

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) am S  
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) Purchase loans from the Housing Assistance Loan Fund  
28 (AS 44.47.380) if and only if:

29 (A) The payments of principal and interest on the

1 loans are deposited in a separate fund of the corporation to be  
2 used for the purposes, and subject to the standards and criteria,  
3 of AS 44.47.360-44.47.560 as those statutes provided on the  
4 effective date of this act and;

5 (B) The corporation has established a source of mort-  
6 gage insurance for new loans subject to the provisions of AS  
7 44.47.360-44.47.560.

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

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

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

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

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

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

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 Section 4 of this Act is repealed July 1, 1991.

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