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Referred: Finance

BY THE RULES COMMITTEE
BY REQUEST OF THE
SPECIAL COMMITTEE ON
MONETARY INVESTMENT

1 IN THE HOUSE

2 HOUSE BILL NO. 824

3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 SIXTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to moderate and low income housing."

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 * Section 1. Ch. 93, SLA 1967 is amended by adding a new section to
9 read:

10 Sec. 4. In anticipation of a total federal appropriation of
11 \$10,000,000 to fund the Alaska Native housing program under Title 10,
12 Section 1004(A), Public Law 89-754, 80 Stat. 1285 (1966), the Depart-
13 ment of Administration is authorized to make available to the agency
14 designated by the governor under ch. 93, SLA 1967 a sum equal to 10 per
15 cent of the federal appropriation to fund the program in any fiscal
16 year as the state's share in financing the cost of preparing, admin-
17 istering and implementing the Alaska Native housing program. However,
18 if the United States Congress fails to appropriate at least \$1,000,000
19 in any fiscal year to the Alaska Native housing program, the Department
20 of Administration is authorized to make available to the agency
21 designate^d by the governor under ch. 93, SLA 1967 an amount up to
22 \$1,000,000 for that fiscal year in order to assure a total program of
23 at least \$1,000,000 for each fiscal year.

24 * Sec. 2. AS 18 is amended by adding a new chapter to read:

25 CHAPTER 57. LOW AND MODERATE INCOME HOUSING DEVELOPMENT.

26 ARTICLE 1. COMMUNITY HOUSING DEVELOPMENT COST FUND.

27 Sec. 18.57.010. COMMUNITY HOUSING DEVELOPMENT COST FUND. (a)

28 There is created in the Department of Commerce a community housing
29 development cost fund which shall consist of:

- 1 (1) all money appropriated to the fund by the legislature;
2 (2) any money which the department receives in repayment of
3 advances from the fund;
4 (3) any other money made available to the department from
5 any source which the commissioner of commerce determines to use for the
6 purposes of secs. 10 - 60 of this chapter.

7 (b) Money held in the community housing development cost fund
8 which is not required or permitted to be disbursed immediately under
9 secs. 10 - 60 of this chapter may be invested, at the discretion of
10 the commissioner in a manner not inconsistent with the provisions for
11 the investment of other state funds. Any income or interest earned by
12 money invested shall be added to the money held in the fund for the
13 purposes of secs. 10 - 60 of this chapter.

14 Sec. 18.57.020. ADVANCES TO NONPROFIT AND MUTUAL HOUSING SPONSORS

15 (a) The commissioner is authorized to use the money in the fund, or
16 any portion of the money in the fund, to make noninterest bearing
17 advances to nonprofit and mutual housing sponsors to defray development
18 costs for housing projects for families of low and moderate income to
19 be constructed with eligible mortgages. No advance may be made to a
20 nonprofit or mutual housing sponsor unless:

21 (1) the commissioner reasonably anticipates that the non-
22 profit or mutual housing sponsor will obtain an eligible mortgage for
23 the project; and

24 (2) the nonprofit or mutual housing sponsor has executed
25 an agreement with the commissioner, which has those terms and conditions
26 with respect to the rents, profits, dividends, and disposition of the
27 property or franchises of the nonprofit or mutual housing sponsor as
28 may be prescribed in the regulations adopted by the commissioner under
29 secs. 10 - 60 of this chapter.

1 (b) A nonprofit or mutual housing sponsor to which an advance is
2 made under (a) of this section shall repay the advance in full to the
3 department upon and concurrent with the receipt by the nonprofit or
4 mutual housing sponsor of the proceeds of an eligible mortgage or
5 construction or rehabilitation loan; provided that the commissioner may
6 extend the period for the repayment of an advance for a period not to
7 exceed the date of final payment of the eligible mortgage or construc-
8 tion or rehabilitation loan; and provided further that an advance may
9 be treated by the commissioner as a grant to the extent that the
10 proceeds of an eligible mortgage cannot by law be used to reimburse any
11 cost or fee included in the development cost for which the advance was
12 made.

13 (c) If the commissioner determines that a nonprofit or mutual
14 housing sponsor to which an advance has been made under (a) of this
15 section cannot obtain an eligible mortgage, then the commissioner shall
16 declare that the advance is immediately due and payable. An advance
17 which is declared by the commissioner to be immediately due and payable
18 shall be repaid from the assets of the project for which the advance
19 was made; however, an advance shall be treated as a grant to the extent
20 that the advance cannot be repaid from the assets of a project for
21 which the advance was made.

22 **Sec. 18.57.020. ASSISTANCE SERVICES TO NONPROFIT OR MUTUAL**
23 **HOUSING SPONSOR.** The department may provide nonprofit or mutual housing
24 sponsors with advisory, consultative, and educational services to
25 assist them to plan, construct, rehabilitate and operate housing pro-
26 jects for families of low and moderate income, including but not
27 limited to assistance in community development and organization, home
28 management and advisory services for the residents of the housing
29 projects, and to encourage community organizations to assist in

1 developing low and moderate income housing projects.

2 **Sec. 18.57.040. REGULATIONS.** The commissioner shall adopt regu-
3 lations necessary to carry out the purposes of secs. 10 - 60 of this
4 chapter.

5 **Sec. 18.57.050. EXAMINATION OF BOOKS AND ACCOUNTS.** The depart-
6 ment may examine, from time to time, the books and accounts of the
7 nonprofit or mutual housing sponsor which receives money under secs.
8 10 - 60 of this chapter.

9 **Sec. 18.57.060. DEFINITIONS.** As used in secs. 10 - 60 of this
10 chapter

11 (1) "commissioner" means the commissioner of commerce;

12 (2) "department" means the Department of Commerce;

13 (3) "development cost" means the amount approved by the
14 commissioner as an appropriate expenditure which may be incurred before
15 the first mortgage advance under an eligible mortgage loan, and the
16 amount may include without limitation:

17 (A) payments for options, deposits or contracts to
18 purchase properties on the proposed housing project site or, with
19 the approval of the commissioner, payments for the purchase of
20 the housing project site property;

21 (B) legal and organizational expenses, including
22 attorneys' fees, and salaries, office rent and other incidental
23 expenses for a project manager and office staff;

24 (C) fees for preliminary feasibility studies, planning
25 advances, borings, surveys, engineering and architectural work,
26 and fees for the services of architects, engineers, planners and
27 attorneys in connection with the work;

28 (D) expenses for tenant surveys and market analyses;

29 and

1 (E) other expenses that the commissioner determines
2 necessary to carry out the purposes of secs. 10 - 60 of this
3 chapter;

4 (4) "eligible mortgage" means a below-market interest rate
5 mortgage insured by the Secretary of Housing and Urban Development, a
6 mortgage insured by the Secretary of Housing and Urban Development and
7 augmented by a program of rent supplement authorized by the provisions
8 of Public Law 89-117 (The Housing and Urban Development Act of 1965); a
9 mortgage loan made by the State of Alaska, or any instrumentality of the
10 state, or any agency or authority created or chartered by the state, to
11 a nonprofit or mutual housing sponsor for the purpose of providing
12 housing to families of low and moderate income, a mortgage insured by
13 the Secretary of Housing and Urban Development under Public Law 86-372
14 (The Housing Act of 1959) and under Public Law 90-448 (The Housing
15 and Urban Development Act of 1968), and any similar below-market
16 interest rate mortgage or interest subsidy that may be insured by a
17 department or agency of the United States or the state;

18 (5) "fund" means the community housing development cost fund;

19 (6) "housing project" or "project" means any specific work
20 on or improvement to housing accommodations, whether new construction
21 or rehabilitation of housing accommodations, undertaken by a nonprofit
22 or mutual housing sponsor to provide dwelling accommodations for
23 families of low or moderate income, including the acquisition, construc-
24 tion or rehabilitation of lands, buildings and improvements, and stores,
25 offices, and social, recreation, communal and other facilities that may
26 be incidental or appurtenant to housing accommodations;

27 (7) "families of low and moderate income" means families
28 whose incomes are too low to compete successfully in the normal rental
29 or mutual housing market and whose aggregate family incomes do not

1 exceed limits prescribed by the regulations of the commissioner under
2 secs. 10 - 60 of this chapter;

3 (8) "mutual housing sponsor" means a nonprofit association
4 or nonprofit corporation organized under the laws of the state for the
5 purpose of providing dwelling accommodations for families of low and
6 moderate income, which are operated, or are to be operated upon comple-
7 tion of construction or rehabilitation, exclusively for the benefit of
8 the families who are entitled to occupy the dwelling accommodations by
9 reason of co-ownership of stock in the corporation, or by reason of
10 co-ownership of the premises in a horizontal property regime under
11 AS 34.07;

12 (9) "nonprofit sponsor" means an association or corporation
13 organized not for profit under AS 10.20 or any other law which has as
14 one of its purposes the construction or rehabilitation and operation,
15 of housing projects.

16 **ARTICLE 2. HOUSING ASSISTANCE FUND.**

17 **Sec. 18.57.100. HOUSING ASSISTANCE FUND.** There is created in the
18 Department of Commerce a housing assistance fund which shall consist of

19 (1) all money appropriated to the fund by the legislature;
20 (2) any money which the department receives in repayment of
21 loans or advances from the fund;

22 (3) any other money made available to the department from
23 any other source which the commissioner of commerce determines to use
24 for the purposes of secs. 100 - 150 of this chapter.

25 **Sec. 18.57.110. INTEREST RATE SUBSIDY.** The commissioner may
26 enter into contracts with qualified mortgagors, or with mortgagees of
27 qualified mortgagors, under which the commissioner may make direct
28 payments from the housing assistance fund to mortgagors or mortgagees
29 to assist in paying mortgage interest charges on qualified housing

1 developments, when the direct payments will be applied to decrease
2 carrying charges to low and moderate income occupants of the qualified
3 housing.

4 Sec. 18.57.120. SPECIAL ASSISTANCE TO FEDERALLY AIDED HOUSING
5 DEVELOPMENTS. The commissioner is authorized to enter into contracts
6 or other agreements under which financial assistance will be provided
7 from the housing assistance fund for qualified housing developments
8 constructed, financed, or rehabilitated under federal law and low and
9 moderate income programs, where assistance is necessary to provide
10 financial feasibility and enable the housing developments to be com-
11 pleted. Assistance under this section may include but is not limited
12 to a direct loan to a qualified housing mortgagor, subordinated to the
13 federal mortgage loan, with repayment of principal, and interest, if
14 any, deferred until the federal loan is paid or otherwise discharged
15 or released.

16 Sec. 18.57.130. QUALIFIED MORTGAGOR. To qualify as a qualified
17 mortgagor under secs. 100 - 150 of this chapter, the mortgagor must be
18 a nonprofit or limited dividend mortgagor, or owner entity or individual
19 buying, building or operating housing in the state under a federal low
20 or moderate income housing program, Alaska State Housing Authority
21 program, or other similar programs for low or moderate income occupancy.

22 Sec. 18.57.140. REGULATIONS. The commissioner shall adopt regu-
23 lations necessary to carry out the provisions of secs. 100 - 150 of
24 this chapter.

25 Sec. 18.57.150. DEFINITIONS. In secs. 100 - 150 of this chapter,

- 26 (1) "commissioner" means the commissioner of commerce;
27 (2) "department" means the Department of Commerce;
28 (3) "fund" means the housing assistance fund;
29 (4) "low income" and "moderate income" shall be determined

1 by the commissioner under regulations adopted under secs. 100 - 150 of
2 this chapter; however, the commissioner shall base the determination
3 on federal standards for low and moderate income for the various com-
4 munities in the State of Alaska;

5 (5) "qualified housing development" means any housing project
6 built or to be built and operated by a qualified mortgagor.
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