

SENATE BILL NO. 113

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Introduced: 3/19/99

Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act making activities of the Alaska Housing Finance Corporation subject to
2 the Executive Budget Act, relating to appropriations to the Alaska Housing
3 Finance Corporation; relating to bonds and bond anticipation notes issued by the
4 Alaska Housing Finance Corporation; and providing for an effective date."

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

6 * **Section 1.** AS 18.55.140 is amended to read:

7 **Sec. 18.55.140. Issuance of bonds, notes, and refunding bonds.** The
8 corporation may issue bonds and notes from time to time [IN ITS DISCRETION] for
9 a purpose authorized by this chapter and may issue refunding bonds for the purpose
10 of paying or retiring bonds previously issued under this chapter. **However, the**
11 **corporation may only issue bonds, refunding bonds, and bond anticipation notes**
12 **after the issuance has been approved by law.**

13 * **Sec. 2.** AS 18.55.240 is amended to read:

14 **Sec. 18.55.240. Power of corporation to obtain federal aid and cooperation.**

1 The corporation may borrow, accept contributions, grants, or other financial assistance
 2 from the federal government in aid of any housing or public building project and for
 3 this purpose may comply with conditions and enter into the mortgages, trust
 4 indentures, leases, or agreements that are necessary, convenient, or desirable in order
 5 to obtain financial aid or cooperation from the federal government in the undertaking,
 6 construction, maintenance, or operation of a housing or public building project
 7 authorized by AS 18.55.100 - 18.55.290. **Every expenditure of federal funds by the**
 8 **corporation is subject to appropriation.**

9 * **Sec. 3.** AS 18.55.370 is amended to read:

10 **Sec. 18.55.370. Use of money.** Money appropriated [OR MADE
 11 AVAILABLE] under AS 18.55.300 - 18.55.470 may be used by the corporation to
 12 make

13 (1) character loans, not exceeding \$500 for each dwelling, to residents
 14 or cooperatives for the improvement, conversion, or construction of dwellings in
 15 remote areas for occupancy by the residents or members of the cooperatives;

16 (2) loans for moderate-cost or rental housing facilities and projects to
 17 public agencies, or private nonprofit or limited dividend corporations, or private
 18 corporations or cooperatives organized under AS 10.15.005 - 10.15.600 that are
 19 regulated or restricted by the corporation until the termination of all loan obligations
 20 to it as to rents or sales, charges, capital structure, rate of return, and methods of
 21 operation to the extent and in the manner that provides reasonable rentals to tenants
 22 and a reasonable return on the investment; loans to cooperatives may be made for up
 23 to 95 percent of the appraised value of the housing facility.

24 * **Sec. 4.** AS 18.55.520 is amended to read:

25 **Sec. 18.55.520. Powers of the corporation.** In addition to all powers
 26 previously vested in or granted to the corporation by any other law, the corporation has
 27 all the powers necessary or convenient to carry out and effectuate the purposes and
 28 provisions of AS 18.55.480 - 18.55.960, including the following powers:

29 (1) to prepare or have prepared and to recommend redevelopment plans
 30 to the governing body of any municipality within its area of operation and to undertake
 31 and carry out redevelopment projects within its area of operation;

1 (2) to arrange or contract for the furnishing or repair, by any person or
2 agency, public or private, of services, privileges, works, streets, roads, public utilities,
3 or other facilities for or in connection with a redevelopment project; and
4 notwithstanding anything to the contrary contained in AS 18.55.480 - 18.55.960 or any
5 other provision of law, to agree to the conditions that it considers reasonable and
6 appropriate that are attached to federal financial assistance and imposed under
7 [PURSUANT TO] federal law relating to the determination of prevailing salaries or
8 wages or compliance with labor standards, in the undertaking or carrying out of a
9 redevelopment project, and to include a contract let in connection with a
10 redevelopment project, provisions to fulfill any of these conditions it considers
11 reasonable and appropriate;

12 (3) within its area of operation,

13 (A) to purchase, lease, obtain options upon, acquire by gift,
14 grant, bequest, devise, eminent domain, or otherwise, any real or personal
15 property or any interest in it, together with any improvements on it necessary
16 or incidental to a redevelopment project;

17 (B) to hold, improve, clear, or prepare for redevelopment the
18 property it obtains under (A) of this paragraph;

19 (C) to sell, lease, exchange, transfer, assign, subdivide, retain
20 for its own use, mortgage, pledge, hypothecate, or otherwise encumber or
21 dispose of any real or personal property or any interest in it;

22 (D) to enter into contracts with redevelopers of property
23 containing covenants, restrictions, and conditions regarding the use of the
24 property for residential, commercial, industrial, recreational purposes or for
25 public purposes in accordance with the redevelopment plan and other
26 covenants, restrictions, and conditions that the corporation considers necessary
27 to prevent a recurrence of slum or blighted areas or to effectuate the purposes
28 of AS 18.55.480 - 18.55.960;

29 (E) to make any covenant, restriction, or condition of the
30 foregoing contracts a covenant running with the land, and to provide
31 appropriate remedies for a breach of the covenant, restriction, or condition,

1 including the right in the corporation to terminate the contract and the interest
2 in the property created under the contract;

3 (F) to borrow money and issue bonds **that have been approved**
4 **by law for issuance** and provide security for loans or bonds;

5 (G) to insure or provide for the insurance of real or personal
6 property or operations of the corporation against risk or hazard, including the
7 power to pay premiums on this insurance;

8 (H) to enter into any contracts necessary to effectuate the
9 purposes of AS 18.55.480 - 18.55.960; however, statutory provisions with
10 respect to the acquisition, clearance, or disposition of property by another
11 public body do not restrict the corporation or the other public body in these
12 functions, unless the legislature has specifically so provided;

13 (4) to invest money held in reserves or sinking funds or any money not
14 required for immediate disbursement, in property or securities in which savings banks
15 may legally invest money subject to their control, and to redeem its bonds at the
16 redemption price established in the bonds or to purchase its bonds at less than
17 redemption price; and all bonds redeemed or purchased shall be cancelled;

18 (5) to borrow money and to apply for and accept advances, loans,
19 grants, contributions, and any other form of financial assistance from the federal
20 government, the state, municipality, or other public body or from any sources, public
21 or private, for the purposes of AS 18.55.480 - 18.55.960, to give the security required
22 and to enter into and carry out contracts in connection with the transaction;
23 notwithstanding the provisions of any other law, the corporation may include in a
24 contract for financial assistance with the federal government for a redevelopment
25 project those conditions imposed **under** [PURSUANT TO] federal law that the
26 corporation considers reasonable and appropriate and which are not inconsistent with
27 the purposes of AS 18.55.480 - 18.55.960;

28 (6) to act through a member or another person designated by the
29 corporation to conduct examinations and investigations and to hear testimony and take
30 proof under oath at public or private hearings on any matter material for its
31 information; to administer oaths, and to issue commissions for the examination of

1 witnesses who are outside the state or unable to attend before the corporation, or
 2 excused from attendance; to make available to appropriate agencies or public officials,
 3 including those charged with the duty of abating or requiring the correction of
 4 nuisances or like conditions or of demolishing unsafe or unsanitary structures or
 5 eliminating slums or conditions of blight within its area of operation, its findings and
 6 recommendations with regard to any building or property where conditions exist that
 7 are dangerous to the public health, safety, morals, and welfare;

8 (7) within its area of operation, to make or have made all surveys,
 9 appraisals, studies, and plans necessary to carry out the purposes of AS 18.55.480 -
 10 18.55.960 and to contract or cooperate with persons or agencies, public or private, in
 11 the making and carrying out of the surveys, appraisals, studies, and plans;

12 (8) to prepare plans and provide reasonable assistance for the relocation
 13 of families displaced from a redevelopment project area to the extent essential for
 14 acquiring possession of and clearing the area or parts of the area to permit the carrying
 15 out of the redevelopment project;

16 (9) to make expenditures that are necessary to carry out the purposes
 17 of AS 18.55.480 - 18.55.960, and, **subject to appropriation**, to make expenditures
 18 from money obtained from the federal government and the state [, WITHOUT
 19 REGARD TO ANY OTHER LAWS PERTAINING TO THE MAKING AND
 20 APPROVAL OF APPROPRIATIONS AND EXPENDITURES];

21 (10) to exercise all or any part or combination of powers granted by
 22 this section;

23 (11) with the approval of the local governing body,

24 (A) before approval of an urban renewal or redevelopment plan,
 25 or approval of any modifications of the plan to acquire real property in an
 26 urban renewal or redevelopment area, to demolish and remove any structures
 27 on the property [,] and pay all costs related to the acquisition, demolition, or
 28 removal, including any administrative or relocation expenses; and

29 (B) to assume the responsibility to bear any loss that may arise
 30 as the result of the exercise of its powers under this paragraph in the event that
 31 the real property is not made part of the urban renewal or redevelopment

1 project;

2 (12) to prepare or have prepared and to recommend neighborhood
3 development plans to the governing body of any municipality within its area of
4 operation and to undertake and carry out neighborhood development projects within
5 its area of operation.

6 * **Sec. 5.** AS 18.55.570(a) is amended to read:

7 (a) The corporation may

8 (1) issue bonds **that have been approved for issuance by law** and
9 notes [FROM TIME TO TIME] for any of the purposes of AS 18.55.480 - 18.55.960,
10 including the payment of principal and interest upon advances for surveys and plans
11 for redevelopment projects;

12 (2) issue refunding bonds **that have been approved for issuance by**
13 **law** for the purpose of the payment or retirement or in exchange for bonds previously
14 issued by it;

15 (3) issue the types of bonds and notes it determines, including bonds
16 and notes on which the principal and interest are payable

17 (A) exclusively from the income, proceeds, and revenues of the
18 redevelopment project financed with the proceeds of the bonds or notes; or

19 (B) exclusively from the income, proceeds, and revenue of any
20 of its redevelopment projects whether or not they are financed in whole or in
21 part with the proceeds of the bonds or notes; and

22 (4) further secure the bonds or notes authorized by (1) - (3) of this
23 subsection by a pledge of all or any part of a loan, grant, or contribution from the
24 federal government or from another source, or by a mortgage of a redevelopment
25 project of the corporation.

26 * **Sec. 6.** AS 18.55.700(a) is amended to read:

27 (a) The corporation has all the powers necessary or convenient to undertake
28 and carry out urban renewal plans and urban renewal projects, including the power to
29 acquire and dispose of property, to issue bonds **that have been approved for issuance**
30 **by law** and other obligations, to borrow and accept grants from the federal government
31 or other source **and, subject to appropriation, make expenditures from federal**

1 **funds**, and to exercise the other powers granted to it by AS 18.55.480 - 18.55.960 with
2 respect to redevelopment projects.

3 * **Sec. 7.** 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,
6 **in accordance with an appropriation for the purpose**, the corporation shall make
7 grants to regional housing authorities established under AS 18.55.996 for the cost of
8 on-site sewer and water facilities, road construction to project sites, energy efficient
9 design features in homes, and extension of electrical distribution facilities to individual
10 residences.

11 * **Sec. 8.** AS 18.56.082 is amended to read:

12 **Sec. 18.56.082. Alaska housing finance revolving fund.** The Alaska housing
13 finance revolving fund is established in the corporation. The [REVOLVING] fund
14 consists of appropriations made to **it. Income of the fund and** [THE REVOLVING
15 FUND BY THE LEGISLATURE,] money or other assets **received** [TRANSFERRED
16 TO THE REVOLVING FUND] by the corporation, **including** [AND] unrestricted
17 repayments of principal on loans made or purchased by the corporation, **shall be**
18 **separately accounted for and may be appropriated to the fund**. Amounts deposited
19 in the [REVOLVING] fund shall be expended for the purposes of the corporation, set
20 out in this chapter.

21 * **Sec. 9.** AS 18.56.084 is amended to read:

22 **Sec. 18.56.084. International borrowing.** For the purpose of obtaining access
23 to international capital markets to borrow money for the special mortgage loan
24 purchase program under AS 18.56.098, as an addition to the powers of the corporation
25 under AS 18.56.090, the corporation may (1) establish, or cause to be established,
26 subsidiary corporations incorporated in the state or in another state, or under the laws
27 of a foreign jurisdiction; (2) invest in corporations established under this section; (3)
28 issue bonds **that have been approved for issuance by law** and borrow money for
29 investments in corporations established under this section; (4) borrow from
30 corporations established under this section; (5) guarantee the obligations of
31 corporations established under this section; or (6) enter into agreements with

1 corporations established under this section or with other persons. In exercising a power
 2 under this section, the corporation may not subject its assets to risk of loss through
 3 foreign currency exchange. A guarantee under this section constitutes a bond of the
 4 corporation as defined in AS 18.56.390.

5 * **Sec. 10.** AS 18.56.089(a) is amended to read:

6 (a) The provisions of AS 37.07 (Executive Budget Act)

7 [(1)] apply to

8 [(A)] the operating budget of the corporation **and to all**
 9 **activities of the corporation under AS 18.55 and this chapter** [;

10 (B) AMOUNTS PAYABLE FROM CORPORATE EARNINGS
 11 OR ASSETS OF THE CORPORATION FOR GRANTS OR GRANT
 12 PROGRAMS AUTHORIZED BY THIS CHAPTER;

13 (C) INTEREST RATE SUBSIDIES AND BUILDING
 14 SUBSIDIES AS DETERMINED BY THE CORPORATION;

15 (D) THE AMOUNT AND SOURCE OR SOURCES OF THE
 16 TOTAL ANNUAL APPROPRIATION FOR THE CORPORATION'S LOAN
 17 PROGRAMS FOR WHICH A SUBSIDY IS NOT PROVIDED, BUT THE
 18 PROVISIONS OF AS 37.07 ARE NOT OTHERWISE APPLICABLE TO
 19 THAT APPROPRIATION;

20 (E) THE AMOUNT AND SOURCE OR SOURCES OF THE
 21 TOTAL ANNUAL APPROPRIATION FOR THE CORPORATION'S MULTI-
 22 FAMILY HOUSING LOANS AND THE CORPORATION'S HOUSING
 23 PROGRAMS AND HOUSING PROJECTS IF A SUBSIDY IS PROVIDED
 24 FROM THE CORPORATION'S ARBITRAGE EARNINGS FOR THE
 25 LOANS, PROGRAMS, OR PROJECTS, BUT THE PROVISIONS OF
 26 AS 37.07 ARE NOT OTHERWISE APPLICABLE TO THAT
 27 APPROPRIATION; AND

28 (F) EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED
 29 IN (2) OF THIS SUBSECTION, THE ACTIVITIES OF THE CORPORATION
 30 UNDER AS 18.55 AND THE ACTIVITIES OF THE CORPORATION
 31 UNDER THIS CHAPTER;

1 (2) DO NOT APPLY TO ACTIVITIES OF THE CORPORATION
2 UNDER AS 18.55 AND THIS CHAPTER THAT

3 (A) RELATE TO THE CORPORATION'S BORROWING OF
4 MONEY AS PROVIDED IN THIS CHAPTER TO MAKE OR PURCHASE
5 MORTGAGE LOANS, INCLUDING THE ISSUING OF ITS OBLIGATIONS
6 OR EVIDENCE OF THAT BORROWING AND THE REPAYMENT OF THE
7 DEBT OBLIGATION;

8 (B) RELATE TO THE CORPORATION'S ABILITY TO
9 REFINANCE EXISTING MORTGAGE LOANS IN ORDER TO ACHIEVE
10 A LOWER INTEREST RATE; OR

11 (C) ARE DIRECTLY ATTRIBUTABLE TO THE SERVICING
12 OF MORTGAGE LOANS, INCLUDING REAL ESTATE ACQUIRED BY
13 THE CORPORATION AS A RESULT OF FORECLOSURE].

14 * **Sec. 11.** AS 18.56.110(a) is amended to read:

15 (a) The corporation, by resolution, may issue bonds and bond anticipation
16 notes after the issuance has been approved by law in order to provide funds to carry
17 out and effectuate its purposes.

18 * **Sec. 12.** AS 18.56.430(a) is amended to read:

19 (a) There is created in the corporation the home ownership assistance fund
20 consisting of money appropriated to it by the legislature and deposited in it by the
21 corporation. Subject to appropriation, money [MONEY] in the fund shall be used
22 solely to assist persons of lower and moderate income to purchase or construct single-
23 family homes financed under AS 18.56.400 - 18.56.600 by providing a subsidy to
24 those persons.

25 * **Sec. 13.** AS 18.56.710(a) is amended to read:

26 (a) The senior housing revolving fund is established. The revolving fund
27 consists of appropriations made to it by the legislature, the proceeds of bonds sold
28 under AS 18.56.790, repayments of principal and interest on loans made or purchased
29 from assets of the fund, and money or other assets transferred to the revolving fund
30 by the corporation. Subject to appropriation, the [THE] corporation may

31 (1) pledge amounts deposited in the revolving fund for bonds issued

1 under AS 18.56.790;

2 (2) use amounts deposited in the fund for making, purchasing, or
3 participating in

4 (A) senior housing mortgage loans;

5 (B) loans made for building materials for senior housing;

6 (C) loans made for renovation or improvement of or for senior
7 housing, including loans for renovation or improvement of congregate or
8 individual residences; and

9 (D) loans made for the construction of senior housing.

10 * **Sec. 14.** AS 18.56.790(a) is amended to read:

11 (a) Under the procedures of this chapter, the corporation may issue bonds in
12 a total amount not exceeding \$30,000,000 to fund senior housing loans made under
13 AS 18.56.700 - 18.56.799. **Each separate bond issue under this subsection is**
14 **subject to approval by law.**

15 * **Sec. 15.** This Act takes effect July 1, 1999.