

## **Sponsor Statement for CS SSSB 209(TRA) Railroad Leases**

**“An Act relating to authorizing the Alaska Railroad Corporation  
to lease land for a period of up to 55 years.”**

CS SSSB 209(TRA) extends the length of time the [Alaska Railroad Corporation](#) (ARRC) can lease lands from the current 35 years to 55 years.

This change in statute will help cultivate economic development in communities along the Railbelt by making commercial and residential development on Alaska Railroad lands more viable.

On any existing ARRC lease with a term longer than 35 years, an option to extend leases beyond that time includes a termination clause. This clause allows the ARRC to terminate any lease after 35 years in the event the land is needed for railroad purposes.

While the 35-year lease limit is adequate for most of ARRC's tenants, it is an obstacle in leasing lands to large commercial and residential developers who need to secure long-term financing for their investments. Financial lenders are reluctant to invest in large-scale projects requiring substantial equity participation when there is no guarantee the land will be available beyond 35 years.

The 35-year lease limit and termination clause restrictions have prevented commercial as well as residential development on ARRC lands. For example, Anchorage Neighborhood Housing, Inc. is working on the development of a 20-unit senior housing complex on ARRC property located in the Government Hill area. Housing for this project would be developed using Housing and Urban Development (HUD) 202 senior housing funds. However, HUD requires a 50-year lease period.

CS SSSB 209(TRA) will promote economic development and job opportunities for Alaskans by allowing greater flexibility in developing real estate in many railbelt communities. It will also make ARRC's leasing practices more consistent with other state agencies. Both the University of Alaska and the Department of Natural Resources can lease land for up to 55 years.

The proposed extension of allowable lease term is supported by the following businesses, individuals and organizations: Anchorage Historic Properties, Anchorage Neighborhood Housing Services, Mel Tipton (Ship Creek tenant and commercial developer), Seward Ship's Drydock, Inc., Dowl Engineers, Northrim Bank, AIDEA, Yukon Fuel, Kantishna Holdings, Inc., A&A Construction and Development, Inc., City of Seward, Anchorage Assembly, and the Anchorage, Fairbanks, and Alaska State Chambers of Commerce.

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