



CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

From: Assembly Members Katie Riley and Kevin Mosher

Date: January 19, 2026

Subject: Discussion/Direction item regarding Disposal of Municipal Lands for Public Benefit

Background

The goal of this discussion regards amending Section 18.15.010 of the Sitka General Code to allow for the disposal of municipal land for a public benefit purpose. This ordinance is modelled from a similar ordinance that was passed by Petersburg in 2024.

It is widely recognized that Sitka is facing a housing crisis. The cost of and lack of attainable housing is frequently cited as one of Sitka's top impediments to attracting and retaining a workforce population. The cost and lack of available housing is an impediment to Sitka's economic growth and community vitality. The City and Borough of Sitka Assembly, Administration, Planning Department and Planning Commission have previously taken a range of actions to incentivize housing development, including zoning code amendments, reduction in lot sizes, and land disposal for housing developments as directed by voter referendum. However, there is no language in code that currently permits the disposal of land at less than assessed value for public benefit and lays out a process to do so.

The sponsors of this item would like to discuss amending the current language of Section 18.15.010 to allow for the municipal assembly to dispose of municipal lands for certain projects that would result in significant short or long-term public benefit to the city and borough. These projects would include land disposals for less than assessed value and by directly negotiated sale for housing developments that increase housing affordability and availability.

Current code is very limited in the circumstances that it allows for the disposal of municipal real property without going to competitive bid. Section 18.15.010 (E) of the Sitka General Code, pertaining to the disposal of real property, requires that the sale or lease of municipal real property must be conducted by competitive bid, unless the assembly finds that competitive bidding is inappropriate because the size, shape, or location of the parcel makes it truly useful to only one party, or because the nature of

the disposal would unjustly impact the existing lessee or adjacent or neighboring property owners.

However, this language does not allow for the municipality to identify and dispose of parcels that may be uniquely suitable for helping the municipality achieve its goals of expanding access to more affordable and attainable housing. This ordinance seeks to remedy that by adding a new section titled 'Disposal of lands for public benefit'. The following provisions are suggested for this section:

- The city can dispose of lands to a state or federal agency, federally recognized tribe, or non-profit when it is determined to be for a public benefit purpose. Lands can be disposed of less than assessed value if determined to be in the best interest of the municipal assembly.
- The municipal borough may authorize the disposal of municipal property for less than 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 City and Borough, when the proposed disposal is for a project meeting the following requirements:
 - 1) construction of housing that would address the shortage of reasonably priced housing within the City and Borough of Sitka and meets Sitka's housing needs. 'Reasonably priced' housing and other desired housing types and affordability targets will be defined in an annual resolution by the Planning Commission and passed by the Assembly
 - 2) the city determines the project will result in a significant short or long-term public benefit to the City and Borough of Sitka.
 - "Public benefit" 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
- Staff will develop a robust process to assess the public benefit proposed by the land disposal, including a listing of expected economic and non-economic public benefits of the project, and associated costs, as well as disposal requirements or conditions to facilitate proper development and timely completion of the project
- The administrator and his delegate will produce policies that ensure the retention of the land for long-term affordability

Analysis

This action would align with Strategic Plan Goal 1.1: Identify and pursue opportunities to address housing needs through CBS policies and assets, by proposing to use CBS assets to incentivize the development of municipal lands for housing that is affordable to a broader array of Sitkans for the long term.

According to the 2025 State of Sitka's Economy presentation by Raincoast Data and SEDA, cost of housing and lack of housing are the number one factor for why people

leave or do not take jobs in Sitka. Lack of available and attainable housing is a major factor contributing to the decline of Sitka's workforce age population.

This ordinance provides a mechanism to enact several ideas that arose during the 2024 Housing Summit, hosted by the City and Borough of Sitka, the Sitka Tribe of Alaska, and Spruce Root, Inc in March 2024. Over 70 participants attended this two day retreat and agreed upon a list of the top 7 ideas, which included the following that are made possible by this ordinance

1. Create a 'pocket neighborhood' of tiny homes with a communal building and space for childcare center using land trust model
2. Complete a comprehensive land management study to identify land to be developed quickly. Collaborate with land holders to release land designated for affordable and high-density housing.
3. Create stronger policy and financial incentives for year-round housing for Sitka residents.

Fiscal Note

Disposing of municipal lands for less than assessed value will have a financial impact, but it cannot be directly quantified without a proposal on the table. This financial impact would be a part of the staff analysis of any proposal that comes before the assembly.

Recommendation

We recommend that the Assembly direct staff to write ordinance language and a procedure for how the land disposal process will work.

We further recommend that the Assembly task the Planning Commission with drafting a resolution that outlines Sitka-specific housing priorities regarding affordability and availability.

Encl: Enclosure 1 – Disposal of real property code

Enclosure 2 – proposed disposal procedure