

Original sponsor: Fischer

Offered: 4/24/72  
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 547

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act to provide financing and development of housing  
7 for persons of moderate income; and providing for an  
8 effective date."

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

10 \* Section 1. AS 18.56.010 is amended to read:

11 Sec. 18.56.010. FINDINGS AND PURPOSE. (a) There exists within  
12 the state a serious shortage of decent, safe and sanitary residential  
13 housing available at low or moderate prices or rentals to persons of  
14 lower and moderate income. There also exist within the state remote,  
15 underdeveloped or blighted areas where the development of decent,  
16 safe and sanitary housing is necessary to economic growth. These  
17 conditions are [THIS SHORTAGE IS] inimical to the safety, health,  
18 welfare and prosperity of the residents of the state and to the sound  
19 growth of urban and rural communities.

20 (b) The legislature finds and declares that private enterprise  
21 has not been able to provide, without assistance, an adequate supply  
22 of safe and sanitary homes at prices or rents which persons of lower  
23 and moderate income can afford, or to achieve rehabilitation of much  
24 of the present housing for persons of lower and moderate income,  
25 or to provide without assistance the housing necessary to promote  
26 the economic growth of remote, underdeveloped or blighted areas, and  
27 that existing state and federal programs are inadequate to meet  
28 housing needs of persons of lower and moderate income or of remote,  
29 underdeveloped or blighted areas. It is imperative that the supply

1 of housing for persons of lower and moderate income and the housing  
2 necessary to promote the economic growth of remote, underdeveloped  
3 or blighted areas be increased and that coordination and cooperation  
4 among private enterprise, state and local government be encouraged  
5 to sponsor, build and rehabilitate residential housing for these  
6 persons.

7 (c) The legislature finds and declares further that, in accom-  
8 plishing this purpose, the creation of the Alaska Housing Finance  
9 Corporation is essential to assist in the acquisition and development  
10 of land and the construction, rehabilitation, financing, management,  
11 maintenance, sale and rental of dwelling units for persons of lower  
12 and moderate income or persons in remote, underdeveloped or blighted  
13 areas and that these activities serve a public purpose in benefiting  
14 the people of the state. The Alaska Housing Finance Corporation is  
15 empowered to act on behalf of the state and its people in serving  
16 this public purpose for the benefit of the general public.

17 \* Sec. 2. AS 18.56 is amended by adding a new section to read:

18 Sec. 18.56.085. INVESTMENT OF STATE SURPLUS. Notwithstanding  
19 other provisions of law, when the commissioner of revenue determines  
20 that there is in the state treasury a surplus above an amount suffi-  
21 cient to meet current cash expenditure needs, the surplus may be  
22 invested, in addition to the investments permitted by AS 37.10.070(a),  
23 in residential mortgages owned by the corporation and secured by  
24 real estate within the state, which investments shall be subject to  
25 the terms and conditions that the corporation and the commissioner of  
26 revenue may provide in any contract of sale. Investments allowed  
27 by this section shall be made as provided for other investments of  
28 the state money under AS 37.10.070(a), (f), (g), and (i). The terms  
29 and conditions of any contract of sale authorized to be made under

1 this section may include but are not limited to:

2 (1) the investment by the state in a specified or deter-  
3 minable amount of mortgages;

4 (2) the existence of a prior lien on and pledge of the  
5 mortgages invested in by the state;

6 (3) provisions relating to the subordination of the  
7 state's interest in and application of annual payments of principal  
8 and interest or the proceeds of a permitted sale of, or insurance  
9 or prepayments on, the mortgages; and

10 (4) the right of the corporation to repurchase the mort-  
11 gages at a predetermined price.

12 \* Sec. 3. AS 18.56.090 is amended to read:

13 Sec. 18.56.090. GENERAL POWERS. In addition to other powers  
14 granted in this chapter, the corporation may, for the purpose of  
15 providing housing for persons of lower and moderate income or persons  
16 located in remote, underdeveloped or blighted areas of the state

17 (1) make or participate in the making of construction  
18 loans to sponsors, developers and builders of land development or  
19 residential housing, if the corporation determines that construction  
20 loans are not otherwise available, wholly or in part, from private  
21 lenders upon reasonably equivalent terms and conditions;

22 (2) make or participate in the making of mortgage loans  
23 to sponsors, developers, builders and purchasers of residential  
24 housing, if the corporation determines that mortgage loans are not  
25 otherwise available, wholly or in part, from private lenders upon  
26 reasonably equivalent terms and conditions;

27 (3) purchase or participate in the purchase of mortgage  
28 loans made to sponsors, developers, [AND] builders, owners and  
29 purchasers of residential housing [OR TO PERSONS OF LOWER INCOME FOR

1 RESIDENTIAL HOUSING], if the corporation

2           (A) has given approval before the initial making  
3 of the loan and has determined that mortgage loans were,  
4 at the time the approval was given, not otherwise available,  
5 wholly or in part, from private lenders upon reasonably  
6 equivalent terms and conditions, or

7           (B) has determined that the purchase or participa-  
8 tion will result in additional residential housing, taking  
9 into account without limitation such factors as reinvestment  
10 of the proceeds of the sale in additional mortgage loans,  
11 increased availability of mortgage loans insured by the  
12 federal government, its agencies or departments, the reduction,  
13 if any, of interest payments to be made with respect to  
14 mortgage loans, or such other factors as will tend to increase  
15 or improve the supply of residential housing within the state;

16           (4) make partial rental payments and mortgage interest  
17 payments under a contract with any housing owner if the payments  
18 will be applied to decrease rental or mortgage interest charges  
19 of persons of lower and moderate income or owners or purchasers  
20 of residential housing in remote, underdeveloped or blighted areas  
21 of the state;

22           (5) make loans from the housing development fund;

23           (6) collect and pay reasonable fees and charges in  
24 connection with making, purchasing and servicing its loans, notes,  
25 bonds, commitments and other evidences of indebtedness;

26           (7) acquire real property, or any interest in real  
27 property, in its own name, by purchase, transfer or foreclosure,  
28 when acquisition is necessary or appropriate to protect any loan  
29 in which the corporation has an interest; sell, transfer and convey

1 any such property to a buyer; and, if the sale, transfer or  
2 conveyance cannot be effected with reasonable promptness or at  
3 a reasonable price, rent or lease the property to a tenant pending  
4 the sale, transfer or conveyance;

5 (8) sell, at public or private sale, to any purchaser,  
6 including the Federal National Mortgage Association, all or any  
7 part of a mortgage or other instrument or document securing a  
8 construction, land development, mortgage or temporary loan of  
9 any type permitted by this chapter;

10 (9) purchase, in order to meet the requirements of  
11 the sale of its mortgages to the Federal National Mortgage  
12 Association, stock of the Federal National Mortgage Association;

13 (10) procure insurance against any loss in connection  
14 with its operation;

15 (11) consent to the modification of the rate of interest,  
16 time of payment of any installment of principal or interest, or  
17 any other terms, of the mortgage loan, mortgage loan commitment,  
18 construction loan, temporary loan, contract or agreement of any  
19 kind to which the corporation is a party;

20 (12) borrow money as herein provided to carry out and  
21 effectuate its corporate purposes; and issue its obligations as  
22 evidence of any such borrowing;

23 (13) include in any borrowing the amounts necessary  
24 to pay financing charges, interest on the obligations for a  
25 period not exceeding one year after the date on which the corpora-  
26 tion estimates funds will otherwise be available to pay the  
27 interest, consultant, advisory and legal fees and such other  
28 expenses as are necessary or incident to this borrowing;

29 (14) make and publish rules and regulations respecting

1 its lending programs and such other rules and regulations as are  
2 necessary to effectuate its purposes;

3 (15) provide technical and advisory services to sponsors,  
4 builders and developers of residential housing and to residents  
5 of it;

6 (16) promote research and development in scientific  
7 methods of constructing low-cost residential housing of high  
8 durability;

9 (17) make and execute agreements, contracts and other  
10 instruments necessary or convenient in the exercise of the powers  
11 and functions of the corporation under this chapter, including  
12 contracts with any person, firm, corporation, governmental agency  
13 or other entity;

14 (18) receive, administer and comply with the conditions  
15 and requirements respecting any appropriation or gift, grant or  
16 donation of property or money;

17 (19) sue and be sued in its own name;

18 (20) adopt an official seal;

19 (21) adopt bylaws for the regulation of its affairs and  
20 the conduct of its business and prescribe rules, regulations and  
21 policies in connection with the performance of its functions and  
22 duties;

23 (22) employ fiscal consultants, engineers, attorneys,  
24 real estate counselors, appraisers and such other consultants and  
25 employees as may be required in the judgment of the corporation,  
26 and fix and pay their compensation from funds available to the  
27 corporation; [AND]

28 (23) do all acts and things necessary, convenient or  
29 desirable to carry out the powers expressly granted or necessarily

1 implied in this chapter;

2 (24) invest or reinvest, subject to its contracts  
3 with noteholders and bondholders, any money or funds held by the  
4 corporation in any obligations or other securities or investments  
5 in which banks or trust companies in the state may legally invest  
6 funds held in reserves or sinking funds or any funds not required  
7 for immediate disbursement, and in certificates of deposit or  
8 time deposits secured by obligations of, or guaranteed by, the  
9 state or the United States of America.

10 \* Sec. 4. AS 18.56.100(b)(2) is amended to read:

11 (2) provide to persons of lower and moderate income  
12 who are applying for mortgages, the amounts required to make  
13 down payments and pay closing costs and to housing owners the  
14 amounts applied for partial rental payments and mortgage interest  
15 payments under sec. 90(4) of this chapter; or

16 \* Sec. 5. AS 18.56.210(3) is amended to read:

17 (3) "development costs" means the costs approved  
18 by the corporation as appropriate expenditures which may be  
19 incurred by sponsors, builders and developers of residential  
20 housing, before commitment and initial advance of the proceeds  
21 of a construction loan or of a mortgage loan, including but not  
22 limited to

23 (A) payments for options to purchase properties  
24 on the proposed residential housing site, deposits on  
25 contracts of purchase, or, with prior approval of the corpora-  
26 tion, payments for the purchase of the properties;

27 (B) legal and organizational expenses, including  
28 payments of attorneys' fees, project manager, clerical  
29 and other staff salaries, office rent and other incidental

1 expenses;

2 (C) payment of fees for preliminary feasibility  
3 studies and advances for planning, engineering and archi-  
4 tectural work;

5 (D) expenses for tenant surveys and market  
6 analyses; and

7 (E) necessary application and other fees;

8 \* Sec. 6. AS 18.56.210(7) is amended to read:

9 (7) "mortgage" or "mortgage loan" means a mortgage loan  
10 for residential housing insured or guaranteed by the United States  
11 or an instrumentality thereof or for which there is a commitment  
12 by the United States or an instrumentality thereof to insure or  
13 guarantee such a mortgage, or if not so insured or guaranteed or  
14 if there is no such commitment, which the corporation determines  
15 meets the conditions described in sec. 100(k) of this chapter  
16 or which shall be secured upon such terms and conditions as the  
17 corporation considers necessary or practicable to insure all  
18 repayments [FOR A LOAN FROM THE HOUSING DEVELOPMENT FUND];

19 \* Sec. 7. AS 18.56.210(8) is amended to read:

20 (8) "land development" means the process of acquiring  
21 land primarily for residential housing construction for persons  
22 of lower and moderate income and making, installing or construct-  
23 ing nonresidential housing improvements, including water, sewer  
24 and other utilities, roads, streets, curbs, gutters, sidewalks,  
25 storm drainage facilities and other installations or works,  
26 whether on or off the site, which the corporation considers neces-  
27 sary or desirable to prepare the land primarily for residential  
28 housing construction;

29 \* Sec. 8. AS 18.56.210(10) is amended to read:

1 (10) "persons of lower and moderate income" means a person or  
2 persons considered by the corporation to require assistance available  
3 under this chapter on account of insufficient or inadequate personal  
4 or family income or otherwise limited personal financial resources,  
5 taking into consideration, without limitation, such factors as

6 (A) the amount of the total income of the persons  
7 available for housing needs;

8 (B) the size of the family;

9 (C) the cost and condition of housing facilities  
10 available;

11 (D) standards established for various federal programs  
12 determining eligibility based on income of the persons; and

13 (E) the ability of the persons to compete successfully  
14 in the normal housing market and to pay the amounts at which  
15 private enterprise is providing decent, safe and sanitary housing;  
16 and

17 \* Sec. 9. AS 18.56.210(11) is amended to read:

18 (11) "residential housing" means a specific work or improve-  
19 ment undertaken primarily to provide dwelling accommodations without  
20 limitation as to form of lawful occupancy, whether rental, under  
21 contract, fee ownership, cooperative housing, condominium or other law-  
22 ful forms of ownership, for persons of lower and moderate income, or  
23 in remote, underdeveloped or blighted areas, including the acquisition,  
24 construction or rehabilitation of land, buildings and improvements  
25 thereto, and such other nonhousing facilities as may be incidental or  
26 appurtenant thereto.

27 \* Sec. 10. AS 18.56.210 is amended by adding a new paragraph to read:

28 (12) "remote, underdeveloped or blighted areas" means areas  
29 considered by the corporation to require assistance available under

1 this chapter on account of insufficient availability of the residential  
2 housing necessary to promote, develop or maintain the economic growth  
3 or potential of the area, taking into consideration, without limitation,  
4 the following:

5 (A) the population, resources and environment of the  
6 area;

7 (B) the present availability and condition of  
8 residential housing in and near the area;

9 (C) the cost of construction and rehabilitation of  
10 residential housing in the area;

11 (D) the availability of other federal or state  
12 sponsored programs to facilitate the development of residential  
13 housing in the area; and

14 (E) the ability of residents of the area to finance the  
15 purchase of residential housing or to rent or lease such housing  
16 at rates comparable to those in effect in other areas of the state.

17 \* Sec. 11. This Act takes effect on the day after its passage and approv-  
18 al or on the day it becomes law without approval.