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6-1011M

Original sponsor(s): REP. ULMER, Hudson

1 IN THE HOUSE BY THE FINANCE COMMITTEE
2 SENATE CS FOR CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 218 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act extending the authority of the Alaska Housing
7 Finance Corporation to assist in the development of
8 congregate housing, and directing the Alaska State
9 Housing Authority to develop a pilot program for
10 congregate housing; and providing for an effective
11 date."

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

13 * Section 1. AS 18.56.090 is amended to read:

14 Sec. 18.56.090. GENERAL POWERS. In addition to other powers
15 granted in this chapter, the corporation may, for the purpose of
16 providing housing for persons of lower and moderate income or persons
17 located in remote, underdeveloped, or blighted areas of the state and
18 for its other corporate purposes,

19 (1) [REPEALED

20 (2)] make or participate in the making of mortgage loans to
21 sponsors, developers, builders, and purchasers of residential housing,
22 if the corporation determines that mortgage loans are not otherwise
23 available, wholly or in part, from private lenders upon reasonably
24 equivalent terms and conditions;

25 (2) [(3)] purchase or participate in the purchase of mort-
26 gage loans made to sponsors, developers, builders, owners, and pur-
27 chasers of residential housing, if the corporation

28 (A) has given approval before the initial making of
29 the loan and has determined that mortgage loans were, at the time

1 the approval was given, not otherwise available, wholly or in
2 part, from private lenders upon reasonably equivalent terms and
3 conditions; [,] or

4 (B) has determined that the purchase or participation
5 will result in additional residential housing, taking into ac-
6 count without limitation such factors as reinvestment of the
7 proceeds of the sale in additional mortgage loans, increased
8 availability of mortgage loans insured by the federal government,
9 its agencies, or departments, the reduction, if any, of interest
10 payments to be made with respect to mortgage loans, or such other
11 factors as will tend to increase or improve the supply of res-
12 idential housing within the state;

13 (3) [(4)] make partial rental payments and mortgage inter-
14 est payments under a contract with any housing owner if the payments
15 will be applied to decrease rental or mortgage interest charges of
16 persons of lower and moderate income or owners or purchasers of res-
17 idential housing in remote, underdeveloped or blighted areas of the
18 state;

19 (4) [(5)] make loans from the housing development fund;

20 (5) [(6)] collect and pay reasonable fees and charges in
21 connection with making, purchasing, and servicing its mortgages,
22 loans, notes, bonds, certificates, commitments, and other evidences of
23 indebtedness;

24 (6) [(7)] acquire real property, or any interest in real
25 property, in its own name, by purchase, transfer, or foreclosure, when
26 the acquisition is necessary or appropriate to protect any loan in
27 which the corporation has an interest; sell, transfer, and convey the
28 property to a buyer; and, if the sale, transfer, or conveyance cannot
29 be effected with reasonable promptness or at a reasonable price, rent

1 or lease the property to a tenant pending the sale, transfer, or
2 conveyance;

3 (7) [(8)] sell, at public or private sale, to any pur-
4 chaser, including the Federal National Mortgage Association, all or
5 any part of a mortgage or other instrument or document securing a
6 construction, land development, mortgage, or temporary loan of any
7 type permitted by this chapter;

8 (8) [(9)] purchase, in order to meet the requirements of
9 the sale of its mortgages to the Federal National Mortgage Associa-
10 tion, stock of the Federal National Mortgage Association;

11 (9) [(10)] procure insurance against any loss in connection
12 with its operation;

13 (10) [(11)] consent to the modification of the rate of
14 interest, time of payment of any installment of principal or interest,
15 or any other terms, of the mortgage loan, mortgage loan commitment,
16 construction loan, temporary loan, contract, or agreement of any kind
17 to which the corporation is a party;

18 (11) [(12)] borrow money as provided in this chapter to
19 carry out and effectuate its corporate purposes; and issue its obliga-
20 tions as evidence of borrowing;

21 (12) [(13)] include in any borrowing the amounts necessary
22 to pay financing charges, interest on the obligations for a period not
23 exceeding one year after the date on which the corporation estimates
24 funds will otherwise be available to pay the interest, consultant,
25 advisory, and legal fees, and other expenses that are necessary or
26 incident to this borrowing;

27 (13) [(14)] under AS 18.56.088, adopt and publish regu-
28 lations respecting its lending programs and other regulations that are
29 necessary to effectuate its purposes;

1 (14) [(15)] provide technical and advisory services to
2 sponsors, builders, and developers of residential housing and to resi-
3 dents of it;

4 (15) [(16)] promote research and development in scientific
5 methods of constructing low-cost and energy-efficient residential
6 housing of high durability;

7 (16) [(17)] make and execute agreements, contracts, and
8 other instruments necessary or convenient in the exercise of the
9 powers and functions of the corporation under this chapter, including
10 contracts with any person, firm, corporation, governmental agency, or
11 other entity;

12 (17) [(18)] receive, administer, and comply with the con-
13 ditions and requirements respecting any appropriation or gift, grant,
14 or donation of property or money;

15 (18) [(19)] sue and be sued in its own name;

16 (19) [(20)] adopt an official seal;

17 (20) [(21)] adopt bylaws for the regulation of its affairs
18 and the conduct of its business, and adopt regulations and policies in
19 connection with the performance of its functions and duties;

20 (21) [(22)] employ fiscal consultants, engineers, attorneys,
21 real estate counselors, appraisers, and other consultants and em-
22 ployees that may be required in the judgment of the corporation, and
23 fix and pay their compensation from funds available to the corpo-
24 ration;

25 (22) [(23)] do all acts and things necessary, convenient, or
26 desirable to carry out the powers expressly granted or necessarily
27 implied in this chapter;

28 (23) [(24)] invest or reinvest, subject to its contracts
29 with noteholders and bondholders, any money or funds held by the

1 corporation in any obligations or other securities or investments in
2 which banks or trust companies in the state may legally invest funds
3 held in reserves or sinking funds or any funds not required for imme-
4 diate disbursement, and in certificates of deposit or time deposits
5 secured by obligations of, or guaranteed by, the state or the United
6 States;

7 (24) [(25) REPEALED

8 (26) REPEALED

9 (27) REPEALED

10 (28)] purchase a mortgage loan made to refinance an existing
11 mortgage loan, without regard to whether the corporation holds the
12 existing mortgage loan, as long as the interest rate and fees charged
13 to the borrower are sufficient to fully reimburse the corporation for
14 all costs incurred by the corporation in purchasing the mortgage loan
15 and as long as the borrower will be in compliance with AS 18.56.-
16 096(a)(6) after purchase of the mortgage loan by the corporation;

17 (25) participate in the making of mortgage loans to bor-
18 rowers for congregate housing under AS 18.56.100(b)(1) as the pur-
19 chaser of those loans: loans made for congregate housing under this
20 paragraph must reflect application of prudent underwriting standards
21 and lending practices that include, but are not limited to, appropri-
22 ate loan-to-value ratios and the ability of a borrower to repay the
23 loan.

24 * Sec. 2. AS 18.56.100(b) is amended to read:

25 (b) Consistent with AS 18.56.090, the corporation may make
26 temporary and permanent loans from the housing development fund, at an
27 interest rate or rates determined by the corporation, and with the
28 security for repayment that is necessary and practicable, to purchase,
29 make, or participate in the making of mortgage loans

1 (1) to borrowers who are individuals, nonprofit corpora-
2 tions, or agencies of the state or a municipal government, for perma-
3 nent loans to develop, build, repair, remodel, or rehabilitate res-
4 idential housing that is to be used and occupied as congregate hous-
5 ing; or

6 (2) that are not federally insured or guaranteed for res-
7 idential housing, if the corporation determines that the loans are not
8 otherwise available, wholly or in part, from private lenders upon
9 reasonably equivalent terms and conditions.

10 * Sec. 3. AS 18.56.100 is amended by adding new subsections to read:

11 (1) The rate of interest on a loan entered into under (b)(1) of
12 this section must equal the cost of funds of the bond issue the pro-
13 ceeds of which are used to provide the loan plus one-half of one
14 percentage point.

15 (m) The corporation shall adopt regulations to implement (b)(1)
16 and (1) of this section that

17 (1) determine borrower eligibility, including regulations
18 to determine that the borrower has the ability to repay the loan;

19 (2) define procedures for the application, review, and
20 approval of authorized loans;

21 (3) establish loan guidelines, loan terms, and acceptable
22 security for loans; and

23 (4) identify characteristics of housing projects eligible
24 for loans.

25 (n) In (b)(1), (1), and (m) of this section "congregate housing"
26 means a multi-family housing development with fully independent living
27 units and services integrated in the buildings that may include, but
28 are not limited to, housekeeping, meal service, and resident training
29 or development programs.

1 * Sec. 4. AS 18.56.100(1) is repealed and reenacted to read:

2 (1) The corporation may reduce the interest rate on a loan
3 entered into under (b)(1) of this section only from amounts appropri-
4 ated to the housing development fund specifically to reduce the inter-
5 est payable by borrowers who develop housing under (b)(1) of this
6 section. If a project developed by a borrower with a reduced interest
7 subsidy made under this subsection ceases to be used for congregate
8 housing, the corporation shall adjust the interest rate payable on the
9 unpaid balance of the loan to the prevailing rate of interest charged
10 by the corporation on loans made for other residential purposes, but
11 may not reduce the interest rate payable below the subsidized rate.

12 * Sec. 5. AS 18.56.105 is amended to read:

13 Sec. 18.56.105. ALLOCATION OF LENDING ACTIVITIES. The corpo-
14 ration shall designate regions within the state that, [WHICH] in the
15 aggregate, encompass the entire state. In participating in the making
16 or purchasing of loans under AS 18.56.090(1) and (2) [AS 18.56.090(2)
17 AND (3)] or under AS 18.56.100, the corporation shall make its money
18 available through the private financial institutions in the state
19 within each region designated by the corporation under this section.
20 The corporation shall allocate its money among the regions on the
21 basis of recent and future anticipated lending activity as well as the
22 potential need for the loans in each region and may reallocate its
23 money among the regions as it considers appropriate to reflect changes
24 in lending activity or need in the regions.

25 * Sec. 6. AS 18.56.110(g) is amended to read:

26 (g) Notwithstanding AS 18.56.090(11) [AS 18.56.090(12)] and (a)
27 of this section, the corporation may not issue bonds in any 12-month
28 period beginning after June 30, 1983, in an amount that exceeds the
29 amount of bonds authorized to be issued during the preceding period,

1 unless a different amount is authorized by the legislature. This
2 subsection does not apply to the issuance by the corporation of re-
3 funding bonds or to the issuance by the corporation of bonds the
4 proceeds of which are intended to be used to refinance mortgage loans
5 held by the corporation.

6 * Sec. 7. PILOT PROGRAM AUTHORIZED. (a) The Alaska State Housing
7 Authority shall administer a pilot program to develop congregate housing in
8 the state. The authority's congregate housing administration activities
9 must include

- 10 (1) determination of borrower qualifications;
- 11 (2) provision of temporary loans;
- 12 (3) management of construction loans; and
- 13 (4) assistance in determining appropriate, available sources of
14 permanent loans in cooperation with the Alaska Housing Finance Corporation.

15 (b) The Alaska State Housing Authority and the Alaska Housing Finance
16 Corporation shall report to the legislature not later than February 15,
17 1992, concerning congregate housing projects during the pilot program
18 authorized by (a) of this section. The report must include

- 19 (1) a review of persons, organizations, and communities who
20 expressed a need for congregate housing;
- 21 (2) a listing of borrowers who have requested loans for congre-
22 gate housing;
- 23 (3) a review of mechanisms used to develop specific congregate
24 projects, especially lending mechanisms that have required participation of
25 multiple sources;
- 26 (4) an analysis of the problems encountered by borrowers in
27 obtaining loans for purchasing, constructing, or rehabilitating congregate
28 housing; and
- 29 (5) recommendations for additional legislative action related to

1 congregate housing programs or the provision of loans for their develop-
2 ment.

3 (c) In this section, "congregate housing" has the meaning given in
4 AS 18.56.100(n), enacted in sec. 3 of this Act.

5 * Sec. 8. Section 7 of this Act is repealed June 30, 1993.

6 * Sec. 9. Section 4 of this Act takes effect February 16, 1992.

7 * Sec. 10. Except for sec. 4 of this Act, this Act takes effect July 1,
8 1990.