

SENATE BILL NO. 53

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/16/97

Referred: CRA, Judiciary, Finance

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; amending definitions relating to various housing programs;
7 and providing for an effective date."

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

9 * **Section 1.** AS 18.55.997 is amended to read:

10 **Sec. 18.55.997. Residential loans.** (a) A [IN ADDITION TO THE POWERS
11 AUTHORIZED TO A REGIONAL HOUSING AUTHORITY UNDER AS 18.55.996,
12 A] regional housing authority, **in addition to the powers authorized to it under**
13 **AS 18.55.996,**

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

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

5 (B) in an area of the state not in a small community, make,
6 originate, and service loans for the purchase or development of residential
7 housing; however, a loan under this subparagraph may be made only from
8 the proceeds of a loan made by the Alaska Housing Finance Corporation
9 to the regional housing authority under regulations adopted by the
10 corporation to meet the housing needs of borrowers who cannot obtain
11 financing through the corporation's programs that are available to address
12 the housing needs of borrowers;

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

21 (b) In this section,

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

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

26 * **Sec. 2.** AS 18.55.998(a) is amended to read:

27 (a) There is created in the Alaska Housing Finance Corporation a supplemental
28 housing development grant fund. Using corporate earnings or other available funds,
29 the corporation shall make grants to regional housing authorities established under
30 AS 18.55.996 for the cost of

31 (1) [ON-SITE] sewer and water facilities, whether on-site or off-site;

- 1 (2) road construction to project sites;
- 2 (3) [,] energy efficient design features in homes; [,] and
- 3 (4) extension of electrical distribution facilities to individual residences.

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

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

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

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

14 * **Sec. 4.** AS 18.55.998(d) is amended to read:

15 (d) The Alaska Housing Finance Corporation shall

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

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

22 * **Sec. 5.** AS 18.56.096 is amended by adding a new subsection to read:

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

26 * **Sec. 6.** AS 18.56.300(d) is amended to read:

27 (d) This section does not apply to a

28 (1) **nonconforming housing loan made or purchased by the corporation;**
29 **or**

30 (2) **loan made under AS 18.56.420(a)(2)(B) or (C) to renovate or**
31 **improve small community housing if the amount of the loan does not exceed**

1 **\$20,000.**

2 * **Sec. 7.** AS 18.56.420(a) is amended to read:

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

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

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

11 (A) small community housing mortgage loans;

12 (B) loans made

13 *(i)* for building materials for small community housing;

14 or

15 *(ii)* **to pay for the labor of third-party contractors for**
16 **the installation of building materials in small community housing**
17 **units;**

18 (C) loans made for renovations or improvements to small
19 community housing;

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

24 * **Sec. 8.** AS 18.56.440 is amended to read:

25 **Sec. 18.56.440. Limitations on use of housing assistance loan fund.** The
26 corporation may not use the money in the housing assistance loan fund to

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

31 (2) originate a direct loan or purchase or participate in the purchase of

1 a loan made for building materials for small community housing

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

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

6 (ii) 90 percent of the value of other property that is
7 pledged as security for the loan and that is satisfactory to the
8 corporation as collateral;

9 (B) unless the terms of the loan agreement require inspections
10 and certifications, as required by regulations of the corporation, at the expense
11 of the borrower; and

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

14 (3) originate direct loans or purchase or participate in the purchase of
15 a small community housing mortgage loan that is secured by real property the
16 marketable title to which is shown under AS 18.56.480(b)(2) if the total amount of
17 outstanding small community housing mortgage loans held by the corporation exceeds
18 10 times the amount of money in the restricted title loss reserve account established
19 by AS 18.56.490;

20 (4) originate a direct loan for small community housing or purchase or
21 participate in the purchase of a small community housing mortgage loan, other than
22 a loan for the repair, remodeling, rehabilitation, or expansion of an existing
23 owner-occupied residence, if the borrower has an outstanding housing loan made under
24 a state loan program, other than a loan for **rental** [NONOWNER-OCCUPIED] housing
25 under AS 18.56.580 or **for nonowner occupied housing** under former AS 44.47.520,
26 that bears interest at a rate that was less than the prevailing market interest rate for
27 similar housing loans at the time the loan was made;

28 (5) originate a direct mortgage loan or purchase or participate in the
29 purchase of a mortgage loan for rental housing unless the borrower agrees not to
30 discriminate against tenants or prospective tenants because of sex, marital status,
31 changes in marital status, pregnancy, parenthood, race, religion, color, national origin,

1 or status as a student;

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

5 * **Sec. 9.** AS 18.56.460 is amended by adding a new subsection to read:

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

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

12 (2) for real property if the housing unit for which the unsecured loan
13 is sought

14 (A) is occupied by the borrower under an exclusive right of
15 possession of a specific dwelling unit in the mutual help housing program,
16 turnkey housing program, or a similar program; or

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

21 * **Sec. 10.** AS 18.56.580(a) is amended to read:

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

26 * **Sec. 11.** AS 18.56.580(c) is amended to read:

27 (c) The principal amount of loans made for **rental** [NONOWNER
28 OCCUPIED] housing under this section may not exceed 20 percent of the total
29 principal amount of loans made for small community housing under AS 18.56.400 -
30 18.56.600.

31 * **Sec. 12.** AS 18.56.580(d) is amended to read:

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(d) In this section,

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

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

* **Sec. 13.** AS 18.56.600 is amended to read:

Sec. 18.56.600. Definitions. In AS 18.56.400 - 18.56.600,

(1) "housing"

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

(B) **does not include an owner-occupied multi-family residence that constitutes rental housing for which a loan is made under AS 18.56.580;**

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

* **Sec. 14. TRANSITION: REGULATIONS.** The Alaska Housing Finance Corporation may proceed to adopt regulations to implement the changes made by this Act. The regulations take effect under AS 18.56.088, but not before the effective date of secs. 1 - 13 of this Act.

* **Sec. 15.** Section 14 of this Act takes effect immediately under AS 01.10.070(c).