

Fact Sheet



Title: AGRICULTURAL LAND FOR ALASKA

I would like to own a parcel of agricultural land in Alaska. What programs does the State of Alaska have that would allow me to do this?

There are four state programs available to qualified applicants:

- Agricultural Land Sale by auction or lottery
- Agricultural Homestead by lottery (rarely offered anymore)
- Over-the-Counter Land Sale
- Agricultural Revolving Loan Fund (ARLF) Asset Disposal

The Department evaluates these programs and its resources to determine which program will be available in future years.

State sale of land by **lottery** requires purchase at fair market value, as determined by qualified professional appraiser(s), by an applicant selected by random lot from all qualified applicants for a given parcel. Land parcels offered at **auction** (public outcry or sealed bid) sell at the high bid offered at or above a minimum fair market value established by qualified appraiser(s).

State **agricultural homestead parcels** (including no more than 160 acres) are offered on a “sweat equity” basis, including certain “prove-up” requirements, such as boundary staking, habitable dwelling construction, land clearing and residency.

Over-the-counter sale of state agricultural land applies only to “no bid” parcels offered at auction but not taken by bid or application. Purchase of such parcels during a specified post-auction interval is at the specified fair market value (minimum bid) to the first-appearing qualified purchaser.

ARLF assets include agricultural parcels acquired through recovery actions such as foreclosure or settlement. These parcels are offered at the discretion of the Board of Agriculture and Conservation, usually by competitive auction. Because of the nature of these parcels they are not available on a regular basis.

State residency is a prerequisite for purchase of ARLF parcels. For ARLF purposes, a person establishes residency in the state by being physically present in the state and maintaining a principal residence in the state for at least 30 days, immediately prior to closing on the parcel, with the intent to remain in the state indefinitely.

ARLF financing is at the discretion of the Board of Agriculture and Conservation and different terms may be established for each offering.

The following information does not pertain to ARLF properties.

Who may take part in these programs?

All Alaskan agricultural lottery participants, both for agricultural homesteads and standard agricultural parcels, must have resided in Alaska for at least one year immediately prior to application, with stated intention to continue that residency. The minimum age for participation in any state land disposal is 18. Neither Alaskan residency nor U.S. citizenship is prerequisite to participation in state agricultural land auctions except as shown above.

Proof of residency includes such documentation as dwelling rental receipt(s), Alaska State driver’s license and/or voter registration.

Does the state guarantee the quality of the land it offers in these programs?

No. All state agricultural parcels are offered without guarantees. Prospective purchasers are advised to inspect the offered parcels personally and to consult with United States Department of Agriculture (USDA) soil specialists, the local USDA Natural Resources Conservation Service District Conservationist and other agricultural information sources, including neighboring landowners, before proceeding to purchase.

How can I participate? Is there a mailing list that I can get on so I can be notified when the next land sale will be held?

The department does not maintain such a list. State land offerings are advertised in several locations within the State of Alaska and Department of Natural Resources web sites, throughout Alaska in local and statewide newspapers or other suitable publications. One may also contact the Department of Natural Resources (DNR) Public Information Centers for current land offering information. If there is an offering, a brochure with the pertinent information will be available from DNR's Public Information Centers.

Can I pay the land off over time?

Parcels are purchased either by paying a lump sum for the parcel or by entering into a sales contract with the State of Alaska. If the purchase price minus the down payment is \$2,000.00 or less, the purchase price must be paid in full and the land sale contract will deal only with non-monetary conditions (such as clearing and preparation for cultivation requirements) of sale. If the purchase price minus the down payment is over \$2000, a contract may be issued for up to 20 years depending on remaining principal.

Principal and interest payments will be set on a level-payment basis and made on a monthly basis. General requirements will be:

- Down payment of 5 percent of the specified purchase price;
- Payment of a nonrefundable document handling fee (\$100);
- Signing a state contract for installment payment of remaining balance, including required interest*, over time (see above);
- Development requirements may be incorporated into the contract to purchase state agricultural land.

*The interest rate assigned to a new land-purchase contract will be based upon prime rate plus three (3) percent, the total not to exceed 9.5 percent.

What does “over-the-counter” mean?

Only parcels recently offered competitively at auction or lottery and not sold may be offered “over-the-counter” during a limited interval usually specified in the original auction/lottery brochure. Such parcels will be sold at the fair market value (minimum bid) specified in the brochure to the first qualified purchaser appearing at the designated place by the state during the advertised over-the-counter sale interval.

What will I be buying?

In a conveyance document for state land classified as agricultural land, the state transfers fee title subject to a perpetual covenant running with the land that restricts or limits use of the land for agricultural purposes and a perpetual covenant specifying subdivision restrictions.

What are “agricultural purposes”?

“Agricultural purposes” are defined in statute as:

- The production, for commercial or personal use, of useful plants and animals;
- The construction of:
 - Housing for landowners and farm laborers,
 - Improvements for animals
 - Or improvements that are reasonably required for or related to agricultural use;
- The use of gravel reasonably required or related to agricultural production on the parcel conveyed;
- Removal and disposition of timber in order to bring agricultural land into use.

I’ve heard that I would be limited to a five-acre area for the placement of my farmstead and that I could only have one dwelling.

State law now allows you to place farm improvements in any location on the farm as long as they are in compliance with an approved farm conservation plan. In addition, you may now construct or place housing on the parcel for both landowners and for farm laborers.

What is a state farm conservation plan?

The preparation and submission of an approved SFCP is a prerequisite to purchase of state agricultural land. A State Farm Conservation Plan (SFCP) is a document unique to any given state agricultural parcel and its purchaser(s) that helps the state insure that appropriate site-specific soil and water conservation planning occurs prior to purchaser’s assumption of management control of the land. A SFCP is completed by the purchaser, usually in cooperation with the local, federal, and state conservation specialists. It is then reviewed by the local Soil and Water Conservation District supervisors and subsequently submitted for approval to the director of the Division of Agriculture. Development on the parcel by the purchaser and any subsequent purchaser(s) of the parcel is required to be in compliance with the basic ideas presented in the currently approved SFCP. A SFCP can be amended using the review and approval process outlined above. Farm management decisions to adjust field size or placement, plant different crops, move building locations, etc that do not alter the basic plan concepts or counter the recognized conservationally sound development practices do not require amendments to the plan.

Will I be required to actively farm?

For non-ARLF parcels, a contract to purchase state agricultural land, will in most cases, include a requirement to clear and prepare for cultivation a minimum of 25 to 50 percent of the “cropland soils” within a specific interval.

What is “Cropland”?

Cropland is defined as land that:

- After being cleared, is capable of producing, at a minimum, such commercial crops as grasses for seed, cereals for grain, or frost-hardy vegetables;
- Is arable and at least 97 percent free of surface stoniness (stones greater than three inches);
- Has slopes less than 12 percent that occur in blocks of 20 acres or more;
- Has mineral soil depths over aggregate or sand measuring at least 10 inches;
- Is capable of draining satisfactorily following conversion to farmland;
- Is not subject to frequent flooding.

“Prepared for cultivation” means the removal of all native vegetation including stumps, roots and debris and the breaking and working of the ground sufficiently to permit the use of standard farm equipment for planting and harvesting a domestic crop.

May I use an agricultural parcel for other purposes?

The essential meaning of Alaska's law governing agricultural land usage is that the primary use of a parcel must be agricultural. The law specifically authorizes additional uses "incidental to and not inconsistent with" agricultural usage. Therefore you may use the land and existing farm improvements only for purposes that are incidental to and not inconsistent with the primary use of the land for agricultural purposes and that by their nature do not cause the agricultural use to diminish or discontinue.

May I subdivide an agricultural parcel?

Yes (In most cases). Once the parcel has been patented you may subdivide the land once into no more than four parcels of not less than 40 acres each. All parcels created will remain subject to the covenant restricting or limiting uses to agricultural purposes and each parcel will have the same rights as the original parcel to construct farm improvements. No further subdivision of the created parcel may take place. Remember, if your land is in a borough, there may be minimum parcel sizes or other restrictions on subdivisions. Be sure to check with the borough platting authority.

Is there a fee for subdividing my agricultural parcel?

Yes or No. The right to subdivide and construct housing on each legally created parcel is inherent with the new title. However, prior to subdividing, you must notify the State of Alaska and you will be required to either have a lien established to insure future payment for the individual rights to construct housing on each parcel to be created or pay the State of Alaska approximately \$4,975 (2007 dollars) for those rights on each of the parcel, regardless of your plans to build housing. Such fee is subject to adjustment based upon changes in the federal Dept. of Labor Consumer Price Index for Anchorage. Alternatively, you may contract for an appraisal with an appraiser from the Department's list of approved appraisers. Your appraiser will need to contact the Department's appraisal section for instructions for completing the appraisal and for appraisal review and approval. Whatever fee is determined to be due must be paid for in full prior to subdivision and will not be financed by the Department. You will need to contact one of the Department's Public Information Centers for the paperwork to begin this process.

There are exceptions:

- For each subdivided parcel that is at least 640 acres, there is no payment to the State of Alaska.
- If you keep the subdivided parcels or a parcel is conveyed to a member of the immediate family, the payment may be delayed until the parcel is conveyed outside of the immediate family. There will be a lien on the parcel until the payment is made. Your immediate family consists of your spouse as well as your parent, child (including your stepchild or adoptive child), or sibling (your brother or sister), if your parent, child, or sibling lives with you, depends on you financially, or shares a substantial financial interest with you.
- For a parcel obtained under the State's homestead program, there is no payment to the State for subdividing.
- For Point MacKenzie parcels patented after August 5, 1997, the added value of the landowner's right to construct housing on a subdivided parcel must be determined by appraisal.

I am interested in a parcel of vacant state agricultural land. May I buy that land?

State land sales must be offered through one of the above described programs. Excepting the ARLF, the state may not offer an agricultural parcel for sale to an individual non-competitively. The ARLF may offer its parcels non-competitively if the Board of Agriculture and Conservation has made a determination that offering such parcels through a public process would not compromise the state's best interest. In addition, a parcel available over-the-counter, as described above, may be purchased without further competitive bidding. If you are interested in seeing a particular parcel of state agricultural land offered, you may request that it be included in a future land sale. Your written request should be mailed to one of the DNR offices listed at the end of this fact sheet. However, there is no guarantee that the parcel will be offered. Additionally, the state does occasionally get land back that had been previously sold. Should your parcel of interest be a repossession, the state may well be interested in your expression of interest and recommendation that it be re-offered.

I am purchasing agricultural land that is already patented and in private ownership. Will there be restrictions on my use of the land?

Yes. Agricultural interests and covenants are perpetual and run with the land.

Certain other restrictions that apply to the land will vary according to the specific agricultural land program and statute under which the land was originally conveyed, and State of Alaska modifications to the original conveyance. Particularly noteworthy are the restrictions that concern subdivision of agricultural land and the right/authorization to construct housing. The Division of Agriculture can assist you in determining what restrictions apply, if provided with the title documents in the parcel's chain of title. Title documents in the public record are available from District Recorders Offices within the state. Unrecorded conveyances by private parties are also relevant, and these should be secured. A title company may also be engaged to prepare a title report, or otherwise assist in collection of this information.

Are there other sources I can contact for purchasing agricultural land in Alaska?

Yes! A good private source to get you started would be the Alaska Association of Realtors. The association can provide a list of realtors you may contact.

Alaska Association of Realtors
4205 Minnesota Drive
Anchorage, Alaska 99503
Phone (907) 563-7133
Fax (907) 561-1779
info@alaskarealtors.com

NOTE: Most of the following do not have active agricultural land sale programs; however, each entity does have land that may be suitable for agriculture.

Mental Health Trust Land
State of Alaska
Department of Natural Resources
718 L St. Suite 202
Anchorage, AK 99501
907-269-8658

University of Alaska
Statewide Office of Land Management
3890 University Lake Drive
Anchorage, AK 99508-4638
907-786-7766

City or Borough Lands

Denali Borough
PO Box 480
Healy, AK 99742
907-683-1330

City & Borough of Juneau
155 South Seward Street
Juneau, AK 99801
907-586-5240

Kodiak Island Borough
710 Mill Bay Road
Kodiak, AK 99615
(907) 486-9363
info@kib.co.kodiak.ak.us
Matanuska-Susitna Borough
350 East Dahlia Avenue
Palmer, AK 99645
907-745-4801

Fairbanks North Star Borough
PO Box 71267
Fairbanks, AK 99707
907-459-1000

Kenai Peninsula Borough
144 North Binkley
Soldotna, AK 99669
907-262-4441

Haines Borough
PO Box 1209
Haines, AK 99827
907-766-2711

Ketchikan Gateway Borough
344 Front Street
Ketchikan, AK 99901
907-228-6625

Further questions about the state's agricultural land program may be directed to the following Department of Natural Resources' offices or visit our website at: www.dnr.state.ak.us.

<p>Division of Agriculture Southcentral Region 1800 Glenn Highway, Suite 12 Palmer, AK 99645 Phone: 907-745-7200 Fax: 907-745-7112</p>	<p>Public Information Center Southcentral Region 550 West 7th Avenue, Suite 1260 Anchorage, AK 99501 Phone: 907-269-8400 Fax: 907-269-8901 TDD: 907-269-8411</p>	<p>Public Information Center Northern Region 3700 Airport Way Fairbanks, AK 99709 Phone: 907-451-2705 Fax: 907-451-2706 TDD: 907-451-2770</p>
<p>Division of Agriculture Northern Region 3700 Airport Way Fairbanks, AK 99709 Phone: 907-451-2780 Fax: 907-451-2751</p>	<p>Agricultural Revolving Loan Fund (ARLF) 1800 Glenn Highway, Suite 12 Palmer, AK 99645 Phone: 907-745-7200 Fax: 907-745-7112</p>	<p>Public Information Office Southeast Region 400 Willoughby Ave., Suite 400 Juneau, AK 99801 Phone: 907-465-3400 Fax: 907-586-2954</p>