

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

1 IN THE HOUSE BY THE FINANCE COMMITTEE
2 SENATE CS FOR 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 other financial
14 institutions currently hold large portfolios of foreclosed residential
15 housing;
16 (2) these financial institutions should be permitted to cooper-
17 ate in administering foreclosed properties to avoid further adverse effects
18 on the state's real estate markets and to stabilize the state's banking
19 system;
20 (3) it is in the state's best interests in certain instances to
21 reduce the supply of residential housing in the state by demolishing sub-
22 standard publicly owned residential housing;
23 (4) residential housing situated in condominium projects with
24 high vacancy rates caused by defaults and foreclosures presents special
25 problems because mortgage investors and insurers have established con-
26 ditions relating to owner-occupancy that adversely affect the ability to
27 sell or finance a mortgage loan secured by a condominium unit; and
28 (5) the maintenance of stable and orderly markets for the pur-
29 chase and sale of residential housing in the state is essential to the

1 economy of the state and the welfare of its citizens.

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

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

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

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

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

29 (3) for the purpose of qualifying residential housing

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

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

10 (5) convert residential housing owned by the corporation
11 that is designed and constructed for owner occupancy to another bene-
12 ficial use;

13 (6) make bulk sales of property owned by the corporation
14 under procedures and terms the corporation determines are in the best
15 interests of the corporation;

16 (7) after giving due consideration to the interests of
17 competing individual sellers of residential housing, provide financing
18 under terms established by the board to promote the sale of residen-
19 tial housing owned by the corporation;

20 (8) invest funds of the corporation in the removal and
21 disposal of substandard publicly owned residential housing if the
22 board of directors determines that the investment is prudent, properly
23 secured, and in the long-term best interests of the corporation;

24 (9) create subsidiary entities to implement a power con-
25 ferred by this section and to provide insurance under AS 18.56.093 and
26 18.56.095; and

27 (10) establish the interest rate on a mortgage loan for
28 residential housing in the rural areas of the state at one percent
29 less than the interest rate determined under AS 18.56.098(g)(1) - (4);

1 (ii) take other actions necessary, convenient, or desirable
2 to carry out the powers granted in this subsection.

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

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

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

9 * Sec. 4. (a) The stabilization fund is established in the Alaska
10 Housing Finance Corporation. Notwithstanding AS 18.56.210(a)(8), the fund
11 may be expended by the corporation to make a grant to a state agency to
12 finance the cost of demolishing state-owned residential housing.

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

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

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