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SACKETT AND CROFT

1 IN THE SENATE

2 SENATE BILL NO. 327

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the creation of a housing develop-
7 ment revolving loan fund; and providing for an effec-
8 tive date."

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

10 * Section 1. AS 18 is amended by adding a new chapter to read:

11 CHAPTER 100. HOUSING DEVELOPMENT REVOLVING LOAN FUND.

12 Sec. 18.100.010. DECLARATION OF PURPOSE. There exists within the
13 state a serious shortage of decent, safe and sanitary residential housing
14 available at low or moderate prices or rentals to persons of lower and
15 moderate income. There also exists in the state organizations whose
16 purposes are to provide the kinds of housing needed to alleviate this
17 shortage. Development work to provide such housing involves substantial
18 expense which is often beyond the resources of the organizations.
19 Further, there are occasions when projects that are sound in initial
20 conception turn out to be not feasible or financing is not available.
21 There is therefore a risk that expenditures for initial development and
22 studies may be lost. It is in the interest of the state to make housing
23 development loans recognizing that in a certain proportion of instances
24 the loans cannot be repaid.

25 Sec. 18.100.020. FUND ESTABLISHED. There is created in the Depart-
26 ment of Community and Regional Affairs a housing development revolving
27 loan fund to be administered by the division of community and regional
28 planning.

29 Sec. 18.100.030. POWERS AND DUTIES OF THE DEPARTMENT. The depart-

1 ment may:

2 (1) make loans to sponsors, builders and developers of resi-
3 dential housing for the costs approved by the division as appropriate
4 expenditures which may be incurred by sponsors, builders and developers
5 of residential housing, before commitment and initial advance of the
6 proceeds of a construction loan or of a mortgage loan, including but not
7 limited to

8 (A) payments for options to purchase properties on the
9 proposed residential housing site;

10 (B) legal and organizational expenses, including pay-
11 ments of attorney fees, project manager, clerical and other staff
12 salaries, office rent and other incidental expenses;

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

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

16 (E) necessary application and other fees;

17 (2) designate agents and delegate powers to them as is neces-
18 sary;

19 (3) adopt regulations necessary to carry out the purposes of
20 this chapter;

21 (4) determine the eligibility of applicants for loans under
22 this chapter;

23 Sec. 18.100.040. REPAYMENT OF LOAN. The repayment of a loan made
24 under this chapter shall be at such time as the department designates but
25 not later than final closing of a permanent loan on the project. The
26 department may not require payment if construction of the contemplated
27 project does not commence.

28 Sec. 18.100.050. ELIGIBILITY FOR LOANS. Only public or nonprofit
29 private corporations are eligible for loans under this chapter. The non-

1 profit corporations must be designated as tax exempt under sec. 501(e)-
2 (3) and (4) of the Internal Revenue Code of 1954.

3 Sec. 18.100.060. INTEREST. The interest rate on loans made under
4 this chapter shall be set by the department at a rate sufficient to pay
5 the administrative costs of the fund but the interest rate may not exceed
6 three per cent.

7 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
8 070(c).

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