

SENATE CS FOR CS FOR HOUSE BILL NO. 192(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered: 4/27/96
Referred: Finance

Sponsor(s): REPRESENTATIVES FOSTER, Ivan, MacLean, Long, Mackie, Kubina

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to housing assistance provided by the Alaska Housing Finance
2 Corporation and to its rural housing programs, to the corporation's supplemental
3 housing development grants to regional housing authorities, and to housing
4 programs of regional housing authorities; permitting regional housing authorities
5 to make, originate, and service loans for the purchase and development of
6 residential housing; and amending the definitions of 'rural' and 'small
7 community' as applied in various housing programs."

8 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

9 * **Section 1.** AS 18.55 is amended by adding a new section to read:

10 ARTICLE 3A. GENERAL PROVISIONS.

11 Sec. 18.55.965. LIMITATION ON EXERCISE OF POWER. The Alaska
12 Housing Finance Corporation may not make, participate in the making of, purchase,
13 or participate in the purchase of a grant, loan, or investment, or exercise any other

1 power with respect to housing under AS 18.55.010 - 18.55.960, in violation of
2 AS 18.56.096(a)(5) or AS 18.80.240, or if the effect or result of the exercise of the
3 power would constitute a violation of AS 18.56.096(a)(5) or AS 18.80.240.

4 * **Sec. 2.** AS 18.55.997 is amended to read:

5 Sec. 18.55.997. RESIDENTIAL LOANS. (a) A [IN ADDITION TO THE
6 POWERS AUTHORIZED TO A REGIONAL HOUSING AUTHORITY UNDER
7 AS 18.55.996, A] regional housing authority, **in addition to the powers authorized**
8 **to it under AS 18.55.996,**

9 (1) may, in accordance with procedures and policies adopted and
10 approved by the Alaska Housing Finance Corporation,

11 (A) **in a small community, make, originate, and service** loans
12 for the purchase or development of residential housing; **and**

13 (B) **in an area of the state not in a small community, make,**
14 **originate, and service loans for the purchase or development of residential**
15 **housing; however, a loan made or originated and serviced under this**
16 **subparagraph may be made only from the proceeds of a loan made by the**
17 **Alaska Housing Finance Corporation to the regional housing authority**
18 **under regulations adopted by the corporation to meet the housing needs**
19 **of borrowers who cannot obtain financing through the corporation's**
20 **programs that are available to address the housing needs of borrowers;**

21 (2) **shall secure loans made under (1) of this subsection** [IN RURAL
22 AREAS OF THE STATE, OTHER THAN IN AN AREA WHERE THE
23 CORPORATION HAS A LOAN OFFICE. A LOAN SHALL BE SECURED] by
24 collateral in an amount acceptable to the corporation; **the** [. THE] rate of interest on
25 a loan authorized by this **subsection** [SECTION] may not exceed the interest rate
26 **established by the Alaska Housing Finance Corporation for the corporation's**
27 **corresponding loan program** [ON A LOAN ORIGINATED OR PURCHASED
28 UNDER AS 18.56.400 - 18.56.600].

29 (b) In this section,

30 (1) "development" means the construction of a new residence or the
31 repair, remodeling, rehabilitation, or expansion of an existing home;

1 (2) ["RURAL" HAS THE MEANING GIVEN THE TERM] "small
2 community" **has the meaning given** in AS 18.56.600.

3 * **Sec. 3.** AS 18.55.998(a) is amended to read:

4 (a) There is created in the Alaska Housing Finance Corporation a supplemental
5 housing development grant fund. Using corporate earnings or other available funds, the
6 corporation shall make grants to regional housing authorities established under
7 AS 18.55.996 for

8 (1) the cost of [ON-SITE] sewer and water facilities, **whether on-site**
9 **or off-site;**

10 (2) road construction to project sites;

11 (3) [,] energy efficient design features in homes; [,] and

12 (4) extension of electrical distribution facilities to individual residences.

13 * **Sec. 4.** AS 18.55.998(c) is amended to read:

14 (c) **A grant made by the corporation to a regional housing authority under**
15 **this section**

16 (1) [GRANT MONEY] may be used **by the regional housing**
17 **authority** only for the **purpose and the permissible use for which the grant was**
18 **made;**

19 (2) **may not** [PURPOSES SPECIFIED IN (a) OF THIS SECTION.
20 NO PART OF THE GRANT MONEY MAY] be used for administrative or other costs
21 of a regional housing authority, whether the costs are directly associated with the
22 construction or general costs of the authority.

23 * **Sec. 5.** AS 18.55.998(d) is amended to read:

24 (d) The Alaska Housing Finance Corporation shall

25 (1) adopt regulations to carry out the purposes of this section; **the** [
26 THE] provisions of AS 18.56.088(a) and (b) apply to regulations adopted under this
27 section; **and**

28 (2) **establish a priority system for the allocation of money for grants**
29 **to pay for off-site sewer and water facility improvements authorized by**
30 **AS 18.55.998(a)(1).**

1 * **Sec. 6.** AS 18.55.998 is amended by adding a new subsection to read:

2 (f) The Alaska Housing Finance Corporation may not make a grant or
3 participate in the making of a grant for residential housing from the supplemental
4 housing development grant fund if the grant money would support residential housing
5 used or occupied, or offered for use or occupancy, in violation of AS 18.56.096(a)(5)
6 or AS 18.80.240.

7 * **Sec. 7.** AS 18.56.096 is amended by adding a new subsection to read:

8 (d) The prohibitions of (c) of this section do not apply to a loan made under
9 AS 18.56.420(a)(2)(C) to renovate or improve small community housing if the amount
10 of the loan does not exceed \$20,000.

11 * **Sec. 8.** AS 18.56.300(d) is amended to read:

12 (d) This section does not apply

13 (1) to a nonconforming housing loan made or purchased by the
14 corporation; **or**

15 (2) to a loan made under AS 18.56.420(a)(2)(B) or (C) to renovate
16 or improve small community housing if the amount of the loan does not exceed
17 \$20,000.

18 * **Sec. 9.** AS 18.56.420(a) is amended to read:

19 (a) There is created in the corporation, as a revolving loan fund, the housing
20 assistance loan fund consisting of money appropriated to it by the legislature and
21 deposited in it by the corporation, and repayments of principal and interest on loans
22 made or purchased from the assets of the fund. The corporation shall

23 (1) adopt regulations to administer the housing assistance loan fund
24 under AS 18.56.400 - 18.56.600; and

25 (2) subject to appropriation, provide money for a rural assistance loan
26 program to originate, purchase, [OR] participate in the purchase of, **or refinance**

27 (A) small community housing mortgage loans;

28 (B) loans made

29 (i) for building materials for small community housing;

30 **or**

31 (ii) to pay for the labor of third-party contractors for

1 the installation of building materials in small community housing
2 units;

3 (C) loans made for renovations or improvements to small
4 community housing;

5 (D) loans made for the construction of owner-occupied small
6 community housing other than loans to builders or contractors or loans that
7 compensate an owner for the owner's labor or services in constructing the
8 owner's own housing.

9 * **Sec. 10.** AS 18.56.440 is amended to read:

10 Sec. 18.56.440. LIMITATIONS ON USE OF HOUSING ASSISTANCE
11 LOAN FUND. The corporation may not use the money in the housing assistance loan
12 fund to

13 (1) originate a direct loan or purchase or participate in the purchase of
14 a small community housing mortgage loan that exceeds the limitations on mortgage
15 loans purchased by the Federal National Mortgage Association as to principal amount
16 or loan-to-value ratio;

17 (2) originate a direct loan or purchase or participate in the purchase of
18 a loan made for building materials for small community housing

19 (A) that exceeds \$45,000 or exceeds

20 (i) 80 percent of the appraised value of the work
21 completed on the small community housing for which the loan is made
22 if the small community housing is pledged as collateral for the loan; or

23 (ii) 90 percent of the value of other property that is
24 pledged as security for the loan and that is satisfactory to the
25 corporation as collateral;

26 (B) unless the terms of the loan agreement require inspections
27 and certifications, as required by regulations of the corporation, at the expense
28 of the borrower; and

29 (C) unless the period of time allowed for repayment of the loan
30 is equal to or less than 15 years;

31 (3) originate direct loans or purchase or participate in the purchase of

1 a small community housing mortgage loan that is secured by real property the
2 marketable title to which is shown under AS 18.56.480(b)(2) if the total amount of
3 outstanding small community housing mortgage loans held by the corporation exceeds
4 10 times the amount of money in the restricted title loss reserve account established
5 by AS 18.56.490;

6 (4) originate a direct loan for small community housing or purchase or
7 participate in the purchase of a small community housing mortgage loan, other than
8 a loan for the repair, remodeling, rehabilitation, or expansion of an existing
9 owner-occupied residence, if the borrower has an outstanding housing loan made under
10 a state loan program, other than a loan for [NONOWNER-OCCUPIED] housing under
11 AS 18.56.580 or for nonowner occupied housing under former AS 44.47.520, that
12 bears interest at a rate that was less than the prevailing market interest rate for similar
13 housing loans at the time the loan was made;

14 (5) originate a direct mortgage loan or purchase or participate in the
15 purchase of a mortgage loan for rental housing unless the borrower agrees not to
16 discriminate against tenants or prospective tenants because of sex, marital status,
17 changes in marital status, pregnancy, parenthood, race, religion, color, national origin,
18 or status as a student;

19 (6) originate, purchase, or participate in a loan to a person who has a
20 past due child support obligation established by court order or by the child support
21 enforcement division under AS 25.27.160 - 25.27.220 at the time of application.

22 * **Sec. 11.** AS 18.56.460 is amended by adding a new subsection to read:

23 (c) For a loan originated or purchased in whole or in part from the housing
24 assistance loan fund under AS 18.56.420, the corporation may make an unsecured loan.
25 The authority of the corporation to make an unsecured loan under this subsection is
26 limited to a loan made

27 (1) under AS 18.56.420(a)(2)(B) or (C) to renovate or improve small
28 community housing that does not exceed \$20,000; and

29 (2) for real property if the housing unit for which the unsecured loan
30 is sought

31 (A) is occupied by the borrower under an occupancy certificate

1 or similar instrument granting the borrower an exclusive right of possession of
2 a specific dwelling unit in a cooperative housing development, mutual aid
3 housing program, or similar program; or

4 (B) is located on land the title to which is held by the borrower
5 under a restricted deed issued by the Secretary of the Interior or the secretary's
6 designee, either as a Native restricted deed or as a restricted deed for property
7 in a trustee townsite.

8 * **Sec. 12.** AS 18.56.580(a) is amended to read:

9 (a) In addition to the powers authorized by AS 18.56.400, the corporation may
10 adopt regulations under AS 18.56.088 allowing the use of money in the housing
11 assistance loan fund to make loans for the purchase or development of **rental**
12 [NONOWNER OCCUPIED] housing in small communities.

13 * **Sec. 13.** AS 18.56.580(c) is amended to read:

14 (c) The principal amount of loans made for **rental** [NONOWNER
15 OCCUPIED] housing under this section may not exceed 20 percent of the total
16 principal amount of loans made for small community housing under AS 18.56.400 -
17 18.56.600.

18 * **Sec. 14.** AS 18.56.580(d) is amended to read:

19 (d) In this section,

20 (1) "development" means the construction of a new residence or the
21 repair, remodeling, rehabilitation, or expansion of an existing residence;

22 (2) **"rental** [NONOWNER OCCUPIED] housing" means a
23 single-family residence **that is not occupied by the owner** or a multi-family residence
24 having up to **16** [EIGHT] dwelling units, **one of which may be** [AND THAT IS NOT]
25 occupied by the owner; the corporation may modify this definition if it determines that
26 there is a special need for **rental** [NONOWNER OCCUPIED] housing **in small**
27 **communities** and that a change in the definition is necessary to enable the corporation
28 to meet that need.

29 * **Sec. 15.** AS 18.56.600 is amended to read:

30 Sec. 18.56.600. DEFINITIONS. In AS 18.56.400 - 18.56.600,

31 (1) "housing"

1 (A) means owner-occupied housing having four or fewer
2 dwelling units [, SINGLE-FAMILY HOUSING AND OWNER-OCCUPIED
3 DUPLEXES] in which not more than 25 percent of the gross floor area is or
4 will be devoted to commercial use;

5 (B) does not include a multi-family residence that constitutes
6 housing for which a loan is made under the rental housing loan program
7 of AS 18.56.580 when one of the dwelling units in the multi-family
8 residence is occupied by the residence owner;

9 (2) "small community" means a community with a population of 6,500
10 [5,500] or less that is not connected by road or rail to Anchorage or Fairbanks, or with
11 a population of 1,600 [1,400] or less that is connected by road or rail to Anchorage or
12 Fairbanks; in this paragraph, "connected by road" does not include a connection by the
13 Alaska marine highway system.

14 * **Sec. 16.** AS 18.56.799(2) is amended to read:

15 (2) "senior housing"

16 (A) means construction or improvement undertaken primarily
17 to provide dwelling accommodations

18 (i) for persons 55 years of age or older in residential
19 cooperatives organized under AS 10.15 or AS 34.08; and

20 (ii) for persons 60 years of age or older, in
21 [INCLUDING] conventional housing, housing for frail elderly, group
22 homes, congregate housing, residential horizontal property regimes
23 organized under AS 34.07, [RESIDENTIAL COOPERATIVES
24 ORGANIZED UNDER AS 10.15 OR AS 34.08,] residential
25 condominiums organized under AS 34.08, and other housing that meets
26 special needs of the elderly;

27 (B) includes acquisition, construction, or rehabilitation of land,
28 buildings, improvements, and other nonhousing facilities that are incidental or
29 appurtenant to the housing described in (A) of this paragraph.

30 * **Sec. 17.** AS 18.56.800 is amended to read:

31 Sec. 18.56.800. DECLARATION OF PURPOSE. There exists in the state a

1 serious shortage of decent, safe, and sanitary residential housing available at low or
2 moderate prices or rentals to persons **of the age set by law to qualify for senior**
3 **housing** [60 YEARS OF AGE OR OLDER]. There also exists in the state
4 organizations whose purposes are to provide the kinds of housing needed to alleviate
5 this shortage. Development work to provide such housing involves substantial expense
6 that is often beyond the resources of the organizations.