

Introduced: 3/1/72
Referred: State Affairs
and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

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HOUSE BILL NO. 713

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IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SEVENTH LEGISLATURE - SECOND SESSION

5

A BILL

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For an Act entitled: "An Act relating to the Alaska Housing Finance

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Corporation; and providing for an effective date."

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

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* Section 1. AS 18.56.010 is amended to read:

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Sec. 18.56.010. FINDINGS AND PURPOSE. (a) There exists within

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the state a serious shortage of decent, safe and sanitary residential

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housing available at low prices or rentals to persons of lower or

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moderate income. There also exist within the state remote, under-

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developed or blighted areas where the development of decent, safe and

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sanitary housing is necessary to economic growth. These conditions are

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[THIS SHORTAGE IS] inimical to the safety, health, welfare and pros-

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perity of the residents of the state and to the sound growth of urban

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and rural communities.

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(b) The legislature finds and declares that private enterprise

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has not been able to provide, without assistance, an adequate supply

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of safe and sanitary homes at prices or rents which persons of lower

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or moderate income can afford, or to achieve rehabilitation of much

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of the present housing for persons of lower or moderate income, or to

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provide without assistance the housing necessary to promote the

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economic growth of remote, underdeveloped or blighted areas, and that

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existing state or federal programs are inadequate to meet the housing

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needs of persons of lower or moderate income or of remote, under-

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developed or blighted areas. It is imperative that the supply of

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housing for persons of lower or moderate income and the housing

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

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

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

16 Sec. 18.56.085. INVESTMENT OF STATE SURPLUS. Notwithstanding
17 other provision of law, when the commissioner of revenue determines
18 that there is in the state treasury a surplus above an amount sufficient
19 to meet current cash expenditure needs, the surplus may be invested,
20 in addition to the investments permitted by AS 37.10.070(a), in
21 residential mortgages owned by the corporation and secured by real
22 estate within the state, which investments shall be subject to the
23 terms and conditions that the corporation and the commissioner of
24 revenue may provide in any contract of sale. Investments allowed by
25 this section shall be made as provided for other investments of the
26 state money under AS 37.10.070(a), (f), (g), and (i). The terms and
27 conditions of any contract of sale authorized to be made under this
28 section may include but are not limited to:

29 (1) the investment by the state in a specified or.

1 determinable amount of mortgages;

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

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

8 (4) the right of the corporation to repurchase the mortgages
9 at a predetermined price.

10 * Sec. 3. AS 18.56.090 is repealed and re-enacted to read:

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

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

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

25 (3) purchase or participate in the purchase of mortgage
26 loans made to sponsors, developers, builders, owners and purchasers of
27 residential housing, if the corporation has given approval before the
28 initial making of the loan and has determined that mortgage loans were,
29 at the time such approval was given, not otherwise available, wholly or

1 in part, from private lenders upon reasonably equivalent terms and
2 conditions;

3 (4) make partial rental payments and mortgage interest
4 payments under a contract with any housing owner providing the payments
5 will be applied to decrease rental or mortgage interest charges of
6 persons of lower or moderate income or to owners or purchasers of
7 residential housing in remote, underdeveloped or blighted areas of
8 the state;

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

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

13 (7) acquire real property, or any interest in real property,
14 in its own name, by purchase, transfer or foreclosure, when the
15 acquisition is necessary or appropriate to protect any loan in which
16 the corporation has an interest; sell, transfer and convey any such
17 property to a buyer; and, if the sale, transfer or conveyance cannot
18 be effected with reasonable promptness or at a reasonable price, rent
19 or lease the property to a tenant pending the sale, transfer or
20 conveyance;

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

26 (9) purchase, in order to meet the requirements of the sale
27 of its mortgages to the Federal National Mortgage Association, stock
28 of the Federal National Mortgage Association;

29 (10) procure insurance against any loss in connection with

1 its operation;

2 (11) consent to the modification of the rate of interest,
3 time of payment of any installment of principal or interest, or any
4 other terms, of a mortgage loan, mortgage loan commitment, construction
5 loan, temporary loan, contract or agreement of any kind to which the
6 corporation is a party;

7 (12) borrow money to carry out and effectuate its corporate
8 purposes; and issue its obligations as evidence of the borrowing;

9 (13) include in any borrowing the amounts necessary to pay
10 financing charges, interest on the obligations for a period not
11 exceeding one year after the date on which the corporation estimates
12 funds will otherwise be available to pay the interest, consultant,
13 advisory and legal fees and other expenses necessary or incident to
14 this borrowing;

15 (14) make and publish rules and regulations respecting its
16 lending programs and other rules and regulations as are necessary to
17 effectuate its purposes;

18 (15) provide technical and advisory services to sponsors,
19 builders and developers of residential housing and to residents of the
20 housing;

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

23 (17) make and execute agreements, contracts and other
24 instruments necessary or convenient in the exercise of the powers and
25 functions of the corporation under this chapter, including contracts
26 with any person, firm, corporation, governmental agency or other entity;

27 (18) receive, administer and comply with the conditions and
28 requirements respecting any appropriation or gift, grant or donation
29 of property or money;

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

9 (20) sue and be sued in its own name;

10 (21) adopt an official seal;

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

14 (23) employ fiscal consultants, engineers, attorneys, real
15 estate counselors, appraisers and such other consultants and employees
16 as may be required in the judgment of the corporation, and fix and pay
17 their compensation from funds available to the corporation; and

18 (24) to do all acts and things necessary, convenient or
19 desirable to carry out the powers expressly granted or necessarily
20 implied in this chapter.

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

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

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

28 (3) "development costs" means the costs approved by the
29 corporation as appropriate expenditures which may be incurred by

1 sponsors, builders and developers of residential housing, before
2 commitment and initial advance of the proceeds of a construction loan
3 or of a mortgage loan, including but not limited to

4 (A) payments for options to purchase properties on
5 the proposed residential housing site, deposits on contracts of
6 purchase, or, with prior approval of the corporation, payments
7 for the purchase of the properties;

8 (B) legal and organizational expenses, including
9 payments of attorneys' fees, project manager, clerical and other
10 staff salaries, office rent and other incidental expenses;

11 (C) payment of fees for preliminary feasibility studies
12 and advances for planning, engineering and architectural work;

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

14 and

15 (E) necessary application and other fees;

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

17 (7) "mortgage" or "mortgage loan" means a mortgage loan
18 for residential housing insured or guaranteed by the United States
19 or an instrumentality thereof or for which there is a commitment by
20 the United States or an instrumentality thereof to insure or guarantee
21 such a mortgage, or if not so insured or guaranteed or if there is no
22 such commitment, which the corporation determines meets the conditions
23 described in sec. 100(k) of this chapter or which shall be secured
24 upon such terms and conditions as the corporation deems necessary or
25 practicable to insure all repayments [FOR A LOAN FROM THE HOUSING
26 DEVELOPMENT FUND];

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

28 (8) "land development" means the process of acquiring land
29 to be used primarily for construction of residential housing

1 [CONSTRUCTION FOR PERSONS OF LOWER INCOME] and making, installing or
2 constructing nonresidential housing improvements, including water,
3 sewer and other utilities, roads, streets, curbs, gutters, sidewalks,
4 storm drainage facilities and other installations or works, whether
5 on or off the site, which the corporation considers necessary or
6 desirable to prepare the land primarily for residential housing
7 construction;

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

9 (10) "persons of lower or moderate income" means a person
10 or persons considered by the corporation to require assistance avail-
11 able under this chapter on account of insufficient or inadequate
12 personal or family income or otherwise limited personal financial
13 resources, taking into consideration, without limitation, such factors
14 as

15 (A) the amount of the total income of the persons
16 available for housing needs;

17 (B) the size of the family;

18 (C) the cost and condition of housing facilities
19 available;

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

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

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

26 (11) "residential housing" means a specific work or improve-
27 ment undertaken primarily to provide dwelling accommodations without
28 limitation as to form of lawful occupancy, whether rental, under
29 contract, fee ownership, cooperative housing, condominium or other

1 lawful forms of ownership, for persons of lower or moderate income,
2 or in remote, underdeveloped or blighted areas, including the
3 acquisition, construction or rehabilitation of land, buildings and
4 improvements thereto, and such other non-housing facilities as may be
5 incidental or appurtenant thereto;

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

7 (12) "remote, underdeveloped or blighted areas" means areas
8 considered by the corporation to require assistance available under
9 this chapter on account of insufficient availability of the residential
10 housing necessary to promote, develop or maintain the economic growth
11 or potential of the area, taking into consideration, without limitation,
12 the following:

13 (A) the population, resources and environment of the
14 area;

15 (B) the present availability and condition of
16 residential housing in and near the area;

17 (C) the cost of construction and rehabilitation of
18 residential housing in the area;

19 (D) the availability of other federal or state
20 sponsored programs to facilitate the development of residential
21 housing in the area; and

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

25 * Sec. 11. This Act takes effect on the day after its passage and
26 approval or on the day it becomes law without approval.
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