

Sponsor Statement

HB 97

Long-Term Leases of Alaska Railroad Land

In 2002, the Legislature passed [House Bill 298](#) to increase the maximum lease term without termination rights the Alaska Railroad can grant without Legislative approval to 55 years from the 35-year maximum set in 1984. The increase was to encourage economic development in communities along the Railbelt by making it easier for large commercial and residential developers to obtain financing through grants and other financing resources which require a longer lease. The 55-year lease maximum set forth in HB 298 went into effect May 30, 2002.

The Alaska Railroad can approve a lease in excess of 55 years; however, they must reserve the right to terminate the lease in the event the land is needed for railroad purposes. This reservation to terminate does not meet the requirements for HUD 202 Senior Housing Grants which have a 75-year minimum lease requirement.

A multi-family senior housing project has been planned for Government Hill in Anchorage and the developer was granted a 55-year lease by the Alaska Railroad Board for the project site. The developer has requested an extension of the lease so the project will qualify for the [HUD 202 Grant program](#).

[House Bill 97](#) will allow the Alaska Railroad to extend the developer's current 55-year lease, without the termination clause, allowing the developer to apply for HUD 202 funding.
