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1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE  
2 CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 150 (State Affairs)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 SIXTEENTH LEGISLATURE - SECOND 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 18.56 is amended by adding a new section to read:  
12 Sec. 18.56.083. BONDS FOR SENIOR HOUSING. (a) Under the proce-  
13 dures of this chapter, the corporation may issue up to \$30,000,000  
14 worth of bonds to fund senior housing loans made by the Department of  
15 Community and Regional Affairs under AS 44.47.585 - 44.47.609 that are  
16 approved by the corporation under (b) of this section.  
17 (b) Before requesting the corporation to issue bonds under this  
18 section, the Department of Community and Regional Affairs shall com-  
19 pile a list of senior housing projects that the department has deter-  
20 mined are financially feasible and meet housing needs for senior  
21 citizens as required under AS 44.47.587(b). Upon the department's  
22 submission to the corporation of appropriate documentation of project  
23 feasibility and desirability, the corporation shall approve or disap-  
24 prove the projects proposed.  
25 (c) The proceeds of bonds issued under this section for approved  
26 projects shall be deposited in the senior housing revolving fund  
27 administered by the senior housing office under AS 44.47.585 -  
28 44.47.609 on a schedule determined by the corporation.  
29 (d) There is established in the corporation a senior housing

1 bond account. The account consists of proceeds of bonds issued under  
2 this section, money appropriated to the account, repayments of princi-  
3 pal transferred to the corporation under AS 44.47.593(a), and assign-  
4 ments made under AS 44.47.593(b). The corporation may pledge assets  
5 in the account and in the senior housing revolving fund for the pay-  
6 ment of bonds issued under this section and may use money in the  
7 account for payment of the bonds.

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

9 ARTICLE 9A. SENIOR HOUSING OFFICE.

10 Sec. 44.47.585. SENIOR HOUSING OFFICE. There is established in  
11 the department a senior housing office. The office shall promote a  
12 comprehensive response to the needs of senior citizens for adequate,  
13 accessible, secure, and affordable housing in the state. In order to  
14 fulfill this purpose, the office may

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

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

19 (3) administer the senior housing loan program established  
20 under AS 44.47.587 - 44.47.609;

21 (4) cooperate and coordinate with other public and private  
22 agencies, including the Older Alaskans Commission, the Alaska Housing  
23 Finance Corporation, and the Alaska State Housing Authority, to re-  
24 spond to the housing needs of senior citizens;

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

28 (6) provide information to senior citizens to help them  
29 understand their financial alternatives related to homes they might

1 already own and to help them coordinate with other senior citizens in  
2 finding housing alternatives, including information and coordination  
3 on home equity conversion and home sharing; and

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

7 Sec. 44.47.587. SENIOR HOUSING REVOLVING FUND. (a) The senior  
8 housing revolving fund is established in the department. The revolv-  
9 ing fund consists of appropriations made to it by the legislature, the  
10 proceeds of bonds sold under AS 18.56.083 as they are deposited by the  
11 Alaska Housing Finance Corporation for specific projects, and money or  
12 other assets transferred to the revolving fund by the department.  
13 Amounts deposited in the revolving fund may be pledged by the Alaska  
14 Housing Finance Corporation for bonds issued under AS 18.56.083 and  
15 used by the office for making, purchasing, or participating in

- 16 (1) senior housing mortgage loans;  
17 (2) loans made for building materials for senior housing;  
18 (3) loans made for renovation or improvement of or for  
19 senior housing, including loans for renovation or improvement of  
20 congregate or individual residences;  
21 (4) loans under AS 44.47.605; and  
22 (5) loans made for the construction of senior housing.

23 (b) The department, under guidelines established in regulations  
24 adopted by the department in consultation with the Alaska Housing  
25 Finance Corporation, shall determine for each loan proposed to be made  
26 under AS 44.47.587 - 44.47.609 the financial feasibility of the  
27 project for which the loan would be used and the extent to which the  
28 project would meet senior housing needs in the area for which it is  
29 proposed.

1           Sec. 44.47.589. INTEREST RATE. The interest rate on loans made  
2 under AS 44.47.587 - 44.47.609 that are funded by a bond issue of the  
3 Alaska Housing Finance Corporation is equal to the cost of funds of  
4 that bond issue plus

5                   (1) two percentage points for a construction loan;

6                   (2) one-half of one percentage point for a permanent loan.

7           Sec. 44.47.591. CONDITIONS ON LOANS. (a) The commissioner  
8 shall adopt regulations in accordance with the Administrative Proce-  
9 dure Act (AS 44.62) establishing acceptable security for loans orig-  
10 inated or purchased in whole or in part under AS 44.47.587 - 44.47.-  
11 609.

12                   (b) The department may condition a loan under AS 44.47.587 -  
13 44.47.609 on an agreement by the borrower to maintain the financed  
14 project as senior housing for a time period specified by the depart-  
15 ment. The department shall establish by regulation the criteria it  
16 will use for specifying time periods under this subsection and for  
17 determining under what circumstances the time periods can be decreased  
18 after the loan is made.

19           Sec. 44.47.593. TRANSFER AND ASSIGNMENT OF CERTAIN ASSETS. (a)  
20 The department shall transfer to the Alaska Housing Finance Corpora-  
21 tion repayments of principal it collects for a loan made under AS 44.-  
22 47.587 - 44.47.609 that was funded by bonds issued by the Alaska  
23 Housing Finance Corporation under AS 18.56.083.

24                   (b) The department shall assign to the Alaska Housing Finance  
25 Corporation all right, title, and interest of the department in prop-  
26 erty financed through a loan made under AS 44.47.587 - 44.47.609 that  
27 was funded by bonds issued by the Alaska Housing Finance Corporation  
28 under AS 18.56.083.

29           Sec. 44.47.595. FIRE INSURANCE. Before purchasing or

1 participating in the purchase of a senior housing mortgage loan, the  
2 office shall require the borrower to agree to purchase and maintain  
3 fire insurance for the real property for which the loan is made in an  
4 amount not less than the outstanding principal balance of the loan.

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

9 (b) The office may execute service agreements with private  
10 lending institutions or with regional native housing authorities  
11 established under AS 18.55.996 to service loans originated by the  
12 office.

13 (c) Under the servicing agreement, the private financial insti-  
14 tution or the regional native housing authority shall administer the  
15 loan and may charge the office a negotiated origination or servicing  
16 fee on the office's share of the loan. When appropriate, the private  
17 financial institution or the regional native housing authority may  
18 also charge the borrower a reasonable origination fee not to exceed  
19 one percent.

20 Sec. 44.47.599. APPRAISALS. Before originating or purchasing or  
21 participating in the purchase of a senior housing mortgage loan, the  
22 office may have or may require the borrower to have an appraisal made  
23 of the fair market value of the real property, including structures on  
24 the real property, for which the loan is made. In conducting an  
25 appraisal under this section, the appraiser shall give full value to  
26 insulation and other features of construction in structures on the  
27 real property that add to the energy efficiency of the structures.

28 Sec. 44.47.601. TOLL-FREE TELEPHONE NUMBER. The office shall  
29 arrange for and maintain a toll-free telephone number for the office

1 so that private financial institutions and their borrowers may contact  
2 the office from any location in the state by telephone without a toll  
3 charge.

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

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

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

12 (b) The personnel described in (a) of this section may make  
13 visits to provide preconstruction and post-construction inspections of  
14 real property for which loans are originated or purchased by the  
15 office in whole or in part under AS 44.47.587 - 44.47.609 and to  
16 provide assistance to private financial institutions and their  
17 borrowers. Authority for final approval of loans may not be ex-  
18 ercised by the personnel described in this section.

19 Sec. 44.47.605. COOPERATIVES. The funds appropriated or made  
20 available under AS 44.47.585 - 44.47.609 may be used by the office to  
21 make loans to public agencies, private nonprofit or limited dividend  
22 corporations, or private corporations or cooperatives organized under  
23 AS 10.15 for moderate-cost or rental senior housing facilities and  
24 senior housing projects. Until termination of all of a cooperative's  
25 loan obligations to it, the office shall regulate or restrict the  
26 rents or sales, charges, capital structure, rate of return, and  
27 methods of operation of a cooperative that receives a loan under this  
28 section to the extent and in the manner that provides reasonable  
29 rentals to tenants and a reasonable return on the investment. A loan

1 to a cooperative may be made for up to 85 percent of the appraised  
2 value of the housing facility but may not exceed the replacement cost  
3 of the facility.

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

5 (1) "office" means the senior housing office established  
6 under AS 44.47.585;

7 (2) "senior housing" means construction or improvement  
8 undertaken primarily to provide dwelling accommodations for persons 60  
9 years of age or older, including conventional housing, housing for  
10 frail elderly, group homes, congregate housing, cooperatives, and  
11 other housing that meets special needs of the elderly; "senior hous-  
12 ing" includes acquisition, construction, or rehabilitation of land,  
13 buildings, improvements, and other nonhousing facilities that are  
14 incidental or appurtenant to the housing.