

Original sponsor: Rules/House Members
of the Joint Committee
on Economic Recovery

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 555 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing the Alaska Housing Finance Corpo-
7 ration to stabilize the market price of and the
8 demand for residential housing in the state; and
9 providing for an effective date."

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

11 * Section 1. LEGISLATIVE FINDINGS AND INTENT. (a) The legislature
12 finds that

13 (1) the Alaska Housing Finance Corporation and federal agencies
14 currently hold large portfolios of foreclosed residential housing;

15 (2) these governmental agencies should be permitted to cooperate
16 in administering foreclosed properties to avoid further adverse effects on
17 the state's real estate markets and to stabilize the state's banking sys-
18 tem;

19 (3) it is in the state's best interests in certain instances to
20 reduce the supply of residential housing in the state by demolishing sub-
21 standard publicly owned residential housing;

22 (4) residential housing situated in condominium projects with
23 high vacancy rates caused by defaults and foreclosures presents special
24 problems because mortgage investors and insurers have established con-
25 ditions relating to owner-occupancy that adversely affect the ability to
26 sell or finance a mortgage loan secured by a condominium unit; and

27 (5) the maintenance of stable and orderly markets for the pur-
28 chase and sale of residential housing in the state is essential to the
29 economy of the state and the welfare of its citizens.

1 (b) The legislature intends to improve the stability of the state's
2 market for residential housing. It is desirable to prevent a precipitous
3 decline in the price of available housing that will erode the tax base of
4 municipalities and further weaken the state's financial institutions. The
5 legislature intends to accomplish these ends by government regulation of
6 matters relating to the sale and disposition of residential housing held by
7 financial institutions, the Alaska Housing Finance Corporation, and federal
8 agencies. By authorizing the Alaska Housing Finance Corporation to exer-
9 cise the market stabilization powers enacted in sec. 2 of this Act, the
10 legislature intends to immunize to the fullest extent possible the board of
11 directors of the Alaska Housing Finance Corporation against potential
12 liability under federal antitrust and state antitrust, competition, and
13 trade practices laws arising from the exercise of stabilization powers.

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

15 Sec. 18.56.210. MARKET STABILIZATION POWERS. (a) If the board
16 of directors determines that it is in the best interest of the corpo-
17 ration, the corporation may take appropriate action under this sec-
18 tion to stabilize the market price of and demand for residential
19 housing in the state. To accomplish the purposes of this section, the
20 corporation may

21 (1) make and execute necessary agreements and conveyances
22 under which a borrower may exchange residential housing securing a
23 mortgage loan owned, held, or sold by the corporation for other res-
24 idential housing owned by the corporation;

25 (2) repurchase a mortgage loan sold or pledged by the
26 corporation for the purpose of exercising a power conferred by this
27 section;

28 (3) for the purpose of qualifying residential housing
29 situated in a condominium project for the best available financing for

1 mortgage loans, make and execute agreements and contracts necessary to
2 encourage all owners who occupy units in a condominium project that is
3 not eligible for financing under this chapter to exchange their owner-
4 ship interest for a condominium unit owned by the corporation in
5 another project;

6 (4) make and execute appropriate agreements with insurers,
7 investors, and guarantors concerning the temporary removal of residen-
8 tial housing owned by the corporation from the resale market;

9 (5) demolish residential housing owned by the corporation
10 if the corporation determines that

11 (A) the housing is substandard compared to housing
12 available on the open market;

13 (B) the housing cannot be converted to a public or
14 charitable use; and

15 (C) there is a substantial oversupply of similar
16 housing on the open market;

17 (6) convert residential housing owned by the corporation
18 that is designed and constructed for owner occupancy to another bene-
19 ficial use;

20 (7) make bulk sales of property owned by the corporation
21 under procedures and terms the corporation determines are in the best
22 interests of the corporation;

23 (8) provide financing under terms established by the board
24 to promote the sale of residential housing owned by the corporation if
25 the board of directors determines that the terms of financing do not
26 work an excessive hardship on competing individual sellers of residen-
27 tial housing;

28 (9) invest funds of the corporation in the removal and
29 disposal of substandard publicly owned residential housing if the

1 board of directors determines that the investment is prudent, properly
2 secured, and in the long-term best interests of the corporation;

3 (10) create subsidiary entities to implement a power con-
4 ferred by this section and to provide insurance under AS 18.56.093 and
5 18.56.095; and

6 (11) take other actions necessary, convenient, or desirable
7 to carry out the powers granted in this subsection.

8 (b) The corporation shall implement the powers conferred by (a)
9 of this section by adopting regulations under AS 18.56.088.

10 * Sec. 3. AS 45.50.572 is amended by adding a new subsection to read:

11 (i) AS 45.50.562 - 45.50.596 do not prohibit activities of the
12 Alaska Housing Finance Corporation to stabilize the market price of
13 and demand for residential housing in the state under AS 18.56.210.

14 * Sec. 4. (a) The stabilization fund is established in the Alaska
15 Housing Finance Corporation. Notwithstanding AS 18.56.210(a)(9), the fund
16 may be expended by the corporation to make a grant to a state agency to
17 finance the cost of demolishing state-owned residential housing.

18 (b) It is the intent of the legislature that the board of directors
19 of the Alaska Housing Finance Corporation transfer \$2,700,000 from the
20 Alaska Housing Finance revolving fund (AS 18.56.082) to the stabilization
21 fund established in (a) of this section.

22 * Sec. 5. Section 4 of this Act is repealed July 1, 1991.

23 * Sec. 6. This Act takes effect immediately under AS 01.10.070(c).