

**PETERSBURG BOROUGH**

**ORDINANCE #2024-02**

**AN ORDINANCE AMENDING SECTION 16.12.030 OF THE PETERSBURG MUNICIPAL CODE, TO ALLOW FOR DISPOSAL OF BOROUGH LAND FOR A PUBLIC BENEFIT PURPOSE**

**WHEREAS**, there has been community interest in the development of affordable housing and large residential developments, in order to alleviate the shortage of available housing within the borough; and

**WHEREAS**, this can be addressed in part by expanding the current language of Section 16.12.030 of the borough code to allow the borough assembly to dispose of borough land for certain projects that result in significant short or long-term public benefit to the borough. These projects would include disposals for less than assessed value and by directly negotiated sale, for affordable housing projects and large residential developments.

**THEREFORE, THE PETERSBURG BOROUGH ORDAINS**, Section 16.12.030, *Disposal to a state or federal agency, federally recognized tribe, or nonprofit entity, or for purposes of economic development*, of the Petersburg Municipal Code, is hereby amended as follows:

**Section 1. Classification:** This ordinance is of a general and permanent nature and shall be codified in the Petersburg Municipal Code.

**Section 2. Purpose:** The purpose of this ordinance is to amend the language of the section to address disposals of borough land for a public benefit purpose.

**Section 3 Substantive Provisions:** Section 16.12.030 of the Petersburg Municipal Code, entitled *Disposal to a state or federal agency, federally recognized tribe, or nonprofit entity, or for purposes of economic development*, is hereby amended as follows. The language proposed for addition is underlined and in red, and the language proposed for deletion is struck through.

16.12.030 - Disposal to a state or federal agency, federally recognized tribe, or nonprofit entity, or for ~~purposes of economic development~~ a public benefit purpose.

A. The borough may dispose of borough real property for less than the assessed value to a state or federal agency, federally recognized tribe, or nonprofit entity, for considerations determined by the borough assembly to be in the best interest of the borough.

~~B. The borough assembly may authorize disposal of borough property for less than the assessed value, and by directly negotiated sale, for economic development purposes to entities wishing to install, construct and operate new or expanded industrial, manufacturing or commercial facilities within the borough, upon the terms and conditions as the assembly considers advantageous to the civic welfare of the borough. In addition to review and recommendation by the planning commission, any such proposal shall be reviewed by the Petersburg Economic Development Council, which shall research and advise the assembly on the potential benefits to the borough of the economic development proposal. The assembly may authorize the borough manager to negotiate directly for disposal of borough property for economic development purposes; the final terms of such a negotiated disposal are subject to approval by the assembly.~~

B. The borough assembly may authorize the disposal of borough property for less than the assessed or appraised value, or for other forms of consideration in addition to or in lieu of, in whole or in part, direct monetary payment to the Borough, when the proposed disposal is for a project meeting both of the following requirements: (1) the project consists of economic development consisting of installation, construction, or operation of new or expanded industrial, manufacturing, or commercial facilities; construction of affordable housing; or construction of large residential housing developments creating twenty (20) or more residential lots that would address the shortage of reasonably priced housing within the borough; and (2) the assembly determines the project will result in a significant short- or long-term public benefit to the Petersburg Borough. "Public benefit", as used hereunder, means a project that provides one or more positive economic or noneconomic impacts on the community that in the assembly's determination outweigh maximizing the direct monetary payment to the borough.

C. Disposals for a public benefit under section B above may be initiated by the assembly, or by developer application submitted to the assembly.

1. If a disposal is initiated by application, the application shall include, at a minimum, a conceptual plan and development timeline.

2. A proposed disposal, if initiated by the assembly or if the assembly wishes to move an application forward, shall be sent to the borough planning commission for review and recommendation, including a public hearing. The borough manager may also refer a proposed disposal for review and comment to other applicable boards or commissions. Any disposal proposing an economic development project shall be reviewed by the Petersburg Economic Development Council (PEDC). Following receipt of planning commission recommendations, as well as PEDC or other board or commission comments, the borough manager shall prepare and submit to the assembly a written report and recommendation that, at a minimum, includes:

- a) A fair market value appraisal of the property, including any borough-owned improvements, determined by a certified real estate appraiser, assuming the property was sold without any development requirements that may be imposed pursuant to this section.
- b) A descriptive summary listing of expected economic and non-economic public benefits of the project, and associated costs.
- c) Recommended disposal requirements or conditions, if any, to ensure the proper development and timely completion of the project in the public interest.
- d) A proposed method of disposal.

D. The assembly shall hold at least one public hearing on a proposed disposal for a public benefit. If the assembly wishes to approve the disposal, it shall issue written findings setting out its basis for the determination that the project provides one or more positive short- or long-term economic or noneconomic impacts on the community that outweigh maximizing the direct monetary payment to the borough of the assessed or appraised value of the property.

E. While the borough assembly may approve disposal of borough property under this section by any of the methods set out in PMC 16.12.020, competitive bidding or competitive proposals for a specific use or development are preferred unless direct negotiations are deemed to be in the best interests of the borough. If the assembly

determines to proceed by direct negotiations, the assembly may authorize the borough manager to commence such negotiations, the final terms of which are subject to approval by the assembly unless the minimum essential terms and the authority of the borough manager to execute the disposal documents are set forth in the resolution or ordinance authorizing negotiations. If the disposal is to proceed by direct negotiations, notice shall be provided to the owners of real property located immediately adjacent to the property, by certified mail to the last known address of record, at least ten (10) days prior to the public hearing held before the assembly.

F. As a condition of disposal and to ensure provision of the anticipated public benefit, the assembly may impose specific project requirements and conditions, including without limitation construction of specific improvements, a time frame for completion of those improvements or the project as a whole, price limitations, public notice requirements or purchaser restrictions on affordable housing or large residential housing development projects, and monetary impacts on the developer if the project requirements and conditions are not met. The disposal requirements and conditions shall be set out in a purchase agreement.

**Section 4. Severability:** If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and the application to other persons or circumstances shall not be affected.

**Section 5. Effective Date:** This Ordinance shall become effective immediately upon final passage.

**PASSED AND APPROVED** by the Petersburg Borough Assembly, Petersburg, Alaska this \_\_\_\_ day of \_\_\_\_\_, 2024.

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**Mark Jensen, Mayor**

**ATTEST:**

\_\_\_\_\_  
**Debra K. Thompson, Clerk**

Adopted:  
Noticed:  
Effective: