This chapter addresses some of the different situations in which a municipality might dispose of municipal lands to meet a public need.

In the following pages, examples are provided for ways in which a municipality might settle land issues through the use of non-code land disposal ordinances. After each land situation described, a sample non-code ordinance is provided for the disposal of municipal land.

**Example 1: Settling Claims of Equitable Interest on Municipal Lands**

In 1986, a city received from the federal townsite trustee, deeds to lots in the federal townsite with a total area of 10 acres. A number of these lots (8) contained occupied houses on them on the date the city received the deeds. Legally, the city owns not only the lots but the improvements (houses) located on the lots as well.

In 1985, or before the city received deeds to these lots, the residents living on the lots had applied to the federal townsite trustee (the previous owner of the lots) for deeds. The residents were denied deeds to the lots since the federal townsite trustee could only issue deeds to individuals having improvements or the lots prior to the approved townsite survey date (in this example, a date in 1980). Since there was a need for land available for housing, the village council in 1981 had authorized these individuals to build on the lots even though the village council, not being the landowner, was not in a position to approve this action.

Now the city has received deeds to lots in the federal townsite including the eight lots that have houses on them. The residents living on these lots may be considered in trespass. However, since these individuals had previously received the village council's permission to build, it would appear that these individuals have some claim in the property which should be recognized in the interest of fairness or equity.

To settle this situation, the city council may elect to dispose of these eight lots to these individuals. In doing so, the council needs to first have a code ordinance in place which gives them the authority to dispose of municipal property. In this case, the city had adopted an ordinance similar to the DCRA model code ordinance that is in this handbook.

With a code ordinance in place, if the city council wishes to dispose of the lots to the individuals in question, the council needs to prepare and introduce a non-codified ordinance which will authorize this specific disposal. In developing this ordinance, the council must make a number of determinations. These include (also refer to the sample non-code ordinance that follows this discussion):

- a finding that the real property or interest in real property is no longer necessary for municipal purposes and a statement of facts upon which such a finding is based;
- a finding that it is in the public interest to dispose of municipal property to settle these claims of equitable interest;
- the value of the property and a determination of whether or not the property should be disposed of at its value or less than fair market value;
- other items including a legal description of the property, the method of disposal, and other procedures.

With the passage of the non-code ordinance, follow-up actions will depend on what is authorized by the ordinance. In this example (and as shown on the sample non-code ordinance), the city council decided to dispose of the lots at less than fair market value to settle claims of equitable interest. Also note that the sample non-code ordinance contains a provision that a reverter clause be included on the deed that is issued by the city. A city may not want to include such a reverter clause in the deeds.

Note that when the city is determining the price of lots to be disposed of in this ordinance, the cost of recording the deed should be added to this cost. Also note that the ordinance requires that if lots are disposed of by metes and bounds descriptions, the lot owner will pay the survey costs of the lot.
(Valid Claim of Equitable Interest)

CITY OF _______________, ALASKA
ORDINANCE #________
AN ORDINANCE AUTHORIZING THE DISPOSAL
OF CERTAIN CITY LANDS

BE IT ENACTED BY THE CITY COUNCIL OF _______________ that pursuant
to Chapter ______ of the Municipal Code the City of _______________ shall dispose
of certain City owned lands under the terms and conditions as set forth in this ordinance.

Section 1. Classification.
Section 2. Statement of ownership.
Section 3. Statement of finding of public purpose.
Section 4. Purpose of disposal.
Section 5. Determination of price.
Section 6. Qualification of applicants.
Section 7. Type of deed and restrictions on use.

Section 1. Classification. This is a non-code ordinance.

Section 2. Statement of ownership. The City of _______________ has acquired by
deed the following real property:

(Legal description of property).

Section 3. Statement of finding of public purpose. The City Council finds that it is in the
best public interest to convey title to land to a person who, due to ownership of residential
improvements thereon, has a valid claim of equitable interest in land as of the date the City
of _______________ received that land. The Council further finds that the lands to be
disposed of to settle these claims are not required for public purposes.

Section 4. Purpose of disposal. The lands to be disposed of in this ordinance were received
by the City of _______________ after residential improvements had already been
placed on the property, and are to be disposed of to settle valid claims of equitable interest.

Section 5. Determination of price. As the City of _______________ obtained these
lands at no cost, the Council has determined that the price of each parcel of land to be
disposed of under this ordinance shall be ________________________________. Surveyed
lots shall be conveyed by lot and block number. Unsurveyed lots will be sold by metes and
bounds descriptions, pending survey. When surveyed, survey costs will be paid by the lot owner.

Section 6. Qualification of applicants. Only those persons that own the residential improvements
on the lots to be disposed of or have a current contract of sale with the _______________
________________________ Housing Authority for the residential improvements on
the lots to be disposed of are qualified to apply for those lots in this disposal. Any lot not
applied for by the qualified person(s) shall become the property of the City of
____________________ along with the improvements thereon.

Section 7. Type of deed and restrictions on use. Title shall be conveyed by quitclaim deed,
and will contain the condition subsequent that the lots shall be used only for residential
purposes during ______ years following the date on the deed. Breach of this condition
subsequent shall cause title to revert to the City of _______________ at the City’s
option.
Example 2: Making Municipal Lands Available for Residential Development

In this example, a city wishes to make some of its land available to residents for housing. Since the city is not scheduled to receive a public housing project through the regional housing authority for some time, the city would like to make lots available to residents to enable them to build their own houses. The city also wants to price the lots at less than fair market value so that residents can afford to purchase the lots. The city may be exposed to a claim of "arbitrateness" if it simply states people can’t afford to pay fair market value. Census Bureau information on poverty level in the community e.g. low median household income would be good supporting documentation.

The city received, at no cost, deeds to the majority of its lands from the federal townsite trustee, including approximately 20 acres of unsubdivided tracts. It is on these unsubdivided tracts that the city would like to make land available for housing.

Before the city council can consider a land disposal program, the council must first have a code ordinance in place which gives the City the authority to dispose of municipal property. In this case, the city adopted an ordinance similar to the DCRA model code ordinance provided in this handbook. With a code ordinance in place, the city council now must prepare and introduce a non-code ordinance which will authorize this specific disposal. In developing the ordinance, the council must make a number of determinations. These include (also refer to the sample non-code ordinance that follows this discussion):

1) a finding that the real property or interest in real property is no longer necessary for municipal purposes and a statement of facts upon which such a finding is based;
2) a finding that it is in the public interest to dispose of municipal property to residents at less than fair market value for housing purposes. The ordinance must explain in the statement of findings why residents should be given preference, and why the land is being offered for less than fair market value.

In the sample non-code ordinance that follows, it is stated that there is a severe shortage of land in the community available to residents for housing purposes. The ordinance further states that the city wishes to make the land available at prices residents can afford.

The ordinance also indicates that the lands are being disposed of at less than fair market value. This has a direct relationship to the statement that the city is making lands available at prices residents can afford. This relationship could be further strengthened by discussion within the public record of what the average income level might be of community residents and/or how the city council determined the value of the lots to be disposed. Also, in the ordinance there is a residency qualification for applicants.

Also note the "prove up" requirements in the ordinance (e.g., applicants must build a house on the property within ____ years). Refer to Appendix __ of the handbook for further discussion of the residency requirement topic.

There is an additional requirement that applicants cannot own other land in the community. This ties back to the purpose of the ordinance to dispose of lands to residents for housing purposes. Because there is a severe shortage of lands available for housing purposes, the city does not want to dispose of lands to those who already own land upon which they could build a house. This type of provision wouldn’t necessarily work in some communities. For example, if a city had a zoning ordinance which restricted a person from using any of his landholdings...
within the city for housing purposes, this person could claim the city is discriminating against him in this ordinance for not allowing him to apply for a city disposal lot for housing purposes.

There may be other unforeseen circumstances which would serve to discriminate against someone. The city may, for their own protection, want to include some language in the ordinance that allows exceptions to a requirement in certain cases.

The previous considerations point out that each city should carefully review the language of any model ordinance and revise the wording to fit its unique circumstances. It is also important that a city consider obtaining legal review of its ordinances before adopting them.

3) the value of the property and a determination whether the property should be disposed of at market value or less than fair market value. In this example, the city decided to make the lots available at less than fair market value. Because the city council could not afford to hire a qualified appraiser, the council determined the fair market value of the lots by comparing prices of similar lots in a nearby community;

4) a legal description (metes and bounds, pending survey) of the property. Because the tracts the city wants to dispose of are unsubdivided, the city will need to plan the layout of the subdivision, clearly stake out the lots, and describe each lot by metes and bounds. In this instance, the applicants will pay the surveying costs (on a pro-rated basis). The city may also want to add into the cost of each lot the cost to record the deed.

Additional notes: As discussed earlier, Section 6 of the non-code ordinance establishes who is qualified to apply for the lots. Although a number of days was not placed in the blank on the sample ordinance, a 30-day residency requirement (State of Alaska voting residency requirements) could be considered. This section also restricts applicants to those who do not already own land in the community (see discussion above) and includes a requirement that applicants build and reside in a dwelling of _____ square feet within ____ years of this disposal. If these latter two conditions are not met, the title of the property reverts back to the city. Although the sample ordinance leaves these two performance periods as blanks, a city may want to consider a 3 to 5 year period for the building of a dwelling. The size requirement of a dwelling could vary widely depending on the community.

Section 7 of the non-code ordinance contains another performance requirement, i.e., the lot must be used for "residential purposes" during ____ years following the date on the deed. This period could vary widely per city. Note that the non-code ordinance states that the city retains the option to enforce or not enforce the reverter clause. In other words, an individual could appeal and possibly be granted waiver from the reverter clause by the city council.
CITY OF _______________, ALASKA
ORDINANCE # _____
AN ORDINANCE AUTHORIZING
THE DISPOSAL OF CERTAIN CITY LANDS

BE IT ENACTED BY THE CITY COUNCIL OF _______________ that pursuant to
Chapter _____ of the Municipal Code the City of _______________ shall dispose of certain
City owned lands under the terms and conditions as set forth in this ordinance.

Section 1. Classification.
Section 2. Statement of ownership.
Section 3. Statement of finding of public purpose.
Section 4. Purpose of disposal.
Section 5. Determination of price.
Section 6. Qualification of applicants.
Section 7. Type of deed and restrictions on use.

Section 1. Classification. This is a non-code ordinance.

Section 2. Statement of ownership. The City of _______________ has acquired by deed the
following real property:

   (Legal description of property).

Section 3. Statement of finding of public purpose. The Council finds that there is a severe
shortage of land available for new housing for residents of the City of _______________.
The Council further finds that it is in the best public interest to make land available for new
housing for City residents, at a price that the residents can afford. The Council further finds
that the lands to be disposed of to residents for new residential housing are not required for
other public purposes.

Section 4. Purpose of disposal. The lands to be disposed of are to meet the demand for land
for by the residents of _______________.

Section 5. Determination of price. As the City of _______________ obtained these lands at
no cost, the Council has determined that the price of each lot to be disposed of under this
ordinance shall be _______________. Surveyed lots shall be conveyed by lot and block
number. Unsurveyed lots will be sold by metes and bounds descriptions, pending survey.
When surveyed, survey costs will be paid by the lot owner.

Section 6. Qualification of applicants. Only those persons that were eligible to vote as
residents of _______________ as of [a date prior to this disposal. The date the ordinance is
proposed would be okay] are qualified to apply for land under this ordinance. This disposal
is further restricted to those _______________ residents that do not presently own land in
the City. If any lot shall have more than one applicant the recipient shall be selected by
lottery. Successful applicants shall build and reside in a dwelling of at least _____square feet
within _____ years of this disposal, or title shall revert to the City of _______________.

Section 7. Type of deed and restrictions on use. Title shall be conveyed by quitclaim deed,
and will contain the condition subsequent that the lots shall be used only for residential pur-
poses during ____ years following the date on the deed. Breach of this condition subsequent
shall cause title to revert to the City of _______________ at the City’s option.

Introduction. _______________
First reading. _______________
Public hearing/second reading. _______________
ADOPTED by a duly constituted quorum of the Council of the City of ________________, Alaska, this ___ day of _____________, 20___.

_____________________________________________________________________
MAYOR
ATTEST:

_____________________________________________________________________
CITY CLERK

Pilot Point, Commerce/DCRA
Example 5: Making municipal lands available to a regional housing authority for public housing purposes

In this case, the municipality would like to dispose of certain municipal lands to the regional housing authority so that a public housing project can be constructed. The city has title to approximately 15 acres of unsubdivided land that was deeded to them from the federal townsite trustee. Because this public housing project will meet the current housing needs of the community, the city council is eager to dispose of the land to the housing authority so that construction can begin.

Before the city council can deed city lands to the housing authority, the council needs to first have a code ordinance in place which gives the city the ability to dispose of municipal property. In this case, the city adopted an ordinance similar to the DCRA model code ordinance that is in this handbook. With a code ordinance in place, the city council now must prepare and introduce a non-codified ordinance which will authorize this specific disposal. In developing this ordinance, the council must make a number of determinations. These include:

- a finding that the real property or interest in real property is no longer necessary for other public purposes and a statement of facts upon which such a finding is based;
- a finding that it is in the public interest to dispose of municipal property to the housing authority for the purpose of building a public housing project;
- the value of the property and a determination of whether or not the property should be disposed of at its value or less than fair market value. In this example, the city decided to make the land available at less than fair market value. The price per lot as shown in the sample non-code ordinance is the cost of recording the deed (the owners of the lots or the housing authority will also pay the surveying costs);
- other items including a legal description (metes and bounds, pending survey) of the property, the method of disposal, and other procedures.

(Also refer to the sample non-code ordinance that follows this discussion)

Once the non-code ordinance is passed, follow-up actions will be based on what the ordinance has authorized. One provision of the sample ordinance requires the housing authority to construct a public housing project only, or else the title of the land will revert back to the city.
CITY OF ______________, ALASKA
ORDINANCE # _____
AN ORDINANCE AUTHORIZING THE DISPOSAL
OF CERTAIN CITY LANDS

BE IT ENACTED BY THE CITY COUNCIL OF ______________ that pursuant to
Chapter _____ of the Municipal Code the City of ______________ shall dispose of certain
City owned lands under the terms and conditions as set forth in this ordinance.

Section 1. Classification.
Section 2. Statement of ownership.
Section 3. Statement of finding of public purpose.
Section 4. Purpose of disposal.
Section 5. Determination of price.
Section 6. Qualification of applicant.
Section 7. Type of deed and restrictions on use.

Section 1. Classification. This is a non-code ordinance.

Section 2. Statement of ownership. The City of ______________ has acquired by deed
the following real property:

(Legal description of property).

Section 3. Statement of finding of public purpose. The Council finds that it is in the best
public interest to convey land to the __________________ Housing Authority for pub-
lic housing projects. The Council further finds that the lands to be disposed of to the
Housing Authority are not required for other public purposes.

Section 4. Purpose of disposal. The lands to be disposed of in this ordinance are to be used
by the Housing Authority for the purpose of building public housing for qualified residents
of the City of ______________.

Section 5. Determination of price. As the City of ______________ obtained these lots
from the Townsite Trustee at no cost, the Council has determined that the land necessary for
this project shall be conveyed for [__________________ + the cost of recording the deed].
Surveyed lots will be conveyed by lot and block number. Unsurveyed lots will be conveyed
by metes and bounds descriptions, pending survey. When surveyed, survey costs will be paid
by the lot owner.

Section 6. Qualification of applicant. Only the __________________ Housing
Authority is qualified to receive the lots that are lots to be disposed of in this disposal. All
lots conveyed to the Housing Authority by this ordinance shall be used for existing or
planned housing for the residents of the City of ______________.

Section 7. Type of deed and restrictions on use. Title shall be conveyed by quitclaim deed,
and will contain the condition subsequent that the lots shall be used only for the construction
of public housing during _____ years following the date on the deed. Breach of this
condition subsequent shall cause title to revert to the City of ______________ at the
City’s option.

Introduction. ______________
First reading. ______________
Public hearing/second reading. ______________
ADOPTED by a duly constituted quorum of the Council of the City of
____________________, Alaska, this ____ day of ___________________, 20____.

_____________________________________
MAYOR

ATTEST:

_____________________________________
CITY CLERK
Example 4: Leasing a city-owned lot to a public agency for the construction of a public building

In this instance, the city has been approached by a public agency (e.g., U.S. Public Health Service, regional health corporation, etc.) that needs land to build a public building. The city has some vacant lots (that were deeded to the city from the federal townsite trustee) that would be suitable for such a building. Although the public agency wants to obtain a deed to the land, the city council prefers to dispose of an interest in the land by long term lease. As with disposing of title to land, before the city council can dispose of an interest in the land, the council must first have a code ordinance in place which gives them the authority to dispose of municipal property. In this case, the city adopted an ordinance similar to the DCRA model code ordinance that is in this handbook.

With a code ordinance in place, the city council now must prepare and introduce a non-codified ordinance which will authorize this specific disposal. In developing this ordinance, the council must make a number of determinations. These include:

- a finding that the real property or interest in real property is no longer necessary for other public purposes and a statement of facts upon which such a finding is based;
- a finding that it is in the public interest to dispose of this interest in property (a lease) to a public agency for construction of a public building;
- the value of the property and a determination of whether or not the property should be disposed of at its value or less than fair market value. In this example, the city decided to lease the land, therefore the lessee is not purchasing full title to the land, only a right to use the land for an extended period of time. In this case, the city decided to charge the lessee the cost to record the lease contract document and also charge the lessee a minimal cost per year for rent of the land;
- other items including a legal description (metes and bounds, pending survey) of the property, the method of disposal, and other procedures.

(Also refer to the sample non-code ordinance that follows this discussion)

With the passage of the non-code ordinance authorizing the lease of the lot, the city can proceed with the negotiation of a lease with the public agency for the land. A sample lease is located in Chapter Seven of this handbook.
Sample-Non Code Ordinances ...

Brevig Mission, Commerce/DCRA
(Authorizing a leasing of a city-owned lot to a public agency)

CITY OF ______________, ALASKA

ORDINANCE #________

AN ORDINANCE AUTHORIZING THE DISPOSAL OF AN INTEREST IN CERTAIN CITY LANDS

BE IT ENACTED BY THE CITY COUNCIL OF ______________ that pursuant to Chapter _____ of the Municipal Code the City of ______________ shall dispose of certain City owned lands under the terms and conditions as set forth in this ordinance.

Section 1. Classification.
Section 2. Statement of ownership.
Section 3. Statement of finding of public purpose.
Section 4. Purpose of disposal.
Section 5. Determination of price.
Section 6. Qualification of applicants.
Section 7. Type of deed and restrictions on use.

Section 1. Classification. This is a non-code ordinance.

Section 2. Statement of ownership. The City of ______________ has acquired by deed the following real property:

(Legal description of property).

Section 3. Statement of finding of public purpose. The Council finds that it is in the best public interest to lease land to the ______________ for a ______________. The Council further finds that the land to be leased to the ______________ is not required for other public purposes.

Section 4. Purpose of disposal. The land to be leased by this ordinance is to be used by the ______________ for the purpose of constructing and operating a public ______________ which will serve all residents of the City of ______________.

Section 5. Determination of price. As the City of ______________ obtained this lot from the Townsite trustee at no cost, the Council has determined that the lease of the land necessary for this project shall be issued for [the cost of recording the lease document] and for an annual rent to be determined through negotiation between the City and the lessee.

Section 6. Qualification of applicant. Only the ______________ is qualified to receive a lease to the lot that is to be disposed of in this disposal.

Section 7. Type of lease and restrictions on use. The term of the lease to be granted to ______________ shall be __ years. Additional terms and conditions of this lease will be specified in the lease contract which will be executed by the City and ______________. The Mayor is authorized to sign the lease contract on behalf of the City.

Introduction. ______________
First reading. ______________
Public hearing/second reading. ______________

ADOPTED by a duly constituted quorum of the Council of the City of ______________, Alaska, this ____ day of ______________, 20___.

_____________________________________
MAYOR

ATTEST:

_____________________________________
Example 5: Authorizing an easement agreement across municipal lands for location of utility lines

In this case, a utility company needs to extend some utility lines across city land. In order to install the lines, the utility company needs to have site control so that they can not only construct the lines, but operate and maintain them as needed. The city could possibly dispose of title to a strip of land containing the utility lines but chose instead to dispose of an interest in the land, an easement, to the utility company so that the city will retain the title to the land.

The land across which the utility company wants to extend the lines is a tract of land the City received from the federal townsite trustee. The legal description for the utility corridor will need to be done by metes and bounds until a survey can be obtained. The city council wants the utility company to pay for the survey whenever there is a need for a survey to be done for the utility corridor.

As with disposing of title to land, before the city council can dispose of an interest in the land, the council must first have a code ordinance in place which gives them the authority to dispose of municipal property. In this case, the city had adopted an ordinance similar to the DCRA model code ordinance that is in this handbook.

With a code ordinance in place, the city council must now prepare and introduce a non-codified ordinance which will authorize this specific disposal. In developing this ordinance, the council must make a number of determinations. These include:

- a finding that the real property or interest in real property is no longer necessary for other public purposes and a statement of facts upon which such a finding is based;
- a finding that it is in the public interest to dispose of this interest in property (an easement) to a utility company for construction, operations, and maintenance of utility lines;
- the value of the property and a determination, whether the property should be disposed at market value or at less than fair market value. In this example, the city decided to dispose of only an interest in property; therefore, the utility company is not receiving full title to the land, only a right to use the land for an extended period of time. In this case, the city decided to charge the utility company only the cost to record the easement agreement documents. In addition, any future survey costs, if a survey is needed (for any purpose) for the utility corridor, will also be borne by the utility company;
- other items including a legal description (metes and bounds, pending survey) of the property, the method of disposal, and other procedures. With the passage of the non-code ordinance authorizing the disposal of interest in the land by easement, the city can proceed with the preparation of an easement agreement.

(also refer to the sample non-code ordinance that follows this discussion)
AN ORDINANCE AUTHORIZING THE DISPOSAL
OF AN INTEREST IN CERTAIN CITY LANDS

BE IT ENACTED BY THE CITY COUNCIL OF _______________ that pursuant to
Chapter _____ of the Municipal Code the City of _______________ shall dispose of certain
City-owned lands under the terms and conditions as set forth in this ordinance.

Section 1. Classification.
Section 2. Statement of ownership.
Section 3. Statement of finding of public purpose.
Section 4. Purpose of disposal.
Section 5. Determination of price.
Section 6. Easement agreement and restrictions on use.

Section 1. Classification. This is a non-code ordinance.

Section 2. Statement of ownership. The City of _______________ has acquired
by deed the following real property:

(Legal description of property).

Section 3. Statement of finding of public purpose. The Council finds that it is in the best
public interest to convey an easement in land to the _______________ for the construction,
operation, and maintenance of _______________ utility lines serving residents of the City.
The Council further finds that the lands affected by this easement to the _______________
are not required for other public purposes.

Section 4. Purpose of disposal. The easement to be conveyed by this ordinance is to be used
by the _______________ for the purpose of constructing, operating, and maintaining
_______________ lines which will serve residents of the City.

Section 5. Determination of price. As the City of _______________ obtained the land from
the Townsite Trustee at no cost, the Council has determined that the easement necessary for
this project shall be conveyed for [the cost of recording the easement agreement document].
The easement will be conveyed by metes and bounds descriptions, pending survey. When
surveyed, survey costs will be paid by the (utility company).

Section 6. Easement agreement and restrictions on use. The easement agreement will
contain a clause that states that if abandonment or nonuse of the property occurs for any six
consecutive months, the easement shall be vacated at the option of the city, and all interests
in the property that have been granted shall revert to The City, or its successor, upon such
abandonment.

ADOPTED by a duly constituted quorum of the Council of The City of
_______________, Alaska, this ___ day of _______________, 20___.

_____________________________________
MAYOR
Sample Non-Code Ordinances ...

ATTEST:
_____________________________________
CITY CLERK

Scammon Bay, Commerce/DCRA
Sample Non-Code Ordinances ...

Hoonah, Commerce/DCRA