



KENAI PENINSULA BOROUGH

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DAVID R. CAREY
BOROUGH MAYOR

MEMORANDUM

TO: Pete Sprague, Assembly President
Kenai Peninsula Borough Assembly Members

THRU: David R. Carey, Mayor *Amend for DR Carey*
Max Best, Planning Director *Amend for MB*

FROM: Marcus A. Mueller, Land Management Officer *MA*

DATE: September 9, 2010

SUBJECT: Ordinance 2010-31, Authorizing the Sale of Certain Parcels of Borough Land in Percy Hope Subdivision and Discovery Park Subdivision in Hope Alaska by Sealed Bid Procedures

The Land Management Division has been working closely with the Hope/Sunrise Advisory Planning Commission (APC) for the last several years in developing the Percy Hope and Discovery Park Subdivisions as a community development project. There are currently 22 lots available for disposal which have been independently appraised by two different appraisal firms.

For several years the idea of a land sale in Hope has generated a high level of interest both from potential buyers and from the general populous of Hope. Careful consideration has been put into developing a sale procedure which attempts to balance the simple community development objectives of a small community against an uncertain market demand. The proposed procedure is briefly explained below.

Proposed Procedure:

The proposed sealed bid land sale would offer 22 lots by sealed bid procedure with minimum bids established at 70% of the appraised value for each lot. The proposed sale would have a special requirement that bids be submitted in person at the Hope School on the designated date of January 15, 2011.

Minimum Bid Set at 70% of Appraised Value

Relative to the appraisals, the Hope real estate market is untested, particularly when considering putting a relatively large number of properties on the market at one time. To rely strictly on the appraisals requires some amount of speculation. The proposal to set minimum bids at 70% of appraised value would set a floor of reasonable expectation by the borough and leaves open the opportunity for individual prospective buyers to submit informed and thoughtful bids reflecting what in fact they are individually willing to pay for a chosen property. Given adequate market exposure, a competitive bid process will intrinsically yield fair market value.

Need Be Present Requirement

Similar to an outcry auction, the proposed sealed bid sale would require bids be made in person or by power of attorney. As a community development project, the borough has an interest in promoting sales which are likely to yield property owners eager to have a physical presence in the community and develop private land uses as opposed to generating sales that are speculative investments. The Hope/Sunrise APC has suggested that setting a reasonable bar of active participation in the land sale through the proposed requirement of hand delivered bids on the date of sale will promote community development motives.

Your consideration of this ordinance is greatly appreciated.
