

Offered: 3/5/70  
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and Finance

1 IN THE SENATE

BY JOSEPHSON AND BEGICH

2 SPONSOR SUBSTITUTE FOR SENATE BILL NO. 512

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 designated 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 58. FACTORY-BUILT HOUSING.

26 Sec. 18.58.010. DECLARATION OF FINDINGS. The legislature finds  
27 that in an effort to meet the housing needs in Alaska, the private  
28 housing and construction industry has developed mass production  
29 techniques which can substantially reduce housing construction costs,

1 and that the mass production of housing, consisting primarily of  
2 factory manufacture of closed-in dwelling units or habitable rooms in  
3 dwelling units, presents unique problems with respect to the establish-  
4 ment of uniform health and safety standards and inspection procedures.  
5 The legislature further finds that by minimizing the problems of  
6 standards and inspection procedures, it is demonstrating its intention  
7 to encourage the reduction of housing construction costs and to make  
8 housing and home ownership more feasible for all residents of the state.

9 Sec. 18.58.020. ADMINISTRATION. The Department of Public Works  
10 shall administer and enforce the provisions of this chapter.

11 Sec. 18.58.030. INSIGNIA OF APPROVAL. (a) Factory-built housing  
12 manufactured in the state after the effective date of this chapter,  
13 which is sold or offered for sale to first users within the state,  
14 shall be inspected and issued an insignia of approval by the Department  
15 of Public Works if the manufacturer requests the inspection and the  
16 factory-built housing complies with the requirements of the department  
17 under sec. 70 of this chapter. The cost of inspection shall be borne  
18 by the manufacturer.

19 (b) This section does not apply to housing factory-built in the  
20 state which is inspected and approved at the place of, and during the  
21 time of, manufacture, in accordance with applicable city or borough  
22 building requirements, by the local enforcement agency. The cost of  
23 local inspection shall be borne by the manufacturer.

24 Sec. 18.58.040. APPROVED HOUSING CONSIDERED TO BE IN COMPLIANCE  
25 WITH LOCAL REQUIREMENTS. (a) All factory-built housing bearing an  
26 insignia of approval from the department shall be considered to be in  
27 compliance with the requirements of the ordinances enacted by a city or  
28 organized borough which are applicable to the manufacture of factory-  
29 built housing.

1 (b) No factory-built housing bearing a department insignia of ap-  
2 proval may be in any way modified prior to, or during, installation  
3 unless approval is first obtained from the department.

4 (c) No factory-built housing which has been inspected and approved  
5 by a local enforcement agency may be in any way modified prior to,  
6 or during, installation unless approval is first obtained from the local  
7 enforcement agency.

8 Sec. 18.58.050. ESTABLISHMENT OF FEE SCHEDULE. The department  
9 shall establish by regulation a schedule of fees to pay the costs in-  
10 curred by the department in inspecting factory-built housing.

11 Sec. 18.58.060. AUTHORIZATION TO DELEGATE INSPECTION AUTHORITY TO  
12 CITY OR BOROUGH. /The department may delegate by written contract its  
13 inspection and enforcement authority to cities or boroughs which have  
14 the power to provide for building inspection.

15 Sec. 18.58.070. INSPECTION STANDARDS ADOPTED BY DEPARTMENT. The  
16 department shall adopt regulations necessary to carry out the purposes  
17 of this chapter. Regulations adopted under this chapter establishing  
18 building standards for factory-built housing shall include provisions  
19 imposing requirements reasonably consistent with the applicable, recog-  
20 nized and accepted standards contained in the Uniform Housing Code,  
21 1967 edition, the Uniform Building Code, 1970 edition, as adopted by  
22 the International Conference of Building Officials, the Uniform Plumbing  
23 Code, 1967 edition, as adopted by the International Association of  
24 Plumbing and Mechanical Officials, the Uniform Mechanical Code, 1967  
25 edition, as adopted by the International Conference of Building Officials  
26 and the International Association of Plumbing and Mechanical Officials,  
27 and the National Electrical Code, 1968 edition, as adopted by the  
28 National Fire Protection Association. In adopting regulations under  
29 this section, the department shall consider any amendments to the

1 uniform codes referred to in this section. In no case, however, may  
2 the standards which are applied to factory-built housing under this  
3 chapter be less stringent than the most stringent city or borough  
4 building standards in effect in the state at the time of an inspection.

5 Sec. 18.58.080. QUALIFICATION FOR INSPECTION UNDER THIS CHAPTER.

6 No factory-built housing may be inspected under this chapter unless  
7 the employees of the manufacturer of the factory-built housing are paid  
8 at least the prevailing wage rate for similar labor performed in the  
9 area, as determined by the Department of Labor.

10 Sec. 18.58.090. DEFINITIONS. In this chapter

11 (1) "department" means the Department of Public Works;

12 (2) "factory-built housing" means a residential building,  
13 dwelling unit or habitable room of a dwelling unit which is wholly or  
14 in substantial part manufactured and closed-in in a factory.

15 \* Sec. 3. AS 18 is amended by adding a new chapter to read:

16 CHAPTER 57. LOW AND MODERATE INCOME HOUSING DEVELOPMENT.

17 ARTICLE 1. COMMUNITY HOUSING DEVELOPMENT COST FUND.

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

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

21 (1) all money appropriated to the fund by the legislature;

22 (2) any money which the department receives in repayment of  
23 advances from the fund;

24 (3) any other money made available to the department from  
25 any source which the commissioner of commerce determines to use for the  
26 purposes of secs. 10 - 60 of this chapter.

27 (b) Money held in the community housing development cost fund  
28 which is not required or permitted to be disbursed immediately under  
29 secs. 10 - 60 of this chapter may be invested, at the discretion of the

1 commissioner in a manner not inconsistent with the provisions for the  
2 investment of other state funds. Any income or interest earned by  
3 money invested shall be added to the money held in the fund for the  
4 purposes of secs. 10 - 60 of this chapter.

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

6 (a) The commissioner is authorized to use the money in the fund, or any  
7 portion of the money in the fund, to make noninterest bearing advances  
8 to nonprofit and mutual housing sponsors to defray development costs for  
9 housing projects for families of low and moderate income to be con-  
10 structed with eligible mortgages. No advance may be made to a nonprofit  
11 or mutual housing sponsor unless:

12 (1) the commissioner reasonably anticipates that the nonprofit  
13 or mutual housing sponsor will obtain an eligible mortgage for the project;  
14 and

15 (2) the nonprofit or mutual housing sponsor has executed an  
16 agreement with the commissioner, which has those terms and conditions  
17 with respect to the rents, profits, dividends, and disposition of the  
18 property or franchises of the nonprofit or mutual housing sponsor as  
19 may be prescribed in the regulations adopted by the commissioner under  
20 secs. 10 - 60 of this chapter.

21 (b) A nonprofit or mutual housing sponsor to which an advance is  
22 made under (a) of this section shall repay the advance in full to the  
23 department upon and concurrent with the receipt by the nonprofit or  
24 mutual housing sponsor of the proceeds of an eligible mortgage or  
25 construction or rehabilitation loan; provided that the commissioner may  
26 extend the period for the repayment of an advance for a period not to  
27 exceed the date of final payment of the eligible mortgage or construction  
28 or rehabilitation loan; and provided further than an advance may be  
29 treated by the commissioner as a grant to the extent that the proceeds

1 of an eligible mortgage cannot by law be used to reimburse any cost or  
2 fee included in the development cost for which the advance was made.

3 (c) If the commissioner determines that a nonprofit or mutual  
4 housing sponsor to which an advance has been made under (a) of this sec-  
5 tion cannot obtain an eligible mortgage, then the commissioner shall  
6 declare that the advance is immediately due and payable. An advance  
7 which is declared by the commissioner to be immediately due and payable  
8 shall be repaid from the assets of the project for which the advance  
9 was made; however, an advance shall be treated as a grant to the extent  
10 that the advance cannot be repaid from the assets of a project for which  
11 the advance was made.

12 Sec. 18.57.030. ASSISTANCE SERVICES TO NONPROFIT OR MUTUAL HOUSING  
13 SPONSOR. The department may provide nonprofit or mutual housing  
14 sponsors with advisory, consultative, and educational services to assist  
15 them to plan, construct, rehabilitate and operate housing projects for  
16 families of low and moderate income, including but not limited to  
17 assistance in community development and organization, home management  
18 and advisory services for the residents of the housing projects, and to  
19 encourage community organizations to assist in developing low and  
20 moderate income housing projects.

21 Sec. 18.57.040. REGULATIONS. The commissioner shall adopt regu-  
22 lations necessary to carry out the purposes of secs. 10 - 60 of this  
23 chapter.

24 Sec. 18.57.050. EXAMINATION OF BOOKS AND ACCOUNTS. The department  
25 may examine, from time to time, the books and accounts of the nonprofit  
26 or mutual housing sponsor which receives money under secs. 10 - 60 of  
27 this chapter.

28 Sec. 18.57.060. DEFINITIONS. As used in secs. 10 - 60 of this  
29 chapter

- 1 (1) "commissioner" means the commissioner of commerce;
- 2 (2) "department" means the Department of Commerce;
- 3 (3) "development cost" means the amount approved by the
- 4 commissioner as an appropriate expenditure which may be incurred before
- 5 the first mortgage advance under an eligible mortgage loan, and the
- 6 amount may include without limitation:

7 (A) payments for options, deposits or contracts to

8 purchase properties on the proposed housing project site or, with

9 the approval of the commissioner, payments for the purchase of the

10 housing project site property;

11 (B) legal and organizational expenses, including

12 attorneys' fees, and salaries, office rent and other incidental

13 expenses for a project manager and office staff;

14 (C) fees for preliminary feasibility studies, planning

15 advances, borings, surveys, engineering and architectural work,

16 and fees for the services of architects, engineers, planners and

17 attorneys in connection with the work;

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

19 and

20 (E) other expenses that the commissioner determines

21 necessary to carry out the purposes of secs. 10 - 60 of this

22 chapter;

23 (4) "eligible mortgage" means a below-market interest rate

24 mortgage insured by the Secretary of Housing and Urban Development, a

25 mortgage insured by the Secretary of Housing and Urban Development and

26 augmented by a program of rent supplement authorized by the provisions

27 of Public Law 89-117 (The Housing and Urban Development Act of 1965), a

28 mortgage loan made by the State of Alaska, or any instrumentality of the

29 state, or any agency or authority created or chartered by the state, to

1 a nonprofit or mutual housing sponsor for the purpose of providing  
2 housing to families of low and moderate income, a mortgage insured by  
3 the Secretary of Housing and Urban Development under Public Law 86-372  
4 (The Housing Act of 1959), and any similar below-market interest rate  
5 mortgage that may be insured by a department or agency of the United  
6 States or the state;

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

8 (6) "housing project" or "project" means any specific work  
9 on or improvement to housing accommodations, whether new construction  
10 or rehabilitation of housing accommodations, undertaken by a nonprofit  
11 or mutual housing sponsor to provide dwelling accommodations for  
12 families of low or moderate income, including the acquisition, construc-  
13 tion or rehabilitation of lands, buildings and improvements, and stores,  
14 offices, and social, recreation, communal and other facilities that may  
15 be incidental or appurtenant to housing accommodations;

16 (7) "families of low and moderate income" means families whose  
17 incomes are too low to compete successfully in the normal rental or  
18 mutual housing market and whose aggregate family incomes do not exceed  
19 limits prescribed by the regulations of the commissioner under secs.  
20 10 - 60 of this chapter;

21 (8) "mutual housing sponsor" means a nonprofit association or  
22 corporation organized under the laws of the state for the purpose of  
23 providing dwelling accommodations for families of low and moderate  
24 income, which are operated, or are to be operated upon completion of  
25 construction or rehabilitation, exclusively for the benefit of the  
26 families who are entitled to occupy the dwelling accommodations by  
27 reason of co-ownership of stock in the corporation, or by reason of co-  
28 ownership of the premises in a horizontal property regime under  
29 AS 34.07;

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

5 ARTICLE 2. HOUSING ASSISTANCE FUND.

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

8 (1) all money appropriated to the fund by the legislature;

9 (2) any money which the department receives in repayment of  
10 loans or advances from the fund;

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

14 Sec. 18.57.110. INTEREST RATE SUBSIDY. The commissioner may  
15 enter into contracts with qualified mortgagors, or with mortgagees of  
16 qualified mortgagors, under which the commissioner may make direct  
17 payments from the housing assistance fund to mortgagors or mortgagees  
18 to assist in paying mortgage interest charges on qualified housing  
19 developments, when the direct payments will be applied to decrease  
20 rental or carrying charges to low and moderate income occupants of  
21 the qualified housing.

22 Sec. 18.57.120. SPECIAL ASSISTANCE TO FEDERALLY AIDED HOUSING  
23 DEVELOPMENTS. The commissioner is authorized to enter into contracts or  
24 other agreements under which financial assistance will be provided from  
25 the housing assistance fund for qualified housing developments construc-  
26 ted, financed, or rehabilitated under federal law and low and moderate  
27 income programs, where assistance is necessary to provide financial  
28 feasibility and enable the housing developments to be completed. Assis-  
29 tance under this section may include but is not limited to a direct loan

1 to a qualified housing mortgagor, subordinated to the federal mortgage  
2 loan, with repayment of principle, and interest, if any, deferred until  
3 the federal loan is paid or otherwise discharged or released.

4 Sec. 18.57.130. QUALIFIED MORTGAGOR. To qualify as a qualified  
5 mortgagor under secs. 100 - 150 of this chapter, the mortgagor must be  
6 a nonprofit or limited dividend mortgagor, or owner entity or individual,  
7 building or operating housing in the state under a federal low or  
8 moderate income housing program, Alaska State Housing Authority program,  
9 or other similar programs for low or moderate income occupancy.

10 Sec. 18.57.140. REGULATIONS. The commissioner shall adopt regula-  
11 tions necessary to carry out the provisions of secs. 100 - 150 of this  
12 chapter.

13 Sec. 18.57.150. DEFINITIONS. In secs. 100 - 150 of this chapter,  
14 (1) "commissioner" means the commissioner of commerce;  
15 (2) "department" means the Department of Commerce;  
16 (3) "fund" means the housing assistance fund;  
17 (4) "low income" and "moderate income" shall be determined  
18 by the commissioner pursuant to regulations adopted under secs. 100 -  
19 150 of this chapter, however, the commissioner shall base the determina-  
20 tion on federal standards for low and moderate income for the various  
21 communities in the State of Alaska;

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