, accumulated lottery fees, time off work, renting an airplane and pilot, etc....I think the state is deliberately putting up poor, inaccessible areas, just to fool the public into thinking the state is really trying to get land out to Alaskans."

"...talk about a disappointment. Totally inaccessible by plane or boat, and would require a person backpacking several miles in and out and that is hardly a place to build a summer cabin in the wilderness"
for week-end escapes from the city life."

"It's a big rip-off and a big farce as far as I'm concerned. It cost me over $300.00 in lottery fees and aircraft rentals to find out what a piece of junk land the state offered...."

"How come the state picks the poorest land it has to offer, by this I mean the swamps and alder forests, and tries to sell this crap to the people of its own state?"

"The state land offerings are 95% poor to absolutely unwanted land....Useless, unwanted, cold, ugly."

"The selection of land is another good example of a '2nd Hand Deal' you are offering us residents. Of the thousands of acres you offer for these various disposal programs, 95% is low lying swamps and bogs, or north facing Black Spruce, almost all permafrost...."

"I have participated in the land lottery, but see very little value in the lands offered. A swamp is great if I had a houseboat that I could pack on my back."

"The only land the State chooses to lottery is too far away or not any good to live on. It's a joke for people who really need a place to buy land near their work."

"Why wreck untouched areas off the road? You are making a patch-work mess of the wilderness and thus wrecking it all...."

"I am overall dissatisfied with your program. It is poorly planned, poorly thought out attempts to dump land. Much of it is totally useless....It seems you are attempting to move major populations into what used to be nice, semi-wild areas and for no good reason."

"It is not possible for me to live on it without raising it 3 feet. The state is dividing land into small parcels. People don't come to live in Alaska to live in a subdivision--California style."

"The State is only putting up junk land for sale in subdivision type lots which is not what people want."

"You have too many entries on each area--this will turn them into 'wilderness subdivisions' or 'forest slums'....Also most of the areas offered have such poor access--makes them unuseable. I have relinquished both of my remote parcels...for the above reasons."

"The parcels all seem to be overcrowded and poorly planned and laid out. The surveys seem not to reflect in price considerations topography, water availability, road easement, swamp, seasonal water
"To pay $15.00 for a chance to have one's name drawn to be awarded a contract to pay for land of questionable value is a **state-run rip-off.**"

"It appears like the land disposal program is being run by obstructionists... With few exceptions the land has been mountaintop or swamp..."

"The lot I received was not inspected until after award, and turned out to be an overpriced 'Muskeg with a View'... I dropped my purchase option."

"It's flood area, muskeg, and hasn't sufficient timber to roast a weiner. I turned claims on my land back in... I feel you should be more explicit in describing useless land."

"We still do not know what we bought in terms of quality of land. The survey was not marked on the ground at all. Two trips to the site and we still ended up guessing where we were... I turned back my parcel... simply because I couldn't tell what I was buying."

"My winning in lottery was not like I thought... I can't locate the area of the lot. There is no road to area of lot. I tried to walk to lot area and ended up on someone else's property--trespassing."

"Your program stinks. Very poor advertisement. No access to land and even a self-respecting moose wouldn't live on much of the land put up for lottery..."

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**SUMMARY OF RESPONSES.** Slightly more than half of the respondents commented on the program through which they had received the right to acquire state land. Ninety-two people responded about the remote parcel program, 53 about subdivision lotteries, and 32 about homesites. The
most striking set of responses is the 87 percent of the people commenting on remote parcels who are strongly opposed to some aspect of this disposal program; only 12 of 92 respondents expressed unqualified support and these typically received what they consider to be good quality land. Several different reasons for liking the homesite program are cited by the 60 percent of the homesite winners who are satisfied; 40 percent have serious problems with the program and most feel they need some kind of help from the state to solve their problems. The most successful program as rated by lottery winners is the subdivision disposal program. Nearly 89 percent expressed satisfaction with the program compared to 11 percent (6 people) who unknowingly applied for and won poor quality or inaccessible land. Comparing comments in support of the homesite and subdivision programs, it appears that the latter satisfies relatively more investment demand whereas most of the people involved in the homesite program are intent upon building a home on the land in the near future, as the program requires.

TYPICAL COMMENTS.

Subdivisions: SATISFIED. "I wanted to invest in land as reasonably as I could and that seemed the most sensible way... I much prefer to live in a fairly isolated place, and have my own 'luxuries' like a garden and a yard to raise my kids in away from traffic."

Subdivisions: SATISFIED. "I have the opportunity to live a pioneer lifestyle in a wilderness."

"It has given me the option of living in the bush again."

"At present I would like to build a small home on it and have a garden. A place where my family and I can get away from the pressures of everyday life."

"The area around Hollis has been especially interesting to me. I have had good fishing and hunting there, too. I am very pleased to have been able to purchase a lot, and the lot turned out to be one of the best ones offered."

"We enjoy our land because we can get away from people. We get there by boat. We intend to build a cabin this year. We use this area for hunting. We have a good view of the mountains."

"I now own a beautiful piece of land on which I can build a recreational cabin for my family."

"It's in a beautiful place with a beautiful view of beautiful mountains in a beautiful state."
"Thanks to the state lottery disposal system my home is securely mine (and the state's until paid of course) and not subject to the whims of others."

"The land I got in the subdivision lottery is better than some of the federal land in the same area. Also, the surveyors did a great job on the corner posts and markers. Before the lottery I went out and looked over the subdivision and made my mind up at this choice."

"I have a parcel of subdivision land and I believe this program is the best program you offer."

"It is land which I could never have acquired otherwise, and at a bargain price because of the discount program. It is accessible but still wilderness. I hope to eventually build a retirement home on it and probably make it a permanent home."

"I received a lot in Lowe River Subdivision in Valdez. A committee has been formed to draft the covenants for the subdivision and it looks like we will be able to develop the lot in the near future."

"It was an easy opportunity to obtain some land at a nominal cost. After my retirement it will give me something to do to develop it. Clear and maybe build on it if somebody builds a road to it."

"I hope to build a home on the subdivision plot in the future."

"...I haven't even seen it yet. But I'm anxious to see it and perhaps build a cabin on it next year or so. All in all, I'm happy with my purchase and glad I made it."

"I felt that even if I never personally use the land, it'll be a solid investment considering the growth potential in Valdez."

"I found that some good quality land was offered and I was able to get a full 50% residency discount on it. This made it appear to be a very good deal."

"I am satisfied with my subdivision lottery land at Circle Hot Springs because I believe it to be a wise investment. Except for a swampy portion of the 3½ acres, I think the land is okay, even though there is no access."

"It was an extremely good way to invest in land in Alaska at an extremely good price."

"My dream has always been to own land...The easy financing makes it possible for people of low income to own property."
"I believe that real estate is a good investment in Alaska, even in more remote areas. I also participated because I really wanted the land for a possible future home."

"It was a chance to get some of the very desirable land at Hollis for a very reasonable price -- using years of residence in the state and veteran's time to get the best possible price."

"Since I qualified for the 50% discount I felt it was a good investment and a good opportunity to have a piece of land."

"My land is a subdivision lot and is primarily an investment."

"Even though I believe much of the land in the program has limited uses due to marshiness or incline, I still think it is a good worthwhile investment."

"I have participated in the land lottery because my brother wanted to get some land in some beautiful property at Lake Minchumin.. . . So to make sure his chances were as good as they could be on the lottery, he asked all the people he knew that were eligible to sign up for the lottery for him and he would pay the costs encountered and do the paperwork. He explained that he would allow any winners to use his name on lotteries in the future. It sounded fine to me and I won for him."

"The state and your department should make good accessible land available even if this means building a few roads. The land I was awarded to purchase turned out to be a swamp and floodplain."

"...the streets or roads should have been surveyed... Only bought it because I could claim the residence and veteran's discount."

Homesites: Satisfied. "I am pleased with it. It has lovely trees and is in a good location from town. We have already had a road cleared and a place cleared and a basement hole dug for a house. This coming summer we plan to start building."

"I'm real happy about my Bruce Lake homesite... My main concern now is getting electricity into my lot so I can start living there."

"I love the homesite. It is a great spot and the price was right... And right next to power and road."
"Our homesite land will give us an opportunity to build a log cabin and put in a garden."

"Under this program, land goes to the most deserving people -- not the rich, or the profit-seekers, but those Alaskan residents who wish to remain so and live in Alaska and be self-sufficient."

"Not only did I get a lot, but it is in a very nice location that I look forward to living on."

"We were able to get a homesite in the area we wanted, 27 miles from where I, myself, grew up and will have great pleasure in seeing my own child grow up in the same area I did."

"I carefully selected a site which I consider to be a dream come true. Perhaps the state might advise homesite entrymen on water supply and sewerage disposal practices suitable for the site offerings."

"I got, by sheer chance, a very nice homesite which has features I have always sought in a piece of land...a nice gift from the public."

"Our lot is nice but some of the state offered homesites wouldn't be practical for settling."

"I am truly happy with my land but it makes me sad to think that moose will change their winter grounds in order to survive the encroachment of people. Also, I hope that my future neighbors will take the time to build a home our neighborhood can be proud of. I have this apprehension in this regards since human nature would tend to make some people build quickly to establish the approximate three years (35 months) residence."

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Homesites: PROBLEMS. "After the initial cost (for access), then there's land clearing, foundation, water, septic and then construction. Time limit of the Homesite Law is one problem. Also, we will have to obtain financing and since title isn't conveyed until 5 years hence, it won't satisfy collateral requirements. What are we to do?"

"I think a person should have more time to build also. It's going to be quite costly for me to put a road to my homesite as there are only three in the whole subdivision."

"I got land in a subdivision which is very hard to get to and needs roads and access roads. The home owners cannot afford to build these and need a state loan program at its low rates so that we can fulfill the requirements of the homesite program."
"Most of the land is too remote for anyone to live on except people who do not have jobs. How does a working person expect to ever get land when he has to give up a job to live on the land for an allotted time."

"There are no jobs nearby in Big Lake, plus the land looks swampy. Does the land office intend to put more than a roller coaster road out to the site? How do we live on it and make a living at the same time? We are wondering how we can do it and are very concerned right now. Any suggestions?"

"The lack of roads puts an unfair burden on the homesite owners who have a time limit and are unable to borrow money for a road, or to build. . . . How many people have money to build a house and put in a mile of road to borough and state standards and live on it for 35 months?"

Remote Parcels: SATISFIED. "I experienced the thrill, much like early folk must have had, of finding, exploring, evaluating and staking out my desired land. It was an unforgettable feeling of satisfaction to follow the process through to receiving my lease of what will become my land. . . . I plan to both build and live on my selected land. . . . I feel that when the day comes, I will have been one of the lucky ones to have been successful in a good state land program."

Remote Parcels: Satisfied. "It is one of the few ways an Alaskan can get land in the remote areas of the state at an affordable price."

"It seemed like a great way to own some land in Alaska. It will provide privacy in its location. We intend to construct a cabin for recreational purposes, eventually leading into lengthy stays. It was fun locating and claiming the land. I think it's a positive step to allow some of Alaska's bounteous land to be used in a way which residents can benefit on a private level."

Remote Parcels: PROBLEMS. "I must be crazy because I'm working to improve land which I don't know yet I can afford. Problem is, I have had estimates ranging from $50 to $1,000 per acre. That's $28,000 tops or $1,400 at the low end. Would you buy land like that? Problem -- How do you improve land
'in keeping with the wilderness character' of that land? I don't feel that wilderness can be improved, only scarred. 'As is' is beautiful. Problem -- my lease payments are not applied to my final purchase....Problem -- no state guarantees that remote lottery areas will not be subdivided and distributed by the state at some future time....Problem -- you asked but do you listen?"

Remote Parcels: PROBLEMS

"You have over-regulated this program to a point where the financial risk associated with purchase is too great."

"I did not file on any land because the land I was able to inspect was swampy and unsuitable for building."

"(1) Lease rate is much too high. (2) Lease cost should be deducted from the purchase price. (3) The staking instructions made it impossible to purchase the exact plot you want. (4) You seem to have an inflated view of just how much remote land is worth. By the time a person stakes the land, makes the necessary improvements, pays the surveyor, pays the lease for a number of years, and then pays the purchase price, he will have invested more time and money in the land than it could possibly be worth. (5) From your staking instructions and the costs involved, it quickly becomes apparent that you don't want any one to buy the land. Only the rich can afford it and even they will have trouble meeting the staking requirements."

"Some of the elements I find disturbing about remote parcel program are: (1) not having even a rough estimate of what the assessed value might be ($400 - $4,000/acre); (2) not being able to apply the lease to the purchase price; (3) the amount of the lease; (4) the requirement that improvements must be made on over 5 acres -- that requires that you change the remote character of the land."

"(A) The accessibility is marginal and expensive. (B) Much of the land is bog. (C) The expense to first have the land surveyed, then build a structure, then have it appraised for the going price -- ends up costing far too much as is a stupid idea because if after all that, the price is too high, the cabin must be torn down and removed."

"I won the right to select a remote parcel in Johnson Creek area which was very exciting until we realized what a ridiculous time of year it was to select land....Not only was the land buried under four feet of snow, the creeks and rivers were too soft to walk across. Landing areas were so muddy that the airplane couldn't get off the sandbar after landing and part of the party fell in the creek trying to cross to
the property. Still we went ahead and staked the property only to return later that summer to find out it was all under water from flooding. Now we have this marvelous lease on a swimming pool. So far we've spent approximately $1,000. ...Talk about a bureaucratic Catch-22. We can stick it out and get stuck in the end or cancel and get stuck now. Thanks for nothing."

"I did not complete my claim because I found out that the entire area is under water in the spring....I'm very disappointed in the choice of land for disposal made by the state."

"Lease payments are too expensive. Large swamp areas in parcel. Requirements in remote parcels are difficult and expensive to meet."

"...there was no land worth selecting in Remote Parcel - McDougal so I intend to relinquish my entry."

"I felt I was really lucky when I drew out in the lottery...but most of the land was under water. It had been raining a couple of days before our fly-in, and maybe that accounts for the swampiness. But it rains a lot there in the summer, and who would want land and a summer cabin in an area like that? No one in his right mind."

"How do you construct a habitable dwelling on any land that is 85% alder with 2-inch diameter trees?"

"Remote site: authorization received but have not staked due to very difficult access (unless you have a plane). May abandon it."

"I am going ahead and file the parcel prior to deadline but financially I'll need help to improve the land-- the cost of flying in material by helicopter, etc., is very expensive and I have no resource. I am a nurse and though resourceful, need help physically and financially."

"...just selecting an area for staking within the parcel will be expensive since air travel is the only practical way in."

"I won the right to stake 5 acres in the Homer Remote Parcel. It's been a real disappointment. The major problems are the soil and access, and a bloated market value because of realtor speculation....The soil consists (from my observation) of about 18 inches of semi-humus overburden, high in acidity, and 1,200 feet of impervious, impermeable clay, gravel, and silt mixture which has the consistency of concrete. What will happen after the 'winners' build an abode, survey, and purchase this mecca, and find out they cannot get water from a well less than 1,000 feet, and the sewage from their neighbor flowing into his or her yard with disastrous results?"
"I think the regulations for staking the land and 'proving up' on it are too restrictive and vague....Next is the regulations for making improvements....We were given a list of approved improvements to be done on an acre-by-acre basis. A lot of these are just impractical in most remote sites. What good are roads on your property if there are no roads to your property? I think we should be required to make improvements to our homesites (homes, outhouses, sheds, etc.) but the remaining acreage should be improved as we see fit."

"People were brushing lines prior to 0800 2 February 1980:"

"I believe that the program should have more state supervision. The parcels south of me had been staked a week before entry day. To stop from getting into argument with staker south of me, I couldn't get all the land which I would have liked to have had. As it was, I staked less than five acres."

"The remote parcel program is far too vague for a sound comfortable, investment for anything over 5 acres leaving such desiring individuals very vulnerable to excessive improvement requirements. The staking instructions were a guessing game as to what would be acceptable and what would not be acceptable."

"It is the only way for average (financially limited) Alaskans to obtain land for a home and farmstead. The foregoing, however, especially in relation to remote parcels, appears to be a myth, as the land must be leased, improved, surveyed, and then assessed at God knows what price."

"We recently relinquished our rights to the Yentna lottery because we would have had to commit substantial costs to have the land surveyed only to possibly have the land appraised at a value out of our economic reach. In addition, the Yentna land was generally poor."

"My complaint is that then, when my money and time are invested, is the first opportunity you have for finding out how much the state is going to charge you for this 'lottery-won' piece of ground. The state would not even think of allowing private individuals to conduct sales this way."

"What are we going to have to pay for this land? You've made no commitments to us on that topic. You've said only until there is a nice cozy warm cabin, the land surveyed at our own expense, will you fly down in your helicopter protecting you from the environment and appraise the remote parcel."
"I find the cost of staking to be high and my concern is that the purchase price may be too high to make it a good value and worth all the costs -- financial, personal, and physical. Please consider this when assigning price."

"My primary reservation is the uncertainty and amount of the sale price....I can only hope that after the immense effort we have already put forth, and finish our cabin, we will not have to pay a price that violates the intent of the lottery program."

"After winning a lottery, further investigation revealed I'd been paying and unknown top dollar price for a totally remote parcel that I could be moved off of at the state's whim -- e.g., Standard Oil wants to drill under my cabin. And all I had to do was find it, stake it, identify it, survey it, improve it, and hope that the state would allow me to sit on top of the ground -- shove it!"

"It's a big (understatement) RIP-OFF! How can you honestly and/or legally ask people to stake out their land, build a building, make improvements, and then decide what price you will charge a person? That's crazy."

"...after buying a boat-motor-gas-chain saw and considerable trips to my parcel, I began to see that at my modest $29,000.00 a year income I could not afford this land Alaska was giving Alaskans."

"We participated in the land lottery because we thought we could get a large piece of land on which to live the kind of life we moved to Alaska for. After we entered and won the right to stake a piece of land we realized that by the time we had it surveyed and paid the price you would ask at the end of ten years, it would cost us more than if we bought a piece from a private individual."

"I feel it is very unfair to expect a person to invest in a survey and in building a house before one knows what they will pay for the land."

"I have no idea of the value of the property, or the price I will pay for the land until after I have built all the improvements. It is a ridiculous situation. I am leasing ten acres. It is unusually difficult for me to make improvements on every additional acre after the first five."

"I do want some land....I was drawn for a remote parcel but turned it down at the last moment (after staking, etc.) because I could get no estimate or guarantee of the price I would have to pay for the land. I hope you DO NOT open land up in the Yakert/Wood River areas as this region is much more valuable as a hunting, recreational area as is than to provide access with a series of cabins/airstrips along the river drainages. Same is true of Farewell Lake area and Delta Creek, Delta River. These are a few of the only places we can still hunt on state land that's worth a darn."
PART IV: Recent Revisions to State Land Legislation

In 1981, the Alaska Legislature enacted House Bill 31. Passage of this Act made several important revisions to state land disposal legislation that redress many of the problems raised in Parts II and III of this paper. Major revisions accomplished by the Act include:

- elimination of the requirement that at least 100,000 acres from the state land disposal bank be made available for private acquisition annually;
- provision for future disposal decisions to be based on annual assessments of land demand in different regions of the state;
- changes in disposal procedures intended to reduce land sales to individuals not residing in the vicinity of the land offered for disposal; and
- reconstruction of the remote parcel program.

In addition to these major changes in HB31 above, there are other provisions that address problems raised by area residents and lottery winners. These include extending the period of time winners have to fulfill the building and habitation requirements of the homesite program, providing greater flexibility in the mix of subdivision lottery and homesite programs used in offering residential land for disposal, providing for the inclusion of cost estimates for building access roads and capital improvements for state subdivisions proposed for sale in annual appropriation requests, and providing for grants of financial assistance to municipalities to help defray direct local costs of municipal land disposals.

Many of the problems with state land disposals raised by area residents and lottery winners were attributed to the pressure created by requiring the Department of Natural Resources to offer for disposal a minimum of 100,000 acres a year. Inclusion of poor quality land, failure to adequately assess alternative values of land other than private ownership, disregard of current uses by area residents of public land proposed for sale, heedlessly opening untouched wilderness areas for settlement, and inattention to an area's capacity to physically, economically and socially accommodate additional settlement are common criticisms of DNR's planning of land disposals to meet the minimum annual acreage quota. The Legislature addressed these types of concern through two revisions: it repealed the 100,000 acre minimum annual quota and required annual appropriation requests for state land disposals to "be based on an annual written assessment by the commissioner of the market for state land in different regions of the state."
The Legislature set forth several guidelines for the market assessment. It must include a survey of land in other ownership available to meet different types of land demand. It must provide a five-year forecast of the amounts of state land required to meet statewide demand, taking the available supply of land in other ownership into account. Third, it must propose the general areas from which and methods of disposal under which land will be offered during the next fiscal year.

The analysis of geographical ownership patterns emerging from statewide land lotteries found that, on average, 70 percent or more of the land sold was purchased by Alaskans who do not live in the area where the land is located. It is likely that some of these are prospective future residents of the area where their land is located or that some of the land was purchased for seasonal or occasional use rather than for year-round residences. However, the magnitude of such sales indicates a significant proportion of the purchases, whether by intent or not, is essentially speculative. In HB31, the Legislature introduced two new disposal procedures to reduce the incidence of purchases by non-residents of the area where the land is located. First, the Legislature provided that both auction and lottery sales "must be held in the municipality that is closest to the land to be sold or disposed of and in which regular sessions of a court of the state are held." This is joined with requirements of bidders to attend the auction (Sec. 38.05.055) and of applicants to attend the lottery (Sec. 38.05.57(a)).

Of the three lottery disposal programs assessed in Part II of this paper, the remote parcel program was the least successful for the period under consideration. Remote parcels accounted for nearly two-thirds of the acreage offered but only an estimated five percent will ultimately be purchased. Remote parcel lotteries had the highest percentage of winners; it also is estimated to account for more than 80 percent of the persons relinquishing rights won at lottery to acquire state land. Part III reported many reasons cited by participants in remote parcel lotteries for giving up their options to acquire parcels.

Because remote parcel areas are difficult and frequently expensive to get to and because lottery participants are uncertain about winning, many do not inspect designated areas prior to the lottery. If it is particularly difficult to gain access to an area, if it is swampy, has rough terrain, has inadequate timber for houselogs or firewood, or if it has other features rendering the area undesirable, winners often do not find out until after a lottery. Risk and uncertainty created by requiring lessees to build residences, make improvements, and incur other costs prior to finding out the purchase price of the land as determined by the state also contributes to relinquishments. Finally, many winners judged the legislatively prescribed annual lease rates of $150 for up to five acres
and $50 for each additional acre as excessive for land in their remote parcel area.

In HB31, the Legislature totally reconstructed the remote parcel program. It converted the method of disposal from lottery to procedures more akin to the old federal homestead and state OTE programs. A qualified state resident may enter designated areas, stake a parcel, and apply to lease the staked parcel. Upon surveying the parcel, a lessee may purchase it at a price determined at the time of lease rather than when the survey plat is approved. The Legislature removed requirements for constructing habitable dwellings and permanent improvements to the land and it lowered the lease value to $10 per acre annually. Finally, it lessened the pressure on DNR to include poor quality land in trying to offer 100,000 acres for disposal a year by eliminating the quota.

In concert, these revisions to land legislation enacted in 1981 should rectify many of the serious problems that have emerged since the state initiated lottery land sales. Two other problem areas, only partially addressed, concern homesite entrants and capital improvements to provide access to subdivision lots. Homesite entrants have had difficulties meeting building and habitation requirements with the prescribed five years. By extending the period to seven years, the Legislature relaxed the time pressure but did not remedy underlying problems identified such as lack of access and the difficulty of obtaining financing for home construction without title to the land. By making the percentage of subdivision land offered as homesites more flexible, the situation is less likely to occur where homesites are such small proportions of subdivisions that homesite entrants cannot get other lot owners to join them in constructing access. The Legislature provided the basis for funding access and other capital improvements to state and borough subdivisions offered for sale. The latter is particularly important since boroughs own land more likely to be developed residentially in the near future. However, the Legislature extended rather than removed the state's exemption from capital improvement requirements in borough subdivision ordinances and the provisions of HB31 fall short of substantially funding access and capital improvements for either state or borough disposals.