

SPONSOR STATEMENT FOR SB 153

"An act authorizing a long-term lease of certain Alaska Railroad Corporation land at Anchorage; and providing for an effective date."

In 2002, the Alaska Legislature passed [HB 298](#). It's purpose was to allow the Alaska Railroad to increase its maximum lease term without termination rights from 35 to 55 years. The purpose of the increase was to afford entrepreneurs an opportunity to obtain financing on grants that might require a lease length longer than the original limit. Overall, the issue was promoting economic development within the Railbelt and its communities.

One beneficiary of HB 298 was a developer of low-cost senior housing, who was applying for HUD (Federal Department of Housing and Urban Development) [section 202 Senior Housing Grants](#).

Shortly after HB 298 came into effect, however, HUD extended its lease requirement to 75 years. This meant developers seeking to receive HUD 202 grants were put out of the picture. The way the law now reads, the Alaska Railroad can approve leases in excess of 55 years; however the railroad must reserve the right to terminate the lease in the event the land is needed for railroad purposes.

If [SB 153](#) comes into effect, the railroad will be allowed to offer the lease in question in excess of 55 years without the right to terminate.

A multifamily senior housing project has been planned for Government Hill (in Anchorage), and the developer received a 55-year lease from the Alaska Railroad Board. However with changes in the lease term requirement the project was no longer eligible for a HUD 202 grant.

SB 153 will allow the Alaska Railroad to extend the developer's current 55-year lease without termination clause, in order to allow the senior housing developer to seek HUD 202 funding.

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revised: March 24, 2003