

1 IN THE SENATE

BY JOSEPHSON

2 SENATE BILL NO. 20

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST 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  
15 per cent of the federal appropriation to fund the program in any  
16 fiscal year as the state's share in financing the cost of preparing,  
17 administering and implementing the Alaska Native housing program.  
18 However, if the United States Congress fails to appropriate at least  
19 \$1,000,000 in any fiscal year to the Alaska Native housing program,  
20 the Department of Administration is authorized to make available to  
21 the agency designated by the governor under ch. 93, SLA 1967 an amount  
22 up to \$1,000,000 for that fiscal year in order to assure a total  
23 program of 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 ad-  
17 vances 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 nonpro-  
22 fit or mutual housing sponsor will obtain an eligible mortgage for the  
23 project; and

24 (2) the nonprofit or mutual housing sponsor has executed an  
25 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  
6 may extend the period for the repayment of an advance for a period not  
7 to exceed the date of final payment of the eligible mortgage or  
8 construction or rehabilitation loan; and provided further that an  
9 advance may be treated by the commissioner as a grant to the extent  
10 that the proceeds of an eligible mortgage cannot by law be used to  
11 reimburse any cost or fee included in the development cost for which  
12 the advance was 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. 18.57.030. ASSISTANCE SERVICES TO NONPROFIT OR MUTUAL  
23 HOUSING SPONSOR. The department may provide nonprofit or mutual hous-  
24 ing 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 limited  
27 to assistance in community development and organization, home manage-  
28 ment and advisory services for the residents of the housing projects,  
29 and to encourage community organizations to assist in developing low

1 and moderate income housing projects.

2 Sec. 18.57.040. REGULATIONS. The commissioner shall adopt  
3 regulations necessary to carry out the purposes of secs. 10 - 60 of  
4 this 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 be-  
15 fore the first mortgage advance under an eligible mortgage loan, and  
16 the 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 the  
20 housing project site property;

21 (B) legal and organizational expenses, including  
22 attorney 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 (E) other expenses that the commissioner determines

1           necessary to carry out the purposes of secs. 10 - 60 of this  
2           chapter;

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

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

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

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

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

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

14 ARTICLE 2. HOUSING ASSISTANCE FUND.

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

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

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

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

23 Sec. 18.57.110. INTEREST RATE SUBSIDY. The commissioner may  
24 enter into contracts with qualified mortgagors, or with mortgagees of  
25 qualified mortgagors, under which the commissioner may make direct  
26 payments from the housing assistance fund to mortgagors or mortgagees  
27 to assist in paying mortgage interest charges on qualified housing  
28 developments, when the direct payments will be applied to decrease  
29 rental or carrying charges to low and moderate income occupants of the

1 qualified housing.

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

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

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

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

- 24 (1) "commissioner" means the commissioner of commerce;  
25 (2) "department" means the Department of Commerce;  
26 (3) "fund" means the housing assistance fund;  
27 (4) "low income" and "moderate income" shall be determined  
28 by the commissioner under regulations adopted under secs. 100 - 150  
29 of this chapter; however, the commissioner shall base the determination

1 on federal standards for low and moderate income for the various com-  
2 munities in the state;

3 (5) "qualified housing development" means a housing project  
4 built or to be built and operated by a qualified mortgagor.  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29