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1 IN THE SENATE

2 SPONSOR SUBSTITUTE FOR SENATE BILL NO. 150

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a senior housing office and loan  
7 program in the Department of Community and Regional  
8 Affairs; and authorizing the issuance of bonds for  
9 senior housing."

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

11 \* Section 1. AS 18.55 is amended by adding a new section to read:

12 ARTICLE 2A. SENIOR HOUSING BONDS.

13 Sec. 18.55.475. BONDS FOR SENIOR HOUSING. Under the procedures  
14 of AS 18.55.140 - 18.55.200, the authority may issue bonds the pro-  
15 ceeds of which shall be deposited in the senior housing revolving loan  
16 fund administered by the senior housing office under AS 44.47.585 -  
17 44.47.609.

18 \* Sec. 2. AS 44.47 is amended by adding new sections to read:

19 ARTICLE 9A. SENIOR HOUSING OFFICE.

20 Sec. 44.47.585. SENIOR HOUSING OFFICE. There is established in  
21 the department a senior housing office. The office shall promote a  
22 comprehensive response to the needs of senior citizens for adequate,  
23 accessible, secure, and affordable housing in the state. In order to  
24 fulfill this purpose, the office may

25 (1) study the needs of senior citizens in the state for  
26 housing to meet their needs;

27 (2) seek funding from appropriate sources for the develop-  
28 ment of housing alternatives for senior citizens;

29 (3) administer the senior housing loan program;

1 (4) cooperate and coordinate with other public and private  
2 agencies, including the Older Alaskans Commission and the Alaska State  
3 Housing Authority, to respond to the housing needs of senior citizens;

4 (5) offer public education programs to increase the aware-  
5 ness of alternatives to large residential facilities for senior citi-  
6 zens;

7 (6) provide information to senior citizens to help them  
8 understand their financial alternatives related to homes they might  
9 already own and to help them coordinate with other senior citizens in  
10 finding housing alternatives, including information and coordination  
11 on home equity conversion and home sharing; and

12 (7) disseminate information to construction contractors to  
13 educate them about remodeling projects that would meet the needs of  
14 many senior citizens for accessible and secure housing.

15 Sec. 44.47.587. SENIOR HOUSING REVOLVING FUND. The senior  
16 housing revolving fund is established in the department. The revolv-  
17 ing fund consists of appropriations made to the revolving fund by the  
18 legislature, the proceeds of bonds sold under AS 18.55.475, money or  
19 other assets transferred to the revolving fund by the department, and  
20 unrestricted payments on loans made or purchased by the department.  
21 Amounts deposited in the revolving fund may be pledged to the payment  
22 of bonds for senior housing or used for making, purchasing, or partic-  
23 ipating in

24 (1) senior housing mortgage loans;

25 (2) loans made for building materials for senior housing;

26 (3) loans made for renovation or improvement of or for  
27 senior housing;

28 (4) loans under AS 44.47.605; and

29 (5) loans made for the construction of senior housing.

1           Sec. 44.47.589. OPERATING LOSS RESERVE ACCOUNT. (a) There is  
2 established an operating loss reserve account for the purpose of  
3 meeting legal expenses incurred through the foreclosure of senior  
4 housing properties acquired by the commissioner under AS 44.47.370(6)  
5 and making repairs to these properties so that they may be sold to new  
6 buyers.

7           (b) The operating reserve loss account consists of money appro-  
8 priated by the legislature. To the extent that money is paid out of  
9 the operating loss reserve account for the purposes stated in this  
10 section, this money shall be replaced with money received as interest  
11 on loans authorized by AS 44.47.587.

12           Sec. 44.47.591. SECURITY FOR LOANS. The commissioner shall  
13 adopt regulations in accordance with the Administrative Procedure Act  
14 (AS 44.62) establishing acceptable security for loans originated or  
15 purchased in whole or in part under AS 44.47.587.

16           Sec. 44.47.595. FIRE INSURANCE. Before purchasing or partic-  
17 ipating in the purchase of a senior housing mortgage loan, the office  
18 may require the borrower to agree to purchase and maintain fire insur-  
19 ance for the real property for which the loan is made in an amount not  
20 less than the outstanding principal balance of the loan.

21           Sec. 44.47.597. LOAN ORIGINATION AND SERVICING. (a) Before  
22 purchasing or participating in the purchase of a senior housing loan,  
23 the office shall enter into a loan servicing agreement with the pri-  
24 vate financial institution from which the loan is to be purchased.

25           (b) The office may execute service agreements with private  
26 lending institutions or with regional native housing authorities  
27 established under AS 18.55.996 to service loans originated by the  
28 office.

29           (c) Under the servicing agreement, the private financial

1 institution or the regional native housing authority shall administer  
2 the loan and may charge the office a negotiated origination or  
3 servicing fee on the office's share of the loan. When appropriate, the  
4 private financial institution or the regional native housing authority  
5 may also charge the borrower a reasonable origination fee not to  
6 exceed one percent.

7 Sec. 44.47.599. APPRAISALS. Before originating or purchasing or  
8 participating in the purchase of a senior housing mortgage loan, the  
9 office may have or may require the borrower to have an appraisal made  
10 of the fair market value of the real property, including structures on  
11 the real property, for which the loan is made. In conducting an  
12 appraisal under this section, the appraiser shall give full value to  
13 insulation and other features of construction in structures on the  
14 real property that add to the energy efficiency of the structures.

15 Sec. 44.47.601. TOLL-FREE TELEPHONE NUMBER. The office shall  
16 arrange for and maintain a toll-free telephone number for the office  
17 so that private financial institutions and their borrowers may contact  
18 the office from any location in the state by telephone without a toll  
19 charge.

20 Sec. 44.47.603. ASSISTANCE BY OFFICE PERSONNEL. (a) The office  
21 may establish field offices under this chapter, may hire one or more  
22 lending officers, and, under AS 36.30 (State Procurement Code), may  
23 contract for the services of

24 (1) real property appraisers who are familiar with con-  
25 struction of senior housing; and

26 (2) engineers who are familiar with engineering problems in  
27 arctic and subarctic regions.

28 (b) The personnel described in (a) of this section may make  
29 visits to provide preconstruction and post-construction inspections of

1 real property for which loans are originated or purchased by the  
2 office in whole or in part under AS 44.47.587 and to provide assis-  
3 tance to private financial institutions and their borrowers. Author-  
4 ity for final approval of loans may not be exercised by the personnel  
5 described in this section.

6 Sec. 44.47.605. COOPERATIVES. The funds appropriated or made  
7 available under AS 44.47.585 - 44.47.609 may be used by the office to  
8 make

9 (1) character loans, not exceeding \$2,000 for each  
10 dwelling, to residents or cooperatives for the improvement,  
11 conversion, or construction of dwellings for occupancy by the  
12 residents or members of the cooperatives who are senior citizens;

13 (2) loans for moderate-cost or rental senior housing facil-  
14 ities and senior housing projects to public agencies, or private  
15 nonprofit or limited dividend corporations, or private corporations or  
16 cooperatives organized under AS 10.15 that are regulated or restricted  
17 by the office (until the termination of all loan obligations to it) as  
18 to rents or sales, charges, capital structure, rate of return, and  
19 methods of operation to the extent and in the manner that provides  
20 reasonable rentals to tenants and a reasonable return on the invest-  
21 ment; loans to cooperatives may be made for up to 85 percent of the  
22 appraised value of the housing facility but may not exceed the  
23 replacement cost of the facility.

24 Sec. 44.47.609. DEFINITIONS. In AS 44.47.585 - 44.47.609,

25 (1) "office" means the senior housing office established  
26 under AS 44.47.585;

27 (2) "senior housing" has the meaning given "senior citizen  
28 housing" in AS 44.47.620(e).