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SUBDIVISION LOTTERY, HOMESITE, AND REMOTE PARCEL DISPOSAL PROGRAMS: OFFERINGS, SALES, AND OWNERSHIP PATTERNS

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The enclosed draft, entitled "Subdivision Lottery, Homesite, and Remote Parcel Programs: Offerings, Sales, and Ownership Patterns," presents an overview of recent state land lotteries. It focuses on some basic questions: which and how much land has been offered for sale; which and how much land has been sold; who purchased the land; what reasons appear to explain observed geographical patterns of land sales and purchases. Only in one respect does it evaluate the land programs in terms of how well objectives are being met -- it provides a preliminary assessment of whether state land sales are substantially offsetting Alaskans' demands for residential land.

HIGHLIGHT OF FINDINGS

- 12,441 parcels and 158,558 acres have been offered for sale at the first four state lotteries.

  Of lotteries for which sales data is available:

- 43 percent of 5,641 subdivision lots sold.
- 72 percent of 776 homesites sold.
- 85 percent of 1,705 remote parcels sold.
- Less than 30 percent of the subdivision lots and homesites sold were purchased by people who live in the vicinity of where the land is located.
- 70 percent of all subdivision lots, homesites, and remote parcels sold were purchased by residents of the Municipality of Anchorage and Fairbanks North Star Borough.
- There has been a $43 per capita return to state residents from 2,404 subdivision lots sold.
- The average value of the price discount received by people who buy state subdivision lots equals $3,400.

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Introduction

This analysis is an inquiry into, rather than an evaluation of, effects of the State of Alaska's accelerated land sales program. As an inquiry, it focuses on what has happened: which and how much land has been offered for sale; which and how much land has been sold; who purchased the land; what reasons appear to explain observed geographical patterns of land sales and purchases. It would be premature to conduct an evaluative analysis developed from comparisons of what happened versus what was expected or desired to happen. At this time, legislatively formulated objectives are virtually limited to how many acres are to be offered for sale, pricing mechanisms, and state residency requirements. No objectives exist concerning which land ought to be available for sale, types of land demand (homesite, recreational, investment, or speculative) to which sales ought to be targeted, acceptable levels of sales versus offerings, or other performance requirements for the land sales program. Consequently, there are too few established standards upon which an evaluation can be based.

One type of evaluation is incorporated into the analysis. It is based on the assumption that a key objective of the state's subdivision lottery and homesite programs is to make land cheaply available for residential use. This is introduced in the assessment of the geographic dispersal of land ownership that has emerged from state land lotteries.

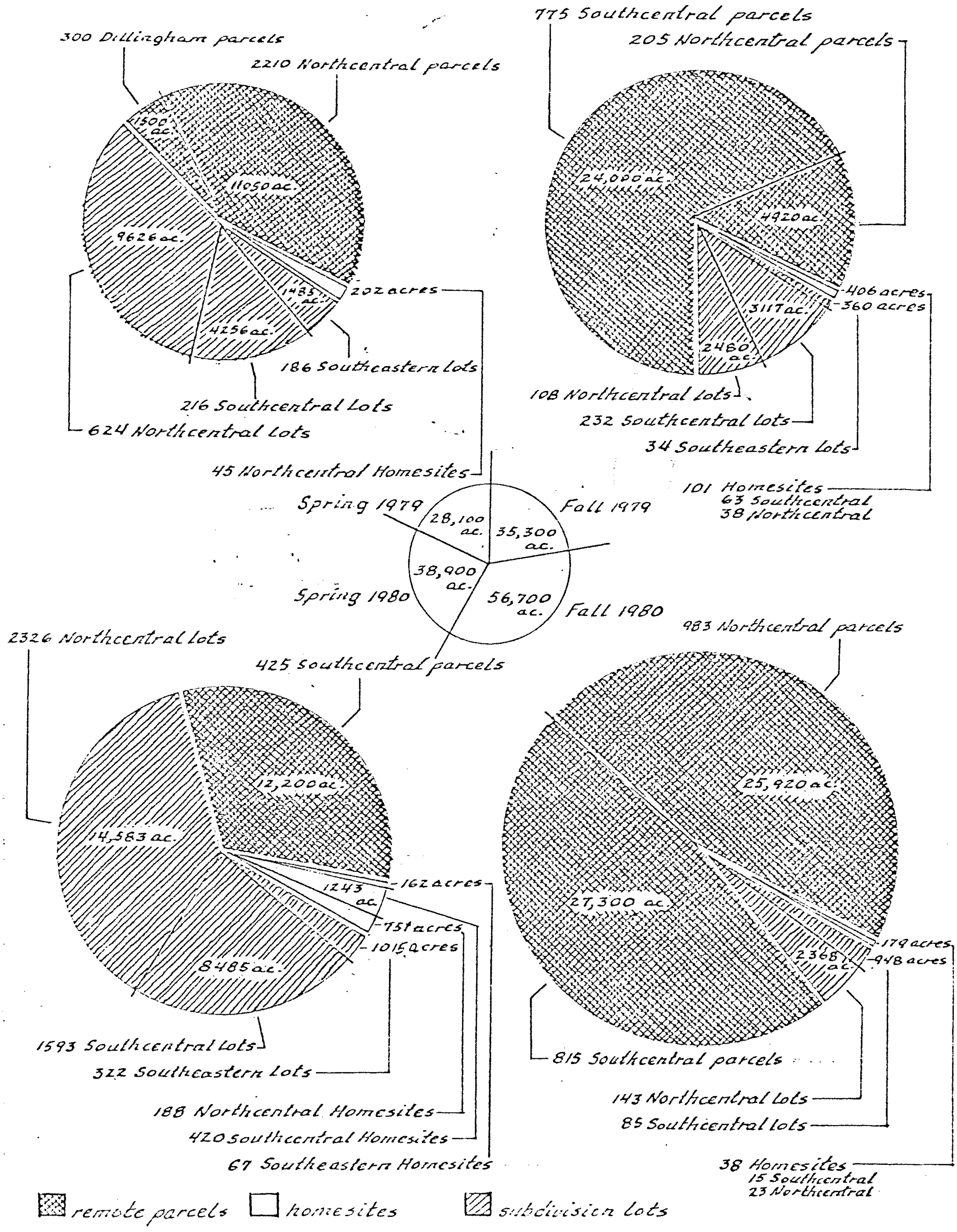
Overview of State Land Lotteries

Since inception of a greatly accelerated land disposal program in June 1979, the state has offered 158,558 acres and 12,441 parcels for sale under three land programs: subdivision lotteries (including surveyed open-to-entry lots), homesites, and remote parcels (including unsurveyed open-to-entry parcels).[1] These acres have been offered for private purchase in four separate land lotteries. Lots remaining unsold following a lottery are available for over-the-counter purchase for a specified period of time.

The first large lottery sale was in June 1979. In that lottery, the state offered 28,119 acres for disposal. These included 15,367 acres offered in 1,026 surveyed open-to-entry lots, 45 homesite lots totaling 202 acres, and 2,510 unsurveyed parcels under the open-to-entry disposal program with a maximum acreage equaling 12,550 acres. Winners at lottery of surveyed open-to-entry lots could enter either a purchase or lease (up to 10 years) contract with the state. Winners of unsurveyed OTE parcels were granted "entry authorization" to stake parcels in designated areas and file lease applications; once surveyed, leasees can purchase their parcels at 1979 prices. Winners of homesites in the first lottery

[1] Additional state acreage was sold during this period under other land disposal programs including auctions, sale of agricultural development rights, and commercial land sales.

State Land Lotteries



were based on longest state residency; entry permits to build and live on the land were granted; purchasing ownership of homesites required living on the land 21 months during the first three years, building a single family dwelling on it during the first five years, and paying platting costs to the state.

More than 80 percent of the lots constituting 74 percent of the acreage offered at this "spring 1979" sale are located in the northcentral region of the state. These included 624 surveyed OTE lots, 2,210 unsurveyed OTE parcels, and all 45 homesites available at the lottery. Only surveyed OTE lots were offered in the southcentral and southeastern regions. In the Dillingham area 300 unsurveyed OTE parcels were offered for entry authorization and eventual sale.

The "fall 1979" lottery was held on December 15. Substantially more acreage, over 7,000 acres more, was offered at this second large land disposal than at the first. Most of it, 82 percent, was offered as 20-to-40 acre remote parcels. As a result, only 1,455 lots were offered at the fall lottery compared to 3,581 lots in the spring sale. Of 980 remote parcels offered, 775 are located in the southcentral area of the state and 205 are in the northcentral region. Only 374 subdivision lots, 17 percent of the total acreage, were offered for private purchase. The remaining 406 acres were offered in the form of 101 homesite lots. Of the 374 subdivision lots, 62 percent are located in the southcentral region, 29 percent in northcentral, and 9 percent in southeastern. Of the 101 homesites, 63 are located in southcentral and 38 are in the northcentral area of Alaska.

Private acquisition of land under the state's remote parcel program is similar to how unsurveyed parcels may be purchased under the open-to-entry program. Applicants selected at lottery are authorized to enter designated areas, to stake parcels, and to lease the land for up to 10 years. Unlike the OTE program, retired by the legislation creating remote parcel disposals, a leasee of remote parcels must build a habitable dwelling or make other permanent improvements as well as survey the parcel to qualify to purchase the land from the state.[1] The purchase price of a remote parcel is based on its valuation on the date the survey plat is officially approved.

Purchase qualifications for homesite parcels were altered between the spring and fall lotteries in 1979. As of the latter disposal, successful applicants are required to reside on the homesite for 35 months and to build a habitable single family dwelling within 5 years from the date of being issued a permit for a homesite parcel.

Subdivision lots offered at lottery can only be purchased, not leased. The land price discount program can be applied to purchase of subdivision lots and remote parcels but not to homesites. Meeting other requirements, homesites may be purchased by reimbursing the state for survey and platting costs.

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[1] The remote parcel leasee may elect to stake and survey from two to five acres within a larger leased area (20 to 40 acres) for residential use; construction of a habitable dwelling is required to purchase such residential land.

TABLE 1:

Summary of Four State Land Lotteries,
Selected Disposal Programs, Spring 1979 - Fall 1980[1]

Areas Where Land is Located	Subdivision Lots[2]	Homesites	Remote Parcels	Total[2]
		Acres Offered		
Southeastern	2,858 (5.9%)	162 (5.5%)	0 (0.0%)	3,020 (1.9%)
Southcentral	16,808 (34.5%)	1,527 (51.9%)	63,500 (59.4%)	81,835 (51.6%)
Northcentral	29,058 (59.6%)	1,254 (42.6%)	41,890[3] (39.2%)	72,202 (45.5%)
Dillingham	0 (0.0%)	0 (0.0%)	1,500[3] (1.4%)	1,500 (0.9%)
Total Acreage	48,724 (100.0%)	2,943 (100.0%)	106,890 (100.0%)	158,557 (99.9%)
		Parcels Offered		
Southeastern	542 (9.2%)	67 (7.8%)	0 (0.0%)	609 (4.9%)
Southcentral	2,126 (36.2%)	498 (58.0%)	2,015 (35.3%)	4,639 (37.3%)
Northcentral	3,201 (54.5%)	294 (34.2%)	3,398[3] (59.5%)	6,893[3] (55.4%)
Dillingham	0 (0.0%)	0 (0.0%)	300[3] (5.3%)	300[3] (2.4%)
Total Parcels	5,869 (99.9%)	859 (100.0%)	5,713 (101.0%)	12,441 (100.0%)
		Average Parcel Size		
Southeastern	5.3 acres	2.4 acres	-	5.0 acres
Southcentral	7.9 acres	3.1 acres	31.5 acres	17.6 acres
Northcentral	9.1 acres	4.3 acres	12.3[3] acres	10.5[2] acres
Dillingham	-	-	5.0[3] acres	5.0[2] acres
	8.3 acres	3.4 acres	18.7 acres	12.7 acres

[1] Includes duplicate offerings of the same parcel.

[2] Includes surveyed OTE lots.

[3] Includes unsurveyed OTE lots having 5 acres maximum size limitation.

The largest numbers of subdivision lots and homesites were available at the spring lottery, held in June 1980. The 4,241 subdivision lots and 675 homesites constitute about 73 percent of these types of parcels offered at state lotteries to date. In total, 5,341 parcels and 38,439 acres were included in the spring 1980 lottery.

The geographic locations of subdivision lots offered are as follows: 2,326 are in the northcentral, 1,593 in the southcentral, and 322 in the southeastern areas. There are 188 homesites located in northcentral and the remaining 67 offered are in the southeastern region. All 425 remote parcels are in the southcentral region.

The final land lottery to date, held in December 1980, offered the largest number of acres for sale, 56,716 acres. Nearly 94 percent of the acreage was made available under the remote parcel program, 815 parcels and 27,300 acres located in the southcentral region and 983 northcentral parcels totaling 25,920 acres. The fewest number of lots and acres were offered as subdivision lots and homesites at this disposal: 228 subdivision lots and 38 homesites. In the northcentral area of the state, 143 subdivision lots and 23 homesites were offered. The remaining parcels offered in fall 1980 included 85 subdivision lots and 15 homesites located in the southcentral area. Table 1 summarizes land offered for private purchase under three programs at the 1979 and 1980 state land lotteries by region, program, number of parcels, and acreage.

Subdivision Lotteries: Number of Lots Sold

Tentative land sales data is available for the spring 1979, fall 1979, and spring 1980 state land lotteries. The sales figures also include lots sold at over-the-counter offerings following the second and third lotteries. This sales data is tentative in that not all successful applicants for parcels, permits, and entry authorizations enter and fulfill the terms of contracts with the state to finalize their purchase of land. Thus, the data may overstate the actual percentage of final sales for any area. Since most of the parcels are purchased from the state on long term contracts or have staking, surveying, and improvement requirements to be met prior to purchase, the actual amount of overstatement cannot be determined at this time.[1]

For the purpose of analyzing the land sales information, the subdivisions offered for sale are grouped into seventeen generalized locations: six in southeastern Alaska, five in southcentral, and six in northcentral.[2] Southeastern land sale areas are located in the vicinities of six communities: Wrangell, Haines, Ketchikan, Petersburg, Gustavus, and Hollis. In southcentral, three of the land sale areas are grouped by communities in the vicinity of the subdivisions offered for sale: Glennallen, Talkeetna, and Valdez. The "Susitna" land sale area in southcentral includes subdivisions located in an area east of the Susitna River and generally bounded by the Willow community on the north and Anchorage

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[1]Of 667 subdivision lots indicated as sold at the spring 1979 lottery, 71 -- 10.6 percent -- were reoffered for sale in the spring 1980 lottery.

[2]See Table 2.

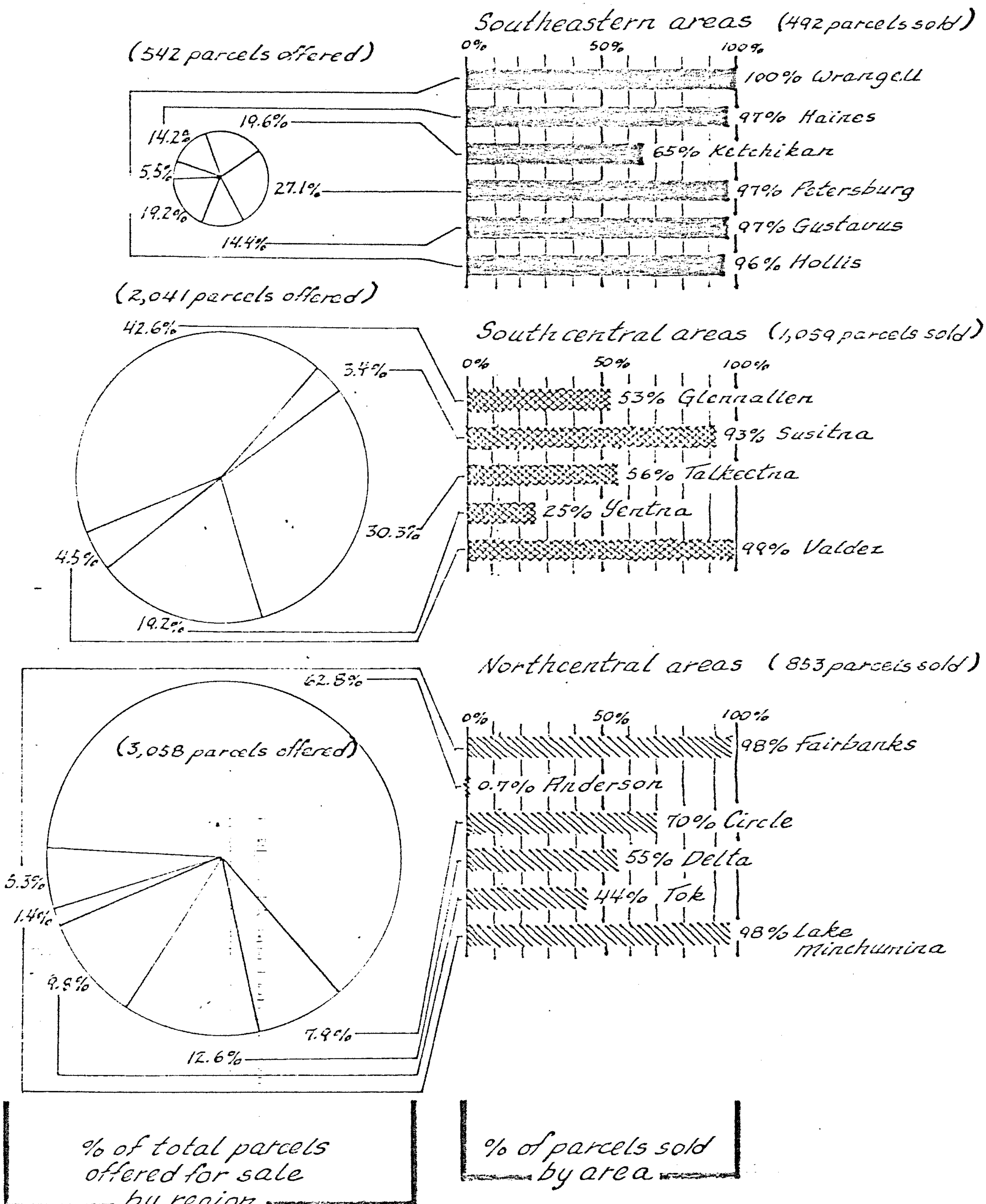
TABLE 2:

State Land Sale Areas

Region		Area	State Land Listings in Land Brochures
Southeast	I.	Wrangell	Wrangell
	II.	Haines	Haines, Mosquito Lake, Mud Bay
	III.	Ketchikan	Ketchikan, Mud Bight
	IV.	Petersburg	Petersburg, Kupreanof
	V.	Gustavus	Gustavus
	VI.	Hollis	Harris River, Hollis Anchorage, Clark Bay Peninsula, Clark Bay Terminal
Southcentral	VII.	Glennallen	Glennallen, Copper Center, Gulkana, Willow Creek, Willowcrest, Copper Heights, Tazlina Southwest, Tazlina Northwest, Tazlina Hills
	VIII.	Susitna	Susitna, Big Lake, Iditarod Flats, Greensward, Bruce Lake, Goldstreak
	IX.	Talkeetna	Talkeetna, Montana Creek, Bartlett Hills, Trapper Creek, Swan Lake, Chase
	X.	Yentna	Yentna, Lake Creek/McDougal, Hewitt Lake, Alexander Creek, Otter Lakes, Skwentna Station, Hewitt-Whiskey Lakes
	XI.	Valdez	Lowe River, Robe Lake
Northcentral	XII.	Fairbanks	Fairbanks, Northeast Alaska Range, Chena South, Alder Creek, Goldstream, Chena Ridge
	XIII.	Anderson	Anderson, Rex, Rock Creek, Windy Creek, Bear Creek, June Creek, Panguingue Creek, Windy Hills
	XIV.	Circle	Circle, Central
	XV.	Delta	Delta, Warren, Jack, Greely
	XVI.	Tok	Tok, Tok Hills, Tok Replat
	XVII.	Lake Minchumina	Lake Minchumina

State Land Sales:

Subdivision Lottery Areas, spring 1979 – spring 1980



(e.g., 62.8% of the Northcentral parcels offered for sale are in the Anderson area; only 0.7% of the Anderson parcels were sold) on the south. The "Yetna" area comprises subdivisions west of the Susitna River. In the northcentral region, the land sale area designated "Fairbanks" generally includes subdivisions located within the boundaries of the Fairbanks North Star Borough. The other five northcentral land sale areas comprise subdivisions located near Anderson, Circle, Delta Junction, Tok, and Lake Minchumina.

The sales success of subdivision lot offerings made by the state differ greatly by region and by land sale area within regions. Subdivision lots located in the southeastern region have a consistently high rate of sales except for the Ketchikan area. For subdivisions in the vicinities of Wrangell, Haines, Petersburg, Gustavus, and Hollis, 96 percent or more of the lots offered by the state were purchased. In Ketchikan, only 57 of 94 "Mud Bight" subdivision lots, 60 percent, were sold at the third lottery or over-the-counter.[1] The lottery brochure advertising the Mud Bight parcels prominently noted that "costs for the development of roads, water and sewer systems is (sic) anticipated to be high."

In the southcentral area 1,059 subdivision lots were sold at lotteries or over-the-counter. This represents 52 percent of the 2,041 parcels in that area offered for purchase. Virtually all the lots made available in the Susitna and Valdez land sale areas, 93 and 99 percent respectively, were purchased. These areas represent only about 8 percent of all southcentral subdivision lots. Nearly 73 percent of southcentral lots offered are located in the Glennallen (43 percent) and Talkeetna (30 percent) land sale areas. Just over half of the 1,490 lots in these two areas sold. The Yentna land sale area had the lowest rate of sales in the southcentral region: purchase rights to only 25 percent, or 99 of 392 subdivision lots, were won at lottery or acquired over-the-counter.

Slightly more than one of every four subdivision lots located in the northcentral region offered at the first three lotteries sold. In large part, this was due to an extremely poor land sale rate for the Anderson area. Of 1,921 subdivision lots, nearly 63 percent of the total located in the northcentral region, only 137 were purchased. The Fairbanks and Lake Minchumina land sale areas had 98 percent sales rates but only accounted for 7 percent of the total northcentral lots. Land sale rates for the Tok, Delta, and Circle areas were 44 percent, 55 percent, and 70 percent respectively.

If the Anderson area is omitted, the sales percentage for subdivision lots located in the northcentral region rises to 63 percent; similarly, omitting Yentna lots from the southcentral offerings increases the sales rate to over 58 percent. Even with these adjustments, rates of sales in the southcentral and northcentral areas are significantly lower than the sale of more than 90 percent of the lots offered in southeastern areas.

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[1]Twelve of 12 lots in the Ketchikan area sold in lottery #1.

TABLE 3:

Characteristics of Subdivision Parcels and Applications Per Parcel Offered

Land Sale Area	Spring 1979 Lottery					Fall 1979 Lottery					Spring 1980 Lottery				
	#Par-cels	Acres/ Parcel	Price/ Acre	Appli-cations/ Parcel	#Sold	#Par-cels	Acres/ Parcel	Price/ Acre	Appli-cations/ Parcel	#Sold	#Par-cels	Acres/ Parcel	Price/ Acre	Appli-cations/ Parcel	#Sold
I. Wrangell	29	1.7	$5120	34	29						1	2.0	$4380	97	1
II. Haines	40	14.4	$ 730	94	39						37	5.8	$1430	64	36
III. Ketchikan	12	1.6	$6230	128	12						94	0.6	$6710	2	57
IV. Petersburg	105	7.8	$3030	61	103						42	5.4	$4350	80	39
V. Gustavus						34	11	$2150	79	33	44	5.1	$2680	26	43
VI. Hollis											104	2.8	$3670	27	100
Southeastern	186	8.0	$2210	68	183	34	11	$2150	79	33	322	3.2	$3370	31	276
VII. Glennallen	177	13.7	$ 500	10	120	231	13	$ 540	4	142	462	5.8	$ 890	1	197
VIII. Susitna	13	41.0	$1150	114	10						56	3.6	$1730	11	54
IX. Talkeetna	26	50.0	$1080	30	26	1	40	$1050	79	1	592	5.8	$1200	3	320
X. Yentna											392	4.9	$1360	2	99
XI. Valdez											91	3.0	$1600	9	90
Southcentral	216	19.7	$ 760	15	156	232	13	$ 550	4	143	1593	5.3	$1160	3	760
XII. Fairbanks	58	36.7	$1340	48	58						105	12.3	$1410	48	102
XIII. Anderson	132	37.3	$ 580	4	36	51	38	$ 580	1	9	1738	5.7	$1170	0.2	92
XIV. Circle	172	3.9	$1130	10	102	25	4	$1040	11	21	46	3.6	$ 950	7	46
XV. Delta	195	4.9	$ 640	3	92	17	19	$ 580	16	15	174	7.6	$1010	2	104
XVI. Tok	67	14.8	$ 850	11	50	15	10	$ 970	22	15	219	7.4	$1300	3	68
XVII. Lake Minchumina											44	4.8	$3870	49	43
Northcentral	624	15.4	$ 830	8	338	108	23	$ 620	8	60	2326	6.3	$1240	4	455
Statewide	1026	15.0	$ 940	20	677	374	16	$ 680	12	236	4241	5.7	$1300	5	1491

Including all land sale areas, less than half of the subdivision lots offered by the state for sale in the first three lotteries, 43 percent, were purchased. Excluding lots in the Anderson and Yentna areas, the sales rate rises to slightly more than 65 percent. Of the 17 land sale areas, 9 had higher than 90 percent rates of apparent sales. Five of these are southeastern areas, two southcentral, and two northcentral. Of the southcentral and northcentral areas, two, Susitna and Fairbanks, are located in close proximity to densely populated areas, one is the Valdez area where population has increased from 1,005 in 1970 to 4,006 in 1979, and one, the Lake Minchumina subdivision, consists largely of lake front lots.

Factors Affecting Rates of Sales

Composites of different types of land demand underlie the rates of parcel sales in different land sale areas. People desiring to acquire land for near term residential or recreational use, for anticipated long term uses, or for its potential speculative value compete in state land lotteries. Some persons may be induced to participate in the lotteries more by the prospects of obtaining a substantial gain from application of the land discount program than by a desire to acquire land. Information directly pertaining to the composition of land demand is not available; however, the lottery method of sale provides a basis for investigating some characteristics of land demand in that it generates the number of applicants for each parcel.

Applications per parcel averaged for different land sale areas, state regions, and statewide for the first three subdivision lotteries are summarized in Table 3. There has been a significant decline in the statewide number of applicants per parcel over time. In the spring 1979 lottery, there was an average of 20 applicants for every parcel offered. In the next lottery, fall 1979, the average fell to 12. By the third subdivision lottery, there were only 5 applicants per parcel offered on average.

On a regional basis, southeastern lots by far have garnered the highest numbers of applicants. In spring 1979, southeastern lots, constituting only 18 percent of the total subdivision lots offered, received nearly 62 percent of all applications. In the fall lottery that year, the only southeastern offering consisted of 34 Gustavus lots, about 9 percent of the subdivision lots available statewide; 60 percent of all applications submitted statewide were for these lots. In the spring 1980 lottery, a total of 322 lots in six southeastern locations represented less than 8 percent of all the lots offered but received slightly more than 47 percent of all applications. Discounting the one parcel sale in Wrangell, Petersburg is the only land sale area to have a significant increase in the number of applicants per parcel between the spring 1979 and spring 1980 lotteries.

In spring 1979, southcentral lots averaged 15 applicants each compared to 8 applicants per northcentral lot. In the second lottery, northcentral lots again averaged 8 applicants per parcel while the average for southcentral lots fell to 4. In the spring 1980 lottery, northcentral and southcentral lots averaged 4 and 3 applicants per parcel respectively. Fairbanks was the only land sale area in these regions to maintain the same average number of applicants per parcel offered from the first to third lotteries.

ıBLE 4:

Significant Property Characteristics, Southeastern Region, Spring 1979 Lottery

	Lots with 50 or More Applicants				Lots with 49 or Less Applicants			
	number of lots	average size	average appraised value per acre	applicants per lot	number of lots	average size	average appraised value per acre	applicants per lot
terfront Lots[1]								
Wrangell	7	1.7 ac.	$6900	99	7	2.0 ac.	$4400	18
Haines	13	2.8 ac.	$1340	118	0	-	-	-
Ketchikan	5	1.0 ac.	$14600	229	0	-	-	-
Petersburg	36	4.5 ac.	$6300	123	21	4.3 ac.	$4100	28
rge Lots[1]								
Haines[2]	8	31.9 ac.	$ 880	199	8	20.0 ac.	$ 310	31
Petersburg	8	34.3 ac.	$1080	72	5	29.7 ac.	$1040	40
Lots with ad Access Only								
Petersburg[3]	3	3.5 ac.	$4700	95	13	3.8 ac.	$5600	30
her Lots								
Wrangell	0	-	-	-	15	1.5 ac.	$4600	11
Haines	1	10.0 ac.	$ 700	56	10	9.1 ac.	$ 700	33
Ketchikan	4	2.4 ac.	$2100	66	3	1.3 ac.	$3150	41
Petersburg	0	-	-	-	19	5.7 ac.	$3400	8

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ncludes some lots with road access.

irst column includes 6 waterfront lots.

ıree lots in first column combined and sold as one unit.

Taking into account a preference for lots offered in southeastern Alaska, inspection of the pattern of applicants by land sale area suggests that specific parcel features such as water frontage and road access, rather than generalized information such as land sale area, average parcel prices, and average parcel sizes, are better indicators of where people decide to apply for land offered at each lottery.

In the Wrangell land sale area, each of seven lots attracting more than 50 applicants are located on marine waters. Seven other parcels, garnering between 13 and 26 applicants each, also have marine frontage. Significantly, the seven lots that had higher appraised values attracted more applicants.

Of 40 lots offered in the Haines land sale area in spring 1979, 22 had more than 50 applicants each, 19 of these have river or lake frontage land, two have highway access, one 31 acre parcel borders the Haines Highway and one 40 acre parcel has a corner adjacent to the highway. Only one of the lots with more than 50 applicants has neither water frontage or road access. None of the 18 lots with less than 50 applicants has either feature.

Nine of 12 lots offered at the first lottery in the Ketchikan area had 50 or more applicants. None of the 9 have road access and only 5 are marine waterfront properties. The 3 lots receiving less than 50 applicants have neither water frontage nor road access. The apparently enthusiastic demand for four lots having no special features is offset somewhat by the enormously larger demand for the five waterfront lots. The numbers of applicants for the four lots ranged between 60 and 70 and averaged 66 per lot. The comparative numbers for the waterfront properties ranged between 159 and 295 and averaged 229 applicants per parcel. Using appraised values as indicators of differences in the physical quality of property, the waterfront lots averaging over 200 applicants averaged $14,600 per acre, whereas the other four lots with more than 50 applicants averaged $2,100 per acre.

In the spring 1979 lottery, 105 parcels located in the Petersburg area were offered for sale. Forty-seven of these received 50 or more applicants at the lottery. Two types of lots generally drew large numbers of applicants: 36 marine waterfront parcels (some with road access) in the two-to-six acre size range and eight parcels having large acreages, between 22 and 40 acres. Three smaller, nonwaterfront lots, sold as a unit, also received more than 50 applicants.

The pattern of demand in Petersburg is similar to that in Wrangell; there were 21 waterfront properties that received fewer than 50 applicants. As was the case in Wrangell, a difference in the respective quality of these lots can be presumed based on their lower averaged appraised value compared to the waterfront lots receiving more applicants. Using appraised value as an indicator of relative lot quality, the average for the 36 waterfront lots having more than 50 applicants was $6,300 per acre; the average for the other 21 waterfront lots was $4,100 per acre.

There was no appreciable difference in the average appraised value of the eight large lots, with more than 50 applicants per parcel, and the five similarly sized lots that received fewer than 50.

In summary, water frontage is apparently a key desireable feature of state land offerings. Southeastern waterfront land accounted for 51 percent of that region's lots but received over 80 percent of all applications submitted for southeastern lots. These 95 waterfront lots, constituting 9.3 percent of all state sub-division parcels offered at the first lottery, attracted more than 45 percent of all applications submitted statewide. Within the category of waterfront lots, appraised value appears to be a good indicator of which lots will attract the most applicants. Lots having higher appraised values tend to receive greater numbers of applicants.

An insufficient number of large parcels and road accessed lots were available in the first southeastern offering to determine whether these two features are important considerations in people's choice of state land for purchasing. From the available information, large lot size and road access appear to have had a relatively small effect on the numbers of applications for southeastern lots.

Reviewing other lottery #1 land sale areas in the state with high numbers of applications per parcel, features contributing to the comparative attractiveness of different parcels are less obvious. In the Susitna land sale area, seven parcels were offered for sale in the vicinity of Iditarod Flats and six parcels near Big Lake. Combined, these 13 parcels attracted an average of 114 applicants per lot. Of the Iditarod Flats lots, the only two crossed by a creek received more than 100 applicants each; two other lots had about 25 applicants each; the three lots having the highest appraised values attracted no applicants. In the Big Lake area, all six lots offered had more than 50 applicants per parcel. The three lots receiving the most applicants, 177 and 263, were also the smallest; these three lots were between 5 and 6½ acres compared to an average size of 38 acres for the other three lots. They were also the only ones of the six within 150 feet of lake frontage.

In the Fairbanks land sale area, 24 of the 57 lots offered for sale got more than 50 applicants, resulting in an average for all lots of 48 applicants per parcel. Several of the more preferred lots have road access and creeks, but no consistent patterns of applications were structured around these features. The lots receiving more than 50 applicants had a somewhat higher average appraised value than the others: $1,500 per acre compared to $1,200. However, with the former group, correspondence between appraised values and numbers of applicants was absent.

Both the Susitna and Fairbanks land sale areas are in densely populated areas of the state -- on average 83 percent of the lots sold in the Susitna area were purchased by Anchorage residents and 84 percent of the Fairbanks lots were acquired by people residing in the area. A survey of local knowledge would likely produce more indepth explanations of the application patterns for the other areas discussed than can be developed from the lottery brochure information maps. However, for land sales other than in Anchorage, Fairbanks, and Ketchikan vicinities, more lots go to people living outside the vicinity of the land's location than to nearby residents.

Geographical Distribution of Land Ownership

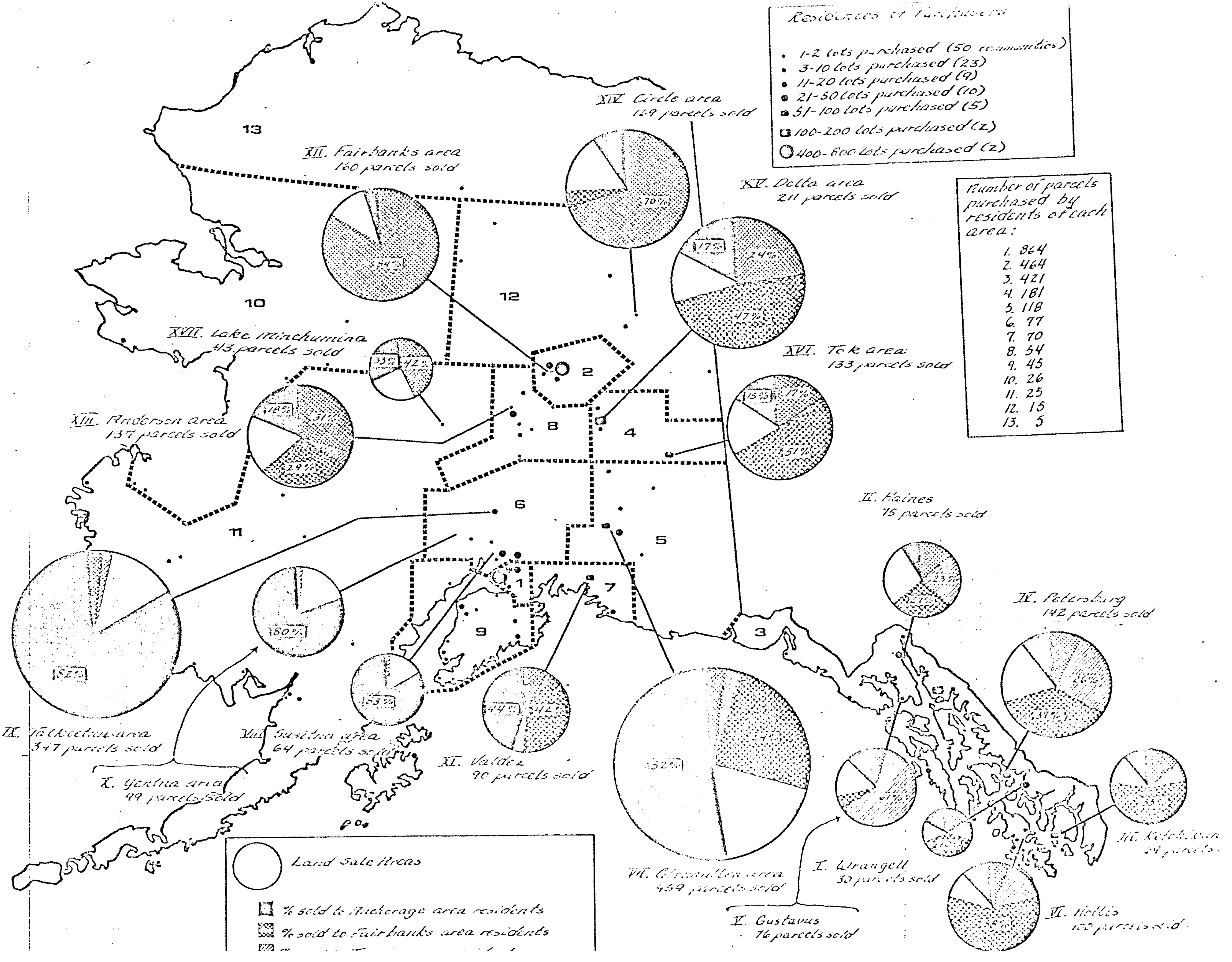
One interesting feature of the lottery system is that it makes all lots offered for sale equally available to all qualified Alaska residents, regardless of where they live. A consequence of the lottery method is it results in a geographically dispersed pattern of land ownership. For instance, lots located in Petersburg have been sold to residents of Juneau, Ketchikan, Fairbanks, Anchorage, and more than a dozen other Alaska communities. The extent to which this has occurred and general geographical patterns of land ownership resulting from the first three lotteries of subdivision lots is investigated in this section.

To assist in this analysis, communities listed as places of residence (mailing addresses) by purchasers of state subdivision lots are grouped into 13 geographic areas with the state. The "land purchase areas" are graphically depicted on the following page and are listed below in order of the number of residents of each area purchasing state subdivision lots.

Locations of State Land Purchasers	Number
1. Municipality of Anchorage	864
2. Fairbanks North Star Borough	464
3. Southeastern Area	421
4. Delta - Tok Area	181
5. Glennallen Area	118
6. Matanuska - Susitna Borough	77
7. Prince William Sound Area	70
8. McKinley Park - to - Nenana Area	54
9. Kenai Peninsula Borough	45
10. Western Brooks Range - Yukon River Area	26
11. Southwestern Area	25
12. East Yukon River Area	15
13. North Slope Borough	5

In terms of general distribution patterns, it is useful to review where residents of Alaska's three largest population centers, Anchorage, Fairbanks, and Juneau, purchased state lots. The separate and accumulative purchases by residents of these areas are compared with the number of lots acquired by people who live in the immediate area of a land sale as an indication of the extent of the ownership dispersal effect.

In 1979, the Municipality of Anchorage had an estimated population of 185,280 people, about 45 percent of the state's total population. The 864 subdivision lots (statewide) purchased at lottery by residents of the Anchorage area represent 36 percent of the lots sold, an amount considerably less than a per capita share.



1-2 lots purchased (50 communities)
3-10 lots purchased (23)
11-20 lots purchased (9)
21-50 lots purchased (10)
51-100 lots purchased (5)
100-200 lots purchased (2)
400-800 lots purchased (2)
Number of parcels purchased by residents of each area:
1. 864
2. 464
3. 421
4. 181
5. 118
6. 77
7. 70
8. 54
9. 45
10. 26
11. 25
12. 15
13. 5
XIV. Circle area
169 parcels sold
XII. Fairbanks area
160 parcels sold
XV. Delta area
211 parcels sold
XVI. Tok area
133 parcels sold
XVII. Lake Minchumina
43 parcels sold
XIII. Anderson area
137 parcels sold
II. Haines
75 parcels sold
IV. Petersburg
142 parcels sold
IX. Talkeetna area
347 parcels sold
VIII. Susitna area
64 parcels sold
X. Yentna area
99 parcels sold
XI. Valdez
90 parcels sold
VII. Glennallen area
459 parcels sold
I. Wrangell
30 parcels sold
V. Gustavus
76 parcels sold
VI. Hollis
100 parcels sold
Land Sale Areas
% sold to Anchorage area residents
% sold to Fairbanks area residents

Subdivision lotteries to date have included no lots located in the Anchorage area. However, the geographic purchase pattern of Anchorage residents depicts a decreasing concentration of purchases the more remote land sale areas are from Anchorage and the nearer the land sale areas are to other competitively large population centers. For subdivisions offered in the southcentral area, Anchorage residents dominate lotteries. In the Susitna, Yentna, and Talkeetna areas, purchases by Anchorage residents account for 80 to 83 percent of all the land sold. In the Glennallen and Valdez areas, more remote from Anchorage, the percentages fall to 52 and 44 percent respectively.

In all but one other area of the state, the shares of purchases by Anchorage residents fall below 20 percent. For southeastern land sale areas, the percent of lots purchased by Anchorage residents ranges between 17 percent in Wrangell and 8 percent in Haines. The share hovers around 10 percent for Ketchikan (10.1 percent), Petersburg (9.9 percent), and Hollis (11.0 percent), and is only slightly higher at 11.8 percent for Gustavus subdivision lots. For all southeastern subdivision lots sold at lottery, 52 or 10.6 percent, were acquired by residents of the Anchorage area.

In northcentral areas, the comparable average of lots purchased by Anchorage residents is 13.7 percent, 117 of 854 lots sold. These shares of land purchases range from 32 percent for Lake Minchumina lots to 4 percent in the Fairbanks land sale area. In Tok, Delta, and Anderson, the Anchorage shares are 15, 17, and 18 percent respectively. Lots offered in the Circle area attracted a significantly large response from Fairbanks residents which probably accounts for the lower share purchased by Anchorage residents, 8.9 percent.

The pattern of purchases made by residents of the Fairbanks area is similar to that for Anchorage residents. In 1979, Fairbanks North Star Borough had a population of 60,227 people. Residents of this area acquired 464 state subdivision lots at the first three land lotteries; this is slightly more than 19 percent of 2404 lots sold at lottery by the state. The highest percentage of lots purchased are in the immediate vicinity of Fairbanks; the percentage tends to decline for lots in more remote locations. In Anderson, Fairbanks residents' share is 31 percent; in Delta it is 24 percent; and in Tok it is 15 percent. Lots in the Circle and Lake Minchumina areas are exceptions in that they are relatively popular offerings for Fairbanks residents even though they are more remotely located than land offered in the Anderson and Delta land sale areas. Nearly 70 percent of the lots sold in Circle and 42 percent of the Lake Minchumina lots went to Fairbanks residents.

Outside the northcentral areas, Fairbanks purchases are relatively more concentrated in areas where Anchorage buyers were less competitive. For the most part these were southeastern land sale areas. Fairbanks residents purchased nearly as many lots in Southeast Alaska as did residents of Anchorage, 49 compared to 52 lots, accounting for 10 percent of total sales in the region. Fairbanks residents acquired nearly 9 percent of the lots sold in the Valdez area. Of state subdivision lots sold in the vicinities of Glennallen and Talkeetna, about 3 percent were sold to residents of Fairbanks; they acquired no lots in the lotteries of land located in the Susitna and Yentna land sale areas.

The City and Borough of Juneau has a much smaller population base than does either Anchorage or Fairbanks. Juneau's 1979 population, extimated at 23,115 persons, was only one-eigth the size of Anchorage and about two-fifths the size of Fairbanks North Star Borough. Comparing purchases of state offered subdivision lots, the 161 parcels acquired by Juneau residents constitute 7 lots per thousand persons whereas residents of Anchorage and Fairbanks acquired about 5 lots and 8 lots per thousand people respectively. On average, Juneau residents acquired slightly more than a statewide percapita share of the state's subdivision lots sold by lottery.

The general pattern of purchases is similar to both Anchorage's and Fairbanks's. Though none of the subdivision lots are located within Juneau's municipal boundaries, larger concentrations of purchases by Juneau residents are in southeastern land sale areas located nearer to Juneau. The 76 lots sold in the Gustavus area are most closely located to Juneau and more than 60 percent were purchased by Juneau residents. The next two highest shares are in the Petersburg and Haines land sale areas: Juneau residents purchased 26 percent of 142 lots sold in the vicinity of Petersburg and 23 percent of 75 lots in the Haines area. For lots in the Wrangell, Ketchikan, and Hollis areas, the shares purchased by Juneau residents are 13, 9, and 15 percent respectively.

Whereas Anchorage residents purchased 52 southeastern lots and Fairbanks residents purchased 49 southeastern lots, Juneau residents bought 22 lots in southcentral areas and 16 in northcentral areas. Juneau residents purchased 11 lots in the Glenallen land sale area, 7 in Talkeetna, and 6 parcels in Anderson. They purchased from 1 to 3 lots in each of the remaining land sale areas except Lake Minchumina where they made no purchases. In total, about 2 percent of the southcentral and northcentral subdivision lots sold were acquired by people living in the Juneau area.

Regional purchase patterns for Anchorage, Fairbanks, and Juneau residents are roughly comparable to regional shifts of ownership resulting for lots sold to all buyers. Of 1,059 southcentral lots sold, owenrship of 940 lots--89 percent--went to people living in southcentral communities. Of the remaining 119 parcels, 43 were sold to southeastern residents, 37 to northcentral residents, and 39 to people living in other regions of the state. Some 71 percent of the 492 southeastern and 854 northcentral subdivision lots were acquired by persons living within the respective regions. A total of 75 southeastern lots were sold to southcentral residents, 55 lots to northcentral residents, and 15 lots to residents of other regions. The largest proportion of the 29 percent of the northcentral lots sold to persons living outside that region went to 159 southcentral residents: 31 northcentral lots were sold to southeastern residents and 56 lots were sold to persons living in other regions of the state. On a regional basis, then, the geographical dispersion of land ownership ranges between 11 percent for southcentral parcels and 29 percent for parcels located in the southeastern and northcentral regions.

Regional purchase patterns are too aggregated to reveal the full extent that state lotteries have geographically dispersed the ownership of state sold land. Analysis of purchase patterns for each land sale area reveals that only 686 lots sold to persons living in the immediate vicinity of the land they bought; that is less than 30 percent of the 2404 subdivision lots sold at lottery by the state were sold to area residents.

Table 5:

Land Sales To Persons Living In The Vicinity Of Land Sale Areas

Land Sale Area	Lots Purchased By Residents	Percentage Of Lots Sold
Fairbanks	135	84%
Ketchikan	38	55%
Tok	68	51%
Delta	100	47%
Valdez	38	42%
Wrangell	12	40%
Petersburg	52	37%
Anderson	40	29%
Haines	20	27%
Glennallen	109	24%
Hollis	24	24%
Susitna	8	13%
Talkeetna	28	8%
Gustavus	4	5%
Circle	9	5%
Lake Minchumina	1	2%
Totals	686	29%

The highest concentration of sales to residents of the immediate area occurred in the densely populated Fairbanks area. For other land sale areas, the ones that are relatively remote from the state's three largest population centers tend to have higher proportions of sales to local residents.

One purpose of this review is to develop an indicator of how many lots were sold to persons who intend to use the land themselves. Because some local buyers of land are undoubtedly motivated by the prospects for speculative or investment gains rather than use, the indicator derived from the analysis of sales to local residents is more accurately characterized as a rule-of-thumb measure of how many sales were to persons who are not planning direct personal use of the land. The implicit assumption is that intended personal use is inconsistent with a buyer's lack of proximity to the land purchased. Some parcels, however, were purchased for occasional recreation use and it is of less significance where the owner resides. If nonlocal purchases of lots in Gustavus, Circle, Lake Minchumina, and Hollis are considered to be for recreational use and are excluded from calculation of sales to local residents, the percent of sales to persons living within the vicinity of the land purchased rises to 34 percent.

If final adjustment is made to reflect the unlikely proposition that Anchorage residents intend to live on land they purchased in the Susitna area, the percentage of "local" sales increases to about 37 percent. Evident from these

Table 6:

Land Purchase Patterns For Area Residents, Selected Land Sale Areas

Land Sale Area	Spring 1979 Area Lots Offered	Spring 1979 % of Local Purchases By Residents	Fall 1979 Area Lots Offered	Fall 1979 % of Local Purchases By Residents	Spring 1980 Area Lots Offered	Spring 1980 % of Local Purchases By Residents
Wrangell	29	80%	0	0%	1	0%
Haines	40	92%	0	0%	37	100%
Ketchikan	12	38%	0	0%	94	43%
Petersburg	105	98%	0	0%	42	92%
Glennallen	177	89%	231	100%	462	97%
Copper Center		67%		71%		97%
Gakona		0%		0%		88%
Talkeetna	26	0%	1	0%	592	90%
Valdez	0	0%	0	0%	91	86%
Delta	195	84%	17	67%	174	95%
Tok	67	96%	15	100%	219	97%

	Total Lots Purchased By Residents	Percent Purchased In Area
Wrangell	21	57%
Haines	22	91%
Ketchikan	94	40%
Petersburg	55	95%
Glennallen	60	97%
Copper Center	44	91%
Gakona	8	88%
Talkeetna	11	82%
Valdez	56	68%
Delta	101	91%
Tok	70	97%

computations is that, even under assumptions aimed at understating this quantity, at least 63 percent of state lottery land sales appear to have been made to speculative and investment buyers. Since it is likely that many local purchasers also acquired land for investment and speculative reasons rather than for direct use, the actual share of such sales is probably closer to 71 percent, as derived from information in Table 5, and may constitute an even higher proportion of total state lottery sales.

Purchase Patterns By Residents of Land Sale Areas

Purchases of state subdivision lots by residents of Alaska's three largest population centers are relatively concentrated near their respective communities, but they are also widely distributed across all land sale areas. Fairbanks is the only community of the three where the state has sold subdivision lots. Of the 164 Fairbanks lots offered for sale 135--84 percent--were purchased by local people. Fairbanks residents, in addition, bought 329 subdivision lots located in other areas of the state. Thus, 71 percent of all parcels purchased by people living in the Fairbanks area are located elsewhere in the state. This section investigates patterns of purchases by residents of other areas where subdivision lots are located to determine if they differ markedly from those observed for Anchorage, Fairbanks, and Juneau residents. Table 6 summarizes the pertinent land sales information for these other areas.

Of the eleven communities selected because of their location in the vicinity of state subdivison lots offered for sale, residents of eight limited their purchases predominantly to lots located in their immediate area. Ninety percent or more of the lots bought by residents of Haines, Petersburg, Glennallen, Copper Center, Delta Junction, and Tok are located in the purchaser's home area. The slightly lower percentages for people living in Gakona and Talkeetna results from few total purchases rather than from different purchase patterns.

Purchases by residents of Wrangell, Ketchikan, and Valdez are less concentrated than purchases by residents of other areas. The proportion of local lot purchases ranges between 40 and 68 percent of all purchases by people living in Wrangell, Ketchikan, and Valdez. The number of lots offered in an area--relative to its population size--appears to account for most of the differences between shares of local purchases. All but one of Wrangell's 30 lots were offered at the first lottery. At that sale, 80 percent of the lots purchases by Wrangell residents--12 of 15 lots--are in the Wrangell area. All 91 lots located in the Valdez area were offered for sale at the third lottery; sale of these lots to local residents constituted 86 percent of their purchases in that lottery. Ketchikan is a special case only in that 104 lots located on Prince of Wales Island (near Ketchikan) were offered for sale at a lottery that included lots in the immediate Ketchikan area. Counting all lots from that sale purchased by Ketchikan residents, only 40 percent are located in Ketchikan. If the Hollis lots are classified as "local", the percent of local purchases by Ketchikan residents rises to 91 percent; if the Hollis lots are excluded from consideration, then 82 percent of lots purchased by people living in Ketchikan are local lots.

Table 7:

Household Formation Rates, Alaska Census Areas, 1970-1980

Census Area	Annual Average Number of New Households	State Subdivision Lots Located In Census Area?
Aleutian Islands	41	No
Municipality of Anchorage	3262	No
Bethel	145	No
Bristol Bay Borough	15	No
Fairbanks North Star Borough	1008	Yes
Haines Borough	23	Yes
City and Borough of Juneau	313	No
Kenai Peninsula Borough	561	No
Ketchikan Gateway Borough	121	Yes
Kobuk	49	No
Kodiak Island Borough	106	No
Matanuska-Susitna Borough	590	Yes
Nome	90	No
North Slope Borough	N.A	No
Prince of Wales - Outer Ketchikan	35	Yes
Sitka Borough	77	No
Skagway - Yakutat - Angoon	N.A	No
Souteast Fairbanks	109	Yes
Valdez - Cordova	N.A	Yes
Wade Hampton	48	No
Wrangell - Petersburg	72	Yes
Yukon - Koyukuk	200	Yes
Total for reported census areas	6865	9 Yes 13 No

An interesting feature of local purchase patterns not shown in Table 6 is that -- in virtually every instance -- the number of purchases, by residents of a land sale area, of lots located outside their area is higher for lotteries in which local land is offered for sale than for lotteries offering no local lots. This suggests that either information about lot offerings is not as readily available to residents of a community when there are no lots in their vicinity included or that the availability of local lots triggers greater local interest in the statewide lottery while also attracting a majority of local applicants.

This review of purchase patterns indicates the prevailing desire of most buyers to acquire nearby lots. The exclusion or relatively small offerings of land close to areas throughout the state where prospective buyers are concentrated, joined with the lottery method of sale, seems to result in widely dispersed ownership patterns.

Historical Increases In Household Units By Area

The previous section used place of residence of buyers as an indicator of investment and speculative purchases of state land. It assumes that Anchorage residents purchasing lots in the Talkeetna area are not intending to construct housing units for their own family's use. An alternative approach to estimating the extent to which subdivision lots sold at state lotteries help to satisfy Alaskans' residential land needs is to inquire whether state land is being offered in areas where new residential construction is occurring. Increases in the number of household units in an area can be used as an indicator of how fast undeveloped land is being transformed into residential use. Although new household units resulting from the construction of multi-family dwellings tend to absorb less land per family unit than do single family residences, and, the average size of lots on which housing is built can differ by area, without more detailed information it is resonable to assume that areas experiencing greater increases in number of housing units have greater demands for additional land for residential use.

The numbers of household units reported in preliminary 1980 census counts and the final 1970 counts are used to show increases in housing units for different areas.[1] For an overview, average annual increases in households during the past decade are presented for Alaska census areas in Table 7; whether subdivision lots offered for sale are located within a census area is indicated by either a "Yes" of "No". Land in 9 of the 22 census areas listed has been offered for sale in the state's subdivision lottery program. Of the 19 census areas for which 1980 and 1970 household information is available, 8 contain state subdivision lots and 11 do not. The census areas that have no state subdivision lots account for 4,707 new households per year, 69 percent of all new households reported for Alaska. Anchorage, Kenai Peninsula Borough, Juneau, Bethel, and Kodiak Island Borough contain more than 64 percent of the new households formed in Alaska. These five stand out as census areas having relatively high increases in household units and no state subdivision offerings.

[1]Although the accuracy of population and population per household estimates reported in the preliminary 1980 census figures for Alaska is widely disputed, the preliminary counts of household units have thusfar spurred little controversy.

Table 8:

Comparative Land Sales And
Increases In Households
For Selected Census Areas

Census Area	State Subdivision Lots Offered For Sale	Number of Lots Purchased	Number of Lots Sold To Area Residents	Annual Increase In Household Units
Wrangell - Petersburg	177	172	64	72
Haines Borough	77	75	20	23
Ketchikan Gateway Borough	106	69	38	121
Prince of Wales - Outer Ketchikan	104	100	23	35
Matanuska-Susitna Borough	1040	510	48	590
Fairbanks North Star Borough	163	160	135	1008
Yukon - Koyukuk	2208	349	53	200
Southeast Fairbanks	687	344	172	109
Totals	4562	1775	553	2158

Eight census areas that have had state subdivision lots offered for sale account for 2,158 of the average annual increase in Alaska's housing units. Table 8 summarizes information about land sales and increases in household units for these areas.

Of the total lots offered in an area, the number of parcels not sold indicates either that the amount of land made available by the state exceeds the real demand for land in the area or that the land is not suitable -- that is, does not compete with other available land -- for private use. Of the lots that are sold, those going to residents of other areas typically will be resold, at prevailing market prices, to local residents before they are developed. Thus, there are three features of land sale patterns that can be compared with increases in housing units to assess how effectively state subdivision sales have offset historical absorption of land into residential use: lots offered, lots sold, and lots sold to area residents.

There have been 4,562 state subdivision lots offered for sale in all 8 census areas. At the first three lotteries, an average of about two residential lots have been made available for every new household unit formed in these areas annually. In 6 of the 8 census areas -- Wrangell - Petersburg, Haines Borough, Prince of Wales - Outer Ketchikan, Matanuska-Susitna Borough, Yukon - Koyukuk, and Southeast Fairbanks -- the number of lots offered exceeds local yearly increases in households. In Fairbanks North Star Borough, where there has been only one subdivision lottery lot offered for every 6 new households formed annually, it is likely that actual absorption of undeveloped land into residential use greatly exceeds additions to the area's private land base resulting from state sales.

Comparing land offerings with land sales, 2,787 subdivision lots located in these 8 census areas were not purchased. Two-thirds of the unsold parcels are located in the Yukon - Koyukuk area; either actual land demands, corresponding to the creation of 200 new housing units per year in the area, was not sufficient to absorb 2,208 lots even at the state's discounted prices or much of the land was unsuitable. The same is probably true for the Southeast Fairbanks area and Matanuska-Susitna Borough; it is likely that some of the unsold lots in these areas were deemed unsuitable rather than unneeded by prospective buyers. The unsold Ketchikan lots are in a subdivision advertised in the lottery information brochure as having development costs "anticipated to be very high." Almost all lots offered in the other 4 census areas were sold.

Only 31 percent of the total 1775 lots sold went to residents living in the census area where the land is located. Comparing sales to residents with annual increases in household units, the four census areas with higher increases in households, and presumably the strongest local demands for land, had proportionally fewer sales to area residents. In the Matanuska-Susitna Borough where more than 80 percent of all sales were to Anchorage residents, there was only one subdivision lot sold to borough residents for every 12 household units formed yearly. Comparative ratios for Fairbanks, Yukon - Koyukuk, and Ketchikan were 1-to-8, 1-to-4, and 1-to-3 respectively. Only in the Southeast Fairbanks census area is the number of sales to residents greater than annual increases in housing units.

Census areas are sufficiently large geographically that classifying all sales to area residents as "local" tends to overstate the availability, in terms of location and ownership, of state sold lots for development. The fifteen Alaskan communities having the highest household formation rates during the 1970s account for 53,600 new households, nearly 80 percent of the total for the state. The communities are Anchorage (32,620 new households), Homer (630), Kenai (710), Soldotna (570), Sterling (460), Palmer (460), Wasilla (580), Big Lake (530), Fairbanks (1008), Valdez (850), Ketchikan (1210), Juneau (3130), Sitka (770), Bethel (540), and Kodiak (460). Whereas there have been subdivision lottery sales in the vicinity of 6 of the 15 communities, only 219 lots have been sold to local residents. This represents only 4 percent of the average annual increase in households in these communities and four-tenths of one percent of their household formations during the past decade. Through

- a lack of offerings in some areas experiencing rapid population growth,
- excessive and nonmarketable land offerings in other areas resulting in unsold parcels, and,
- the geographical dispersion of land ownership resulting from lottery sales,

very few of the subdivision lots made available for private purchase at the first three state lotteries will help offset existing pressures on land markets in different areas of Alaska.

Over-The-Counter Sales of Subdivision Lots

The land sales data for subdivision lots reported in previous sections have included over-the-counter sales of lots that were offered at lottery but were not purchased. Of the lots offered in the fall 1979 lottery, 37 or about 16 percent of the ones that were purchased were sold over-the-counter. A total of 417 subdivision lots, 28 percent of the purchases, were sold over-the-counter following the third lottery. In total, then, slightly more than one-quarter of the sales resulting from the second and third lotteries were over-the-counter.

Surprisingly, the percentage of over-the-counter sales that went to buyers living in other areas of the state than where the land is located was approximately the same as that for all sales. Whereas 71 percent of all sales were to persons who do not live in the vicinity of the land sold, the same result occurred for 70 percent of the over-the-counter sales.

Price Discounts

The State of Alaska permits a buyer of a subdivision lot a one-time only price discount. The amount of the discount is based on length of state residency and whether or not a person is a veteran. Nonveterans are allowed a price discount of 5 percent per full year of Alaska residency up to a maximum of 50 percent of the purchase price or $25,000, whichever is less. The 5 percent per year discount available to qualified veterans have for a maximum the lesser of 75 percent of the purchase price or $37,500.

Estimates of the average price of a subdivision lot sold by the state, of the average discount applied, and of revenues received by the state from the sale of subdivision lots were made from a sample of 99 sales from the second and third lotteries.

The 5,641 subdivisions lots offered at lottery by the state had an average price of $8,850 per lot and a total sale value of nearly $50,000,000. Based on the sample, the average price of the 2,404 lots that sold was $10,560. If these had been sold at full price, they would have returned about $25,400,000 to the people of the state. An average discount of 32 percent -- equivalent to slightly more than 6 years of residency -- was applied in the purchase of subdivision lots and reduced the receipts to the state to $17,300,000. This represents a return from subdivision sales of about $43 per person for all state residents compared to an appraised value return of $3,400, on average, for the discount to people who won lots at lotteries.

SUMMARY OF HOMESITE AND REMOTE PARCEL PROGRAMS -- LOTTERIES #2 and #3

NOTE: 45 homesites and 2510 unsurveyed open-to-entry parcels were offered at the first lottery in spring 1979. The sale of these lots was completed prior to when the Department of Natural Resources began keeping computerized records of lottery application and sales data. Information on the number of homesite permits issued and authorizations granted to enter designated open-to-entry tracts are not available for inclusion in this study.

Table 9:

Success of Homesite Offerings

	Homesite Lots Offered	Entry Permits Issued (Lots "Sold")	Percent "Sold"
Southeastern Lots	67	50	74.6% (90.8%)[1]
Southcentral Lots	483	346	71.6% (51.9%)
Northcentral Lots	226	160	70.8% (27.9%)
Total	776	556	71.6% (42.6%)

[1]Comparable "percents sold" for subdivision lots are given in parentheses.

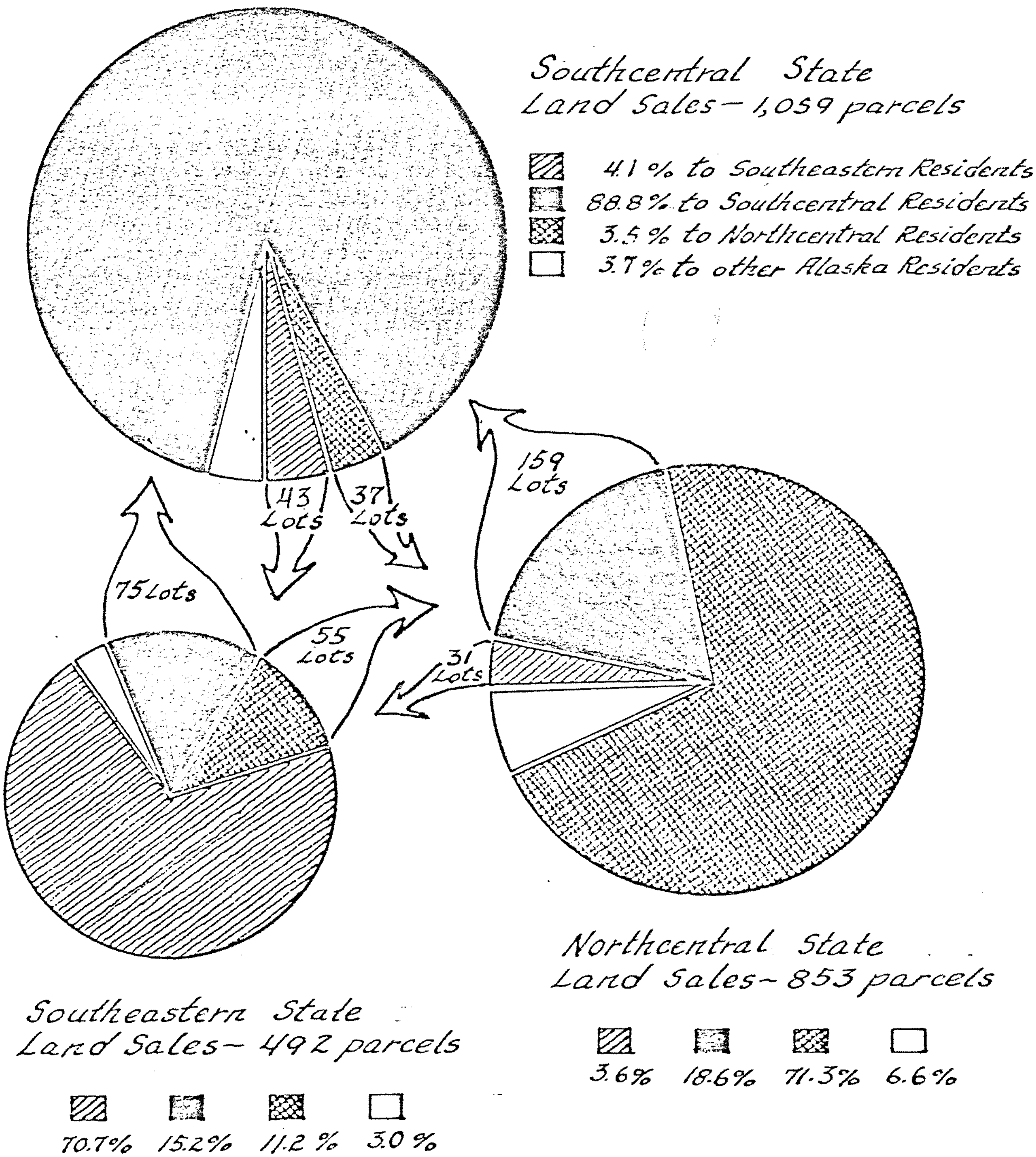
Of 766 homesite parcels offered for sale at the second and third lotteries, permits to 556 homesite lots have been acquired to date. This constitutes a much higher "sales" rate for the homesite program than for subdivision lotteries: 72 percent compared to 43 percent. One distinctive feature of homesite sales is that approximately the same percentage of the total homesites offered in each region were taken; this contrasts with greatly different success rates by region for the sale of subdivision lots. The percentage of over-the-counter sales is slightly higher for homesites (32 percent) than for subdivision lots (26 percent).

Comparative distributions of homesite and subdivision lot sales by geographic area are graphically presented by region on the following two pages and summarized in Table 10 for population centers and land sale areas. On a regional scale, there were somewhat higher percentages of in-region homesite puchases in the southcentral and northcentral areas than of in-region purchases of subdivision lots. Ninety-three percent of the southcentral homesites sold were purchased by people living in that region versus 89 percent of the subdivision lots sold. The difference was more pronounced for northcentral parcels: 79 percent of the homesites went to northcentral residents compared to 71 percent of the subdivision lots. Approximately the same percentage of southeastern homesites as subdivision lots sold to people living within the region. Another difference between the regional patterns in sales of homesites and subdivision lots is that southcentral residents purchased a greater proportion of the homesites offered than of the subdivision lots offered in the southeastern region.---22 percent compared to 15 percent. All other inter-regional sales were proportionally smaller for homesites than for subdivision lots.

Comparing the distribution of sales to residents of major population centers with sales to residents of land sale areas as presented in Table 10, there is a considerably higher percentage of homesite sales than subdivision sales to Anchorage residents; the reverse is true for comparable sales to Fairbanks and Juneau residents. This result reflects a different configuration of offerings and sales for homesites than for subdivision lots. More than 62 percent of all homesites offered and sold are located in the southcentral region; only 36 percent of the subdivision lots offered and 44 percent of the lots sold are in the southcentral region.

A winner of a homesite permit is required to build a dwelling and live on the land before purchasing the lot from the state. For this reason it might be expected that proportionally more homesites would go to persons living near to where the land is located than was found to be the case for subdivision sales. This is true for parcels located in the southeastern and northcentral regions; still more than half of the homesites in both regions were won by persons who do not reside in the vicinity of the land they acquire. The percentages of southcentral homesites and subdivision lots sold to residents in the immediate vicinity of the land is about the same: 17 percent of the homesites compared to 15 percent of the subdivision lots. Because a higher proportion of homesites was offered in the southcentral region, the percentage of all homesite sales to people who live close to the land they acquire is lower than for subdivision lots. Nearly 73 percent of all homesite and 71 percent of all subdivision sales were to persons who live in areas of the state other than where the land is located.

Regional Distribution of State Land Sales, Subdivision Lotteries, spring 1979-spring 1980



Regional Distribution of Homesite Sales, fall 1979 - spring 1980

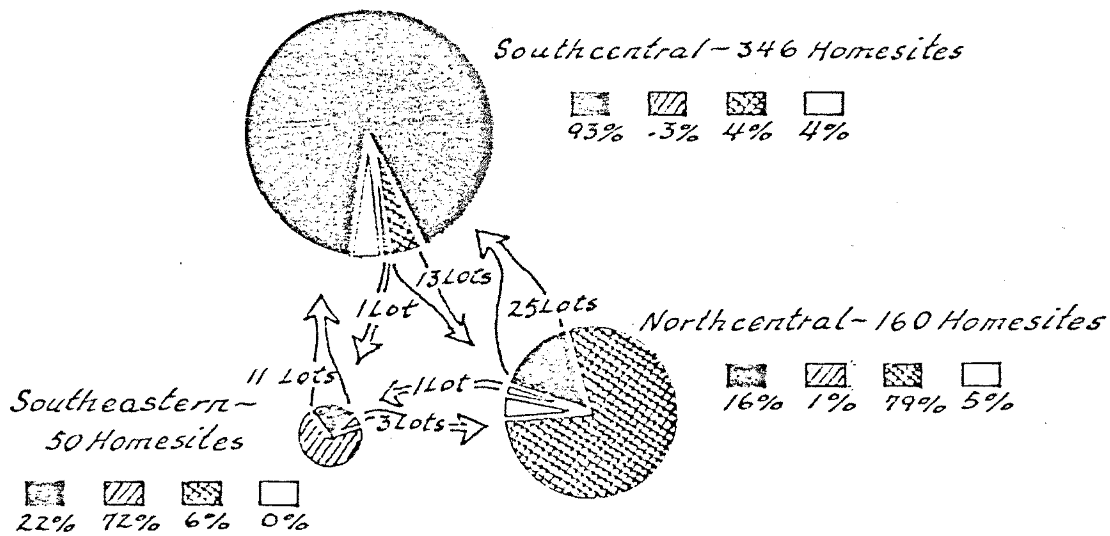
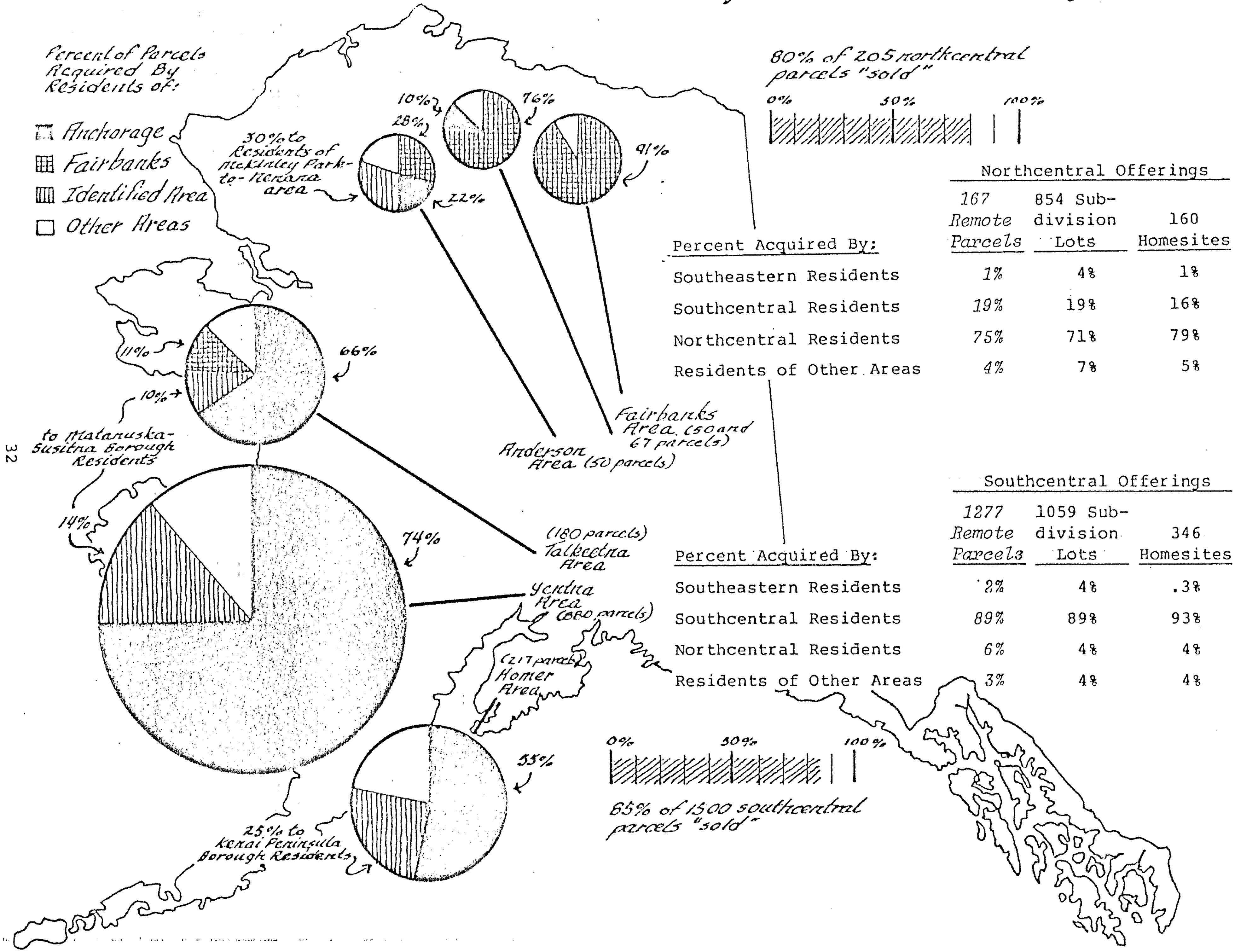


Table 10: Comparisons of Major Distributional Effects Of Homesite and Subdivision Lottery Programs

	% Sold To Residents Of Anchorage Area	% Sold To Residents Of Fairbanks Area	% Sold To Residents Of Juneau Area	% Sold To Residents Of Land Sale Area
Southeastern:				
492 Subdivision Lots	10.2%	9.6%	25.3%	30.3%
50 Homesites	14.0%	4.0%	14.0%	48.0%
Southcentral:				
1059 Subdivision Lots	65.6%	2.9%	2.1%	15.3%
346 Homesites	66.2%	3.2%	0.3%	16.5%
Northcentral:				
853 Subdivision Lots	13.7%	44.3%	1.9%	41.5%
160 Homesites	10.6%	35.0%	0%	49.4%
Totals:				
2404 Subdivision Lots	35.9%	19.3%	6.7%	28.5%
556 Homesites	45.5%	12.4%	1.4%	27.2%

Remote Parcel Program, Fall 1979 and Spring 1980



Percent Acquired By:	Northcentral Offerings: 167 Remote Parcels	854 Subdivision Lots	160 Homesites
Southeastern Residents	1%	4%	1%
Southcentral Residents	19%	19%	16%
Northcentral Residents	75%	71%	79%
Residents of Other Areas	4%	7%	5%

Percent Acquired By:	Southcentral Offerings: 1277 Remote Parcels	1059 Subdivision Lots	346 Homesites
Southeastern Residents	2%	4%	.3%
Southcentral Residents	89%	89%	93%
Northcentral Residents	6%	4%	4%
Residents of Other Areas	3%	4%	4%

Of the three land disposal programs under review, the state's remote parcel offerings have been the most successful in terms of percentage of "sales". Nearly 85 percent of 1705 remote parcels offered at the second and third lotteries were acquired by lottery participants or over-the-counter. This exceeds rates of sale for both homesites (72 percent) and subdivision lots (43 percent). Two factors probably contribute to high remote parcel sales. First, the land offered under this program is more concentrated near Alaska's two largest population centers. For instance, no remote parcels are in the Delta, Glennallen or Tok areas.

This only paritally explains the high rate of sales because remote parcels tend to sell better than subdivision lots when they are located in the same area. In the Yentna area, 81 percent of 1,090 remote parcels sold compared to 25 percent of 392 subdivision lots. Similarly, 180 of 185 remote parcels (97 percent) offered in the Talkeetna area sold and only 56 percent of the area's 616 subdivision lots sold. Differences for the Anderson area are more pronounced but the comparison may be skewed by the quantities of each offered; there were buyers for 50 of 66 remote parcels offered in the Anderson area and buyers for only 137 of 1,921 subdivision lots offered, 76 percent in contrast to 0.7 percent. These comparisons suggest that the remote parcel program may be better tailored to Alaskans' demands for land than is the subdivision lottery program.

The remote parcel program is unique in that it allows a "buyer" to stake a desired site and parcel size, subject to a maximum acre limit, within a designated area. The "buyer's" opportunity to lease the land gives the person a five to ten year period in which to decide whether or not to purchase the property. Even though the purchase price is not set until a survey plat of the parcel is approved, the leasee need feel no compunction to survey, make improvements to, and finally buy the land unless it is advantageous to do so. The state's price discount program and twenty year payoff period is available if the leasee decides to buy.

Regional ownership patterns are very similar for remote parcels, subdivision lots, and homesites. Except that there are proportionally fewer inter-regional sales of homesites and there tends to be higher percentages of homesites than subdivision lots sold to people who live in the area where the land is located, the program used to sell land appears to have little effect on resulting ownership patterns. (Southeastern subdivision lots and homesites are excluded from the comparisons because no remote parcels offered for sale are located in the southeastern region.

Comparatively fewer remote parcels than subdivision lots in most land sale areas were sold to Anchorage residents. For instance, 74 percent of the remote parcels sold in the Yentna area were acquired by Anchorage residents whereas they purchased 80 percent of the subdivision lots located there. People living in Anchorage purchased 66 percent of the remote parcels and 82 percent of the subdivision lots sold in the Talkeetna area. But due to the greater concentration of remote parcels in areas near Anchorage, the percent of all remote parcels acquired by Anchorage residents is much higher than for subdivision lots or homesites; they purchased nearly two-thirds of all remote parcels sold compared to slightly more than a third of all subdivision lots and less than half of all homesites. Reviewing comparative purchases by Fairbanks residents, they acquired 17 percent of all remote parcels, 19 percent of all subdivisions, and 13 percent of all homesites sold. Taking the three programs together, Anchorage and Fairbanks residents, about 60 percent of the state's population, acquired 70 percent of all subdivision lots, homesites, and remote parcels sold statewide.