

HOUSE BILL NO. 595**IN THE LEGISLATURE OF THE STATE OF ALASKA****SEVENTEENTH LEGISLATURE - FIRST SPECIAL SESSION****BY THE HOUSE FINANCE COMMITTEE BY REQUEST****Introduced: 5/13/92****Referred: Finance****A BILL****FOR AN ACT ENTITLED**

1 "An Act relating to housing; expanding the board of directors of the Alaska Housing
2 Finance Corporation; relating to the management of the Alaska Housing Finance
3 Corporation; creating the Alaska State Housing Planning Commission and establishing its
4 duties; and providing for an effective date."

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 * **Section 1. FINDINGS.** The legislature finds that

7 (1) housing programs in the state are not consolidated and are spread among many state
8 agencies, offices, and divisions, and that a coordinated state housing policy to provide clear direction
9 for addressing housing needs does not exist;

10 (2) there is only limited statistical data on housing needs and, as a result, housing
11 programs are designed with little quantitative information regarding the real needs of Alaskans;

12 (3) low-income and rural housing needs in the state are critical and have not been met
13 with existing housing resources;

14 (4) in order to promote and improve the opportunity for all Alaskans to live in safe,

1 sanitary, and energy efficient housing, coordination of the state's varied and disparate housing program
2 initiatives is required;

3 (5) coordination of the state housing programs can be best effectuated by a merger of the
4 housing programs of the Department of Community and Regional Affairs into the Alaska Housing
5 Finance Corporation; and

6 (6) the replacement of two agencies, each dealing with a part of the state's housing
7 programs, with a single agency, the Alaska Housing Finance Corporation, with an expanded mission,
8 governed by a board of directors to make policy and to provide for the financing, acquisition,
9 rehabilitation, construction, weatherization, and operation of housing for low- and moderate-income
10 Alaskans and Alaskans in rural Alaska will serve a public purpose in benefitting the people of the state.

11 * Sec. 2. PURPOSE. (a) To provide for the consolidation of housing programs under the Alaska
12 Housing Finance Corporation,

13 (1) the provisions of secs. 3 - 6 of this Act; of AS 18.56.400 - 18.56.650, added by
14 sec. 22 of this Act; and of secs. 44 and 45 of this Act transfer certain programs of the Department of
15 Community and Regional Affairs related to housing to the expanded Alaska Housing Finance
16 Corporation;

17 (2) the provisions of AS 18.56.700 - 18.56.810, added by sec. 22, and secs. 44 and 46
18 of this Act transfer the responsibility for the operation of the senior citizen housing office and for the
19 provision of senior citizens housing programs under AS 44.47.585 - 44.47.620 from the Department of
20 Community and Regional Affairs into the expanded Alaska Housing Finance Corporation;

21 (3) the provisions of AS 18.56.850, added by sec. 22, and secs. 44 and 47 of this Act
22 transfer the responsibility for development of home energy conservation and weatherization programs
23 from the Department of Community and Regional Affairs into the expanded Alaska Housing Finance
24 Corporation;

25 (4) the provisions of secs. 24 and 25 of this Act assign to the Alaska Housing Finance
26 Corporation the exclusive responsibility for provision of replacement housing planning loans and a
27 coordinate responsibility in the provision of assistance to state agencies for replacement housing under
28 the state program that authorizes and directs relocation assistance due to acquisition of real property for
29 state agency activities.

30 (b) With anticipated state revenue expected to decrease substantially during state fiscal year
31 1993, the legislature looks to reduce general fund expenditures and to increase the state general fund

1 balance available during that fiscal year to meet the costs of state government operations, its loan
2 programs, and its capital improvements program. The purpose of sec. 51 of this Act is to authorize the
3 purchase by the Alaska Housing Finance Corporation, at a discount, of the mortgage notes now held by
4 the Department of Community and Regional Affairs for the loans it has made under the department's
5 various housing assistance programs set out in AS 44.47.370 - 44.47.560 and 44.47.585 - 44.47.635, and
6 to require the deposit of amounts paid to the department for its notes into the state general fund. The
7 purchase of the notes and transfer of money to the state general fund, as authorized by sec. 51 of this
8 Act, when coupled with a transfer of revenue to the state expected to be approved by the board of
9 directors of the Alaska Housing Finance Corporation during 1992, will increase the balance of the state
10 general fund by approximately \$200,000,000, thereby materially reducing the expected state deficit for
11 state fiscal year 1993.

12 (c) The provisions of secs. 28 - 40, 43, and 52 of this Act validate certain nonconforming and
13 rural housing mortgage loans and loan commitments, redesignated as small community loans, entered
14 into by the Department of Community and Regional Affairs after December 31, 1991, and before the
15 effective date of those sections.

16 (d) It is the intent of the legislature that

17 (1) existing housing programs being merged into the Alaska Housing Finance Corporation
18 continue without interruption, and that the program of weatherization assistance for low-income persons
19 continue the use of subgrantees and contractors under 10 CFR 440.15; and

20 (2) appropriate training be provided to the staff and board of the corporation as necessary
21 to effectuate the purpose of the merger.

22 (e) The Alaska Housing Finance Corporation is empowered to act in behalf of the state and its
23 people in exercising the state housing programs and functions as a public purpose for the benefit of the
24 people of the State of Alaska.

25 * Sec. 3. AS 18.55.997(a) is amended to read:

26 (a) In addition to the powers authorized to a regional housing authority under
27 AS 18.55.996, a regional housing authority may, in accordance with procedures and policies
28 adopted and approved by the Alaska Housing Finance Corporation [DEPARTMENT OF
29 COMMUNITY AND REGIONAL AFFAIRS], make loans for the purchase or development of
30 residential housing in rural areas of the state, other than in an area where the corporation
31 [DEPARTMENT] has a loan office. A loan shall be secured by collateral in an amount

1 acceptable to the corporation [DEPARTMENT OF COMMUNITY AND REGIONAL
2 AFFAIRS]. The rate of interest on a loan authorized by this section may not exceed the interest
3 rate on a loan originated or purchased under AS 18.56.400 - 18.56.600 [AS 44.47.370 -
4 44.47.560].

5 * Sec. 4. AS 18.55.997(b)(2) is repealed and reenacted to read:

6 (2) "rural" has the meaning given the term "small community" in AS 18.56.600.

7 * Sec. 5. AS 18.55.998(a) is amended to read:

8 (a) There is created in the Alaska Housing Finance Corporation [DEPARTMENT OF
9 COMMUNITY AND REGIONAL AFFAIRS] a supplemental housing development grant fund.
10 Using corporate earnings or other available funds [SUBJECT TO THE AVAILABILITY OF
11 APPROPRIATIONS FOR THE PURPOSE], the corporation [DEPARTMENT] shall make grants
12 to regional housing authorities established under AS 18.55.996 for the cost of on-site sewer and
13 water facilities, road construction to project sites, energy efficient design features in homes, and
14 extension of electrical distribution facilities to individual residences.

15 * Sec. 6. AS 18.55.998(d) is amended to read:

16 (d) The Alaska Housing Finance Corporation [DEPARTMENT] shall adopt regulations
17 to carry out the purposes of this section. The provisions of AS 18.56.088(a) and (b) [THE
18 ADMINISTRATIVE PROCEDURE ACT (AS 44.62)] apply to regulations adopted under this
19 section.

20 * Sec. 7. AS 18.55.998 is amended by adding a new subsection to read:

21 (e) In order to make grants authorized by (a) of this section in its administration of the
22 supplemental housing development grant fund established by this section, the board of directors
23 of the corporation shall identify in the corporation's proposed operating budget the money
24 available to the corporation, including the corporation's own assets, to supplement available
25 federal development money.

26 * Sec. 8. AS 18.56.010(c) is amended to read:

27 (c) The legislature finds and declares further that, in accomplishing this purpose, the
28 creation of the Alaska Housing Finance Corporation is essential to assist in the acquisition and
29 development of land and the construction, rehabilitation, financing, management, maintenance,
30 sale, and rental of dwelling units for persons of lower and moderate income or persons in remote,
31 underdeveloped, or blighted areas and that these activities serve a public purpose in benefiting

1 the people of the state. [THE ALASKA HOUSING FINANCE CORPORATION IS
2 EMPOWERED TO ACT ON BEHALF OF THE STATE AND ITS PEOPLE IN SERVING
3 THIS PUBLIC PURPOSE FOR THE BENEFIT OF THE GENERAL PUBLIC.]

4 * Sec. 9. AS 18.56.030(a) is repealed and reenacted to read:

5 (a) The corporation shall be governed by a board of directors consisting of

6 (1) the commissioner of revenue;

7 (2) the commissioner of community and regional affairs; and

8 (3) seven public members appointed by the governor, as follows:

9 (A) one member who represents the financial community or who is a
10 licensed real estate broker under AS 08.88.171(a);

11 (B) one member who represents the interests of regional housing
12 authorities;

13 (C) one member who represents special needs housing interests, including
14 low-income and senior housing;

15 (D) one member who is a representative of the residential energy efficient
16 homebuilding and weatherization interests in the state; and

17 (E) three public members, at least one of whom shall be a rural resident
18 of the state.

19 * Sec. 10. AS 18.56.030(c) is amended to read:

20 (c) The board members described in [(a)(2) AND] (a)(3) of this section serve two-year
21 terms.

22 * Sec. 11. AS 18.56.030 is amended by adding a new subsection to read:

23 (f) The governor shall appoint the members under (a)(3) of this section to give the board
24 of directors a reasonable geographic balance among regions of the state. The members of the
25 board appointed under (a)(3) of this section shall have recognized competence and wide
26 experience in housing, finance, or other business management-related fields.

27 * Sec. 12. AS 18.56.084 is amended to read:

28 Sec. 18.56.084. INTERNATIONAL BORROWING. For the purpose of obtaining access
29 to international capital markets to borrow money for the special mortgage loan purchase program
30 (AS 18.56.098), as an addition to the powers of the corporation under AS 18.56.090, the
31 corporation may (1) establish or cause to be established, subsidiary corporations incorporated in

1 the state or in another state, or under the laws of a foreign jurisdiction; (2) invest in corporations
2 established under this section; (3) issue bonds and borrow money for investments in corporations
3 established under this section; (4) borrow from corporations established under this section; (5)
4 guarantee the obligations of corporations established under this section; or (6) enter into
5 agreements with corporations established under this section or with other persons. In exercising
6 a power under this section, the corporation may not subject its assets to risk of loss through
7 foreign currency exchange. A guarantee under this section constitutes a bond of the corporation
8 as defined in AS 18.56.390 [AS 18.56.900].

9 * Sec. 13. AS 18.56.088(c) is amended to read:

10 (c) The board may adopt regulations to carry out the purposes of this chapter, and shall
11 adopt regulations necessary for the following purposes:

12 (1) determination of borrower eligibility including, but not limited to, income
13 limitations and the determination of remote, underdeveloped, or blighted areas of the state;

14 (2) loan guidelines and terms including but not limited to maximum loan amounts
15 and required loan-to-value ratios, but excluding mortgage loan interest rates;

16 (3) characteristics of housing eligible for loans or purchase of loans, including
17 compliance with the requirements of AS 18.56.300;

18 (4) the qualifications of loan originators and servicers and the method of
19 allocating amounts available for the purchase of loans: [AND]

20 (5) establishment of a procedure, including a fee schedule, for the commitment
21 for one year or less of money for the purchase of an individual mortgage loan at a specific
22 interest rate; and

23 (6) establishment of the program of housing assistance authorized by
24 AS 18.56.090(b) including program regulations that, at minimum,

25 (A) establish priorities and criteria for providing money and other
26 forms of authorized assistance in response to housing assistance proposals;

27 (B) define the forms of housing assistance authorized under
28 AS 18.56.090(b);

29 (C) set out procedures to evaluate housing assistance proposals;

30 (D) set out procedures to approve the award of housing assistance;

31 and

1 (E) prescribe methods of monitoring the use of money paid out under
2 AS 18.56.090(b) and the progress of activity under the approved housing assistance
3 program.

4 * Sec. 14. AS 18.56.089(a) is repealed and reenacted to read:

5 (a) The provisions of AS 37.07 (Executive Budget Act)

6 (1) apply to

7 (A) the operating budget of the corporation;

8 (B) amounts payable from corporate earnings or assets of the corporation
9 for grants or grant programs authorized by this chapter;

10 (C) interest rate subsidies and building subsidies as determined by the
11 corporation, except subsidies payable from the corporation's arbitrage earnings;

12 (2) do not apply to activities of the corporation under this chapter except as
13 provided in (1) of this subsection or as otherwise specifically provided in this chapter.

14 * Sec. 15. AS 18.56.090(16) is amended to read:

15 (16) make and execute [AGREEMENTS,] contracts [,] and other instruments
16 necessary or convenient in the exercise of the powers and functions of the corporation under this
17 chapter, including contracts with any person, firm, corporation, governmental agency, or other
18 entity;

19 * Sec. 16. AS 18.56.090 is amended by adding new subsections to read:

20 (b) The corporation may, subject to (c) of this section,

21 (1) reserve money to itself, or provide money for, or provide deferred loans,
22 interest rate subsidies, building subsidies, participation financing through housing partnerships,
23 and other forms of housing assistance as set out in regulations of the corporation to, another
24 governmental agency, a municipality, a regional housing authority, or a private nonprofit
25 organization, to pay for the design, construction, development, rehabilitation, or improvement of
26 housing for persons of low and moderate income, for housing in remote, undeveloped, or blighted
27 areas of the state, and for congregate and special needs housing;

28 (2) provide money for, and provide deferred loans, interest rate subsidies, building
29 subsidies, participation financing through housing partnerships, and other forms of housing
30 assistance as set out in regulations of the corporation to, corporations and project sponsors for
31 congregate and special needs housing; and

1 (3) receive money for a purpose described in (1) or (2) of this subsection.

2 (c) The corporation may not provide money or another form of housing assistance
3 authorized by (b) of this section unless the board of directors of the corporation identifies in the
4 corporation's proposed operating budget the money available to the corporation, including the
5 corporation's own assets, for the proposed housing assistance. The provisions of this subsection
6 apply to

7 (1) subsidies authorized by the home ownership assistance program under
8 AS 18.56.091;

9 (2) mortgage subsidies authorized by the graduated payment mortgage loan
10 program under AS 18.56.098(c);

11 (3) interest rate deductions authorized in the housing development fund under
12 AS 18.56.100(b)(1) and (l);

13 (4) money or another form of housing assistance payable from corporate earnings
14 or assets of the corporation, other than money appropriated to the corporation for the specific
15 purpose, for a program set out in AS 18.56.400 - 18.56.850.

16 * Sec. 17. AS 18.56.096(c) is amended to read:

17 (c) The corporation may not make, participate in the making of, purchase, or participate
18 in the purchase of a loan for a residential building if construction of the building began
19 [BEGINS] after December 31, 1991, unless the building complies with the thermal and lighting
20 energy standards required by AS 46.11.040. The corporation

21 (1) may adopt regulations to implement this subsection; and

22 (2) shall, by regulation, establish

23 (A) procedures by which the person responsible for the construction of the
24 building may demonstrate that the building complies with the thermal and lighting energy
25 standards, including

26 (i) self-certification, if the contractor responsible for the building
27 construction provides satisfactory evidence that the contractor has completed a
28 training program of the Alaska Craftsman Home Program or equivalent training
29 program and the training program is satisfactory to the corporation
30 [COMMISSIONER OF COMMUNITY AND REGIONAL AFFAIRS];

31 (ii) submission of the certificate of a registered architect, registered

1 engineer, or a building inspector, and the architect, engineer, or building inspector
2 has completed a training program of the Alaska Craftsman Home Program or
3 equivalent training program and the training program is satisfactory to the
4 corporation [COMMISSIONER OF COMMUNITY AND REGIONAL
5 AFFAIRS];

6 (iii) submission of the certificate of occupancy issued by the
7 municipality in which the building is located, if the certificate is issued by a
8 municipality in which the municipal building code meets or exceeds the thermal
9 and lighting energy standards, as determined by the corporation
10 [COMMISSIONER OF COMMUNITY AND REGIONAL AFFAIRS];

11 (iv) another method approved by the corporation
12 [COMMISSIONER OF COMMUNITY AND REGIONAL AFFAIRS] in
13 regulations adopted by the [COMMISSIONER AFTER CONSULTATION WITH
14 THE EXECUTIVE DIRECTOR OF THE] corporation; and

15 (B) criteria by which the energy conservation standards may be met; for
16 purposes of this subparagraph, the residential building complies with the energy standards
17 if the residence has received a rating under the rating system developed by Energy Rated
18 Homes of Alaska if, in the judgment of the corporation [COMMISSIONER OF
19 COMMUNITY AND REGIONAL AFFAIRS], the rating meets or exceeds the thermal
20 energy standards required by AS 46.11.040.

21 * Sec. 18. AS 18.56.100(b) is amended to read:

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

26 (1) to borrowers who are sponsors [INDIVIDUALS], nonprofit corporations, or
27 agencies of the state or a municipal government, for permanent loans to develop, build, repair,
28 remodel, or rehabilitate residential housing that is to be used and occupied as congregate housing;
29 or

30 (2) that are not federally insured or guaranteed for residential housing, if the
31 corporation determines that the loans are not otherwise available, wholly or in part, from private

1 lenders upon reasonably equivalent terms and conditions.

2 * Sec. 19. AS 18.56.200(d) is amended to read:

3 (d) The corporation shall include in its annual report under (b) of this section

4 (1) a summary of its efforts to implement a program to extend the operation of
5 the [LOAN] programs authorized under this chapter to rural communities;

6 (2) an evaluation of the corporation's ability to fulfill the objectives of
7 AS 18.56.010(b) - (e); and

8 (3) the amount of interest rate, building, and other subsidies for each
9 program of the corporation for which subsidies are given.

10 * Sec. 20. AS 18.56 is amended by adding a new section to read:

11 Sec. 18.56.220. DUTY TO ADVISE ABOUT CORPORATION'S PROGRAMS. The
12 corporation shall make a reasonable effort, through seminars, training sessions, and other forms
13 of technical assistance, to assist local governments, regional housing authorities, nonprofit
14 organizations, and other organizations and individuals to understand the corporation's housing
15 programs and the opportunities that exist to obtain financial assistance from the corporation.

16 * Sec. 21. AS 18.56.300(d) is amended to read:

17 (d) This section does not apply to a nonconforming housing loan made or purchased
18 by the corporation [UNDER AS 18.56.106].

19 * Sec. 22. AS 18.56 is amended by adding new sections to read:

20 Sec. 18.56.390. DEFINITIONS FOR AS 18.56.010 - 18.56.390. In AS 18.56.010 -
21 18.56.390, unless the context clearly indicates a different meaning,

22 (1) "adjustable rate mortgage loan" means a mortgage loan with respect to which
23 the interest rate varies or is expected to vary from time to time by reference to an index or
24 formula or other reference point;

25 (2) "bond" or "obligation" means a bond, bond anticipation note, or other note of
26 the corporation authorized to be issued by the corporation under this chapter, or a mortgage
27 participation certificate issued with respect to mortgages of the corporation;

28 (3) "construction loan" means a (3) construction loan for land development or
29 residential housing that is secured by a federally insured or guaranteed mortgage or that is
30 insured or guaranteed by the United States or an instrumentality of the United States, or for
31 which there is a commitment by the United States or an instrumentality of the United States to

1 insure or guarantee such a loan, or a construction loan for land development or residential
2 housing which land development or residential housing will be secured by a mortgage loan;

3 (4) "development costs" means the costs approved by the corporation as
4 appropriate expenditures that may be incurred by sponsors, builders, and developers of residential
5 housing, before commitment and initial advance of the proceeds of a construction loan or of a
6 mortgage loan, including but not limited to

7 (A) payments for options to purchase properties on the proposed
8 residential housing site, deposits on contracts of purchase, or, with prior approval of the
9 corporation, payments for the purchase of the properties;

10 (B) legal and organizational expenses, including payments of attorney fees,
11 project manager, clerical, and other staff salaries, office rent, and other incidental
12 expenses;

13 (C) payment of fees for preliminary feasibility studies and advances for
14 planning, engineering, and architectural work;

15 (D) expenses for tenant surveys and market analyses; and

16 (E) necessary application and other fees;

17 (5) "governmental agency" means any department, division, public agency,
18 political subdivision, or other public instrumentality of the state or the federal government;

19 (6) "housing development fund" means the housing development fund created by
20 AS 18.56.100;

21 (7) "land development" means the process of acquiring land primarily for
22 residential housing construction for persons of lower and moderate income and making, installing,
23 or constructing nonresidential housing improvements, including water, sewer, and other utilities,
24 roads, streets, curbs, gutters, sidewalks, storm drainage facilities, and other installations or works,
25 whether on or off the site, that the corporation considers necessary or desirable to prepare the
26 land primarily for residential housing construction;

27 (8) "mortgage" or "mortgage loan" means a mortgage loan for residential housing
28 insured or guaranteed by the United States or an instrumentality of the United States or for which
29 there is a commitment by the United States or an instrumentality of the United States to insure
30 or guarantee such a mortgage, or if not so insured or guaranteed or if there is no such
31 commitment, that is secured upon such terms and conditions as the corporation considers

1 necessary or practicable to insure all repayments;

2 (9) "persons of lower and moderate income" means a person or persons
3 considered by the corporation to require assistance available under this chapter on account of
4 insufficient or inadequate personal or family income or otherwise limited personal financial
5 resources, taking into consideration, without limitation, such factors as

6 (A) the amount of the total income of the persons available for housing
7 needs;

8 (B) the size of the family;

9 (C) the cost and condition of housing facilities available;

10 (D) standards established for various federal programs determining
11 eligibility based on income of the persons; and

12 (E) the ability of the persons to compete successfully in the normal
13 housing market and to pay the amounts at which private enterprise is providing decent,
14 safe, and sanitary housing;

15 (10) "remote, underdeveloped, or blighted areas" means areas considered by the
16 corporation to require assistance available under this chapter on account of insufficient
17 availability of the residential housing necessary to promote, develop, or maintain the economic
18 growth or potential of the area, taking into consideration, without limitation, the following:

19 (A) the population, resources, and environment of the area;

20 (B) the present availability and condition of residential housing in and near
21 the area;

22 (C) the cost of construction and rehabilitation of residential housing in the
23 area;

24 (D) the availability of other federal or state sponsored programs to
25 facilitate the development of residential housing in the area; and

26 (E) the ability of residents of the area to finance the purchase of
27 residential housing or to rent or lease residential housing at rates comparable to those in
28 effect in other areas of the state;

29 (11) "residential building" or "residential housing"

30 (A) means a specific work or improvement undertaken primarily to
31 provide dwelling accommodations without limitation as to form of lawful occupancy,

1 **whether rental, under contract, fee ownership, cooperative housing, condominium, mobile**
2 **home, or other lawful form of ownership;**

3 **(B) includes**

4 **(i) special needs housing; and**

5 **(ii) the acquisition, construction, or rehabilitation of land,**
6 **buildings, and improvements to them, and other nonhousing facilities as may be**
7 **incidental or appurtenant to the land or buildings;**

8 **(12) "special needs housing"**

9 **(A) means residential housing designed to meet the needs of persons with**
10 **specific and special housing needs, including supportive services;**

11 **(B) includes**

12 **(i) housing for the elderly and individuals with a disability or**
13 **mental illness;**

14 **(ii) emergency shelter for the homeless; and**

15 **(iii) transitional housing;**

16 **(13) "sponsors" means individuals, public and private corporations, associations,**
17 **partnerships or other entities, whether or not operated for profit; and consumer housing**
18 **cooperatives, associations, partnerships, or other entities organized under law for the primary**
19 **purpose of providing housing to individuals and families of lower and moderate income; it**
20 **includes organizations engaged in the production, origination, and development of residential**
21 **housing units intended to qualify for financial assistance under 42 U.S.C. 1437f (sec. 8, Housing**
22 **Act of 1937), as amended.**

23 **ARTICLE 2. HOUSING ASSISTANCE.**

24 **Sec. 18.56.400. POWERS OF CORPORATION RELATED TO HOUSING**
25 **ASSISTANCE. The board may**

26 **(1) adopt regulations in accordance with AS 18.56.088 to implement**
27 **AS 18.56.400 - 18.56.600;**

28 **(2) make and execute agreements, contracts, and other instruments necessary or**
29 **convenient in the exercise of the powers and functions granted under AS 18.56.400 - 18.56.600;**

30 **(3) purchase or participate in the purchase of small community housing mortgage**
31 **loans under AS 18.56.400 - 18.56.600;**

1 (4) purchase or participate in the purchase of loans for building materials for
2 small community housing under AS 18.56.400 - 18.56.600;

3 (5) procure insurance against loss in connection with the corporation's functions
4 under AS 18.56.400 - 18.56.600;

5 (6) acquire real or personal property, or an interest in real or personal property,
6 by purchase, transfer, or foreclosure, when the acquisition is necessary or appropriate to protect
7 a loan in which the corporation has an interest; sell, transfer and convey that property to a buyer;
8 and, if the sale, transfer or conveyance cannot be effected with reasonable promptness or at a
9 reasonable price, rent or lease the property to a tenant pending the sale, transfer or conveyance;

10 (7) do all acts necessary, convenient or desirable to carry out the powers expressly
11 granted or necessarily implied in AS 18.56.400 - 18.56.600;

12 (8) originate and service direct loans made to qualified buyers under
13 AS 18.56.400 - 18.56.600.

14 Sec. 18.56.410. ALASKA ENERGY EFFICIENT HOME GRANT FUND. (a) There
15 is established in the corporation the Alaska energy efficient home grant fund consisting of money
16 appropriated to it by the legislature and deposited in it by the corporation. The corporation shall
17 administer the Alaska energy efficient home grant fund under the provisions of this section.

18 (b) Subject to appropriation, the corporation may grant funds from the Alaska energy
19 efficient home grant fund to agencies of the state or federal government, individuals, or
20 businesses that retrofit existing single family dwellings or build new single family dwellings that
21 meet criteria adopted by the corporation.

22 (c) The corporation shall adopt guidelines and procedures for the fund after consultation
23 with the board of directors of the Alaska Craftsman Home Program.

24 Sec. 18.56.420. HOUSING ASSISTANCE LOAN FUND. (a) There is created in the
25 corporation, as a revolving loan fund, the housing assistance loan fund consisting of money
26 appropriated to it by the legislature and deposited in it by the corporation, and repayments of
27 principal and interest on loans made or purchased from the assets of the fund. The corporation
28 shall

29 (1) adopt regulations to administer the housing assistance loan fund under
30 AS 18.56.400 - 18.56.600; and

31 (2) subject to appropriation, provide money for a rural assistance loan program

1 to originate, purchase, or participate in the purchase of

2 (A) small community housing mortgage loans;

3 (B) loans made for building materials for small community housing;

4 (C) loans made for renovations or improvements to small community
5 housing;

6 (D) loans made for the construction of owner-occupied small community
7 housing other than loans to builders or contractors or loans that compensate an owner for
8 the owner's labor or services in constructing the owner's own housing.

9 (b) Money in the fund may be used by the legislature to make appropriations for costs
10 of administering the housing assistance program.

11 Sec. 18.56.430. HOME OWNERSHIP ASSISTANCE FUND. (a) There is created in
12 the corporation the home ownership assistance fund consisting of money appropriated to it by
13 the legislature and deposited in it by the corporation. Money in the fund shall be used solely to
14 assist persons of lower and moderate income to purchase or construct single-family homes
15 financed under AS 18.56.400 - 18.56.600 by providing a subsidy to those persons.

16 (b) The subsidy provided by this section may not exceed the amount that is necessary
17 to reduce the annual interest rate paid on the mortgage loan to six percent.

18 (c) A mortgage loan that is subsidized from the home ownership assistance fund may not
19 exceed \$120,000.

20 (d) The corporation shall adopt regulations that establish maximum income-to-loan
21 payment ratios for persons who apply for a subsidy under this section.

22 (e) In this section, "persons of lower and moderate income" means individuals considered
23 by the corporation to require assistance under this section because of inadequate income or other
24 limited personal financial resources, taking into consideration

25 (1) the amount of total income available for housing needs;

26 (2) the size of the family;

27 (3) the cost and condition of available housing;

28 (4) standards established in various federal programs for determining eligibility
29 based on income;

30 (5) the ability to enter the private housing market and to pay market amounts for
31 decent, safe, and sanitary housing; and

1 (6) other factors considered relevant by the corporation.

2 Sec. 18.56.440. LIMITATIONS ON USE OF HOUSING ASSISTANCE LOAN FUND.

3 The corporation may not use the money in the housing assistance loan fund to

4 (1) originate a direct loan or purchase or participate in the purchase of a small
5 community housing mortgage loan that exceeds the limitations on mortgage loans purchased by
6 the Federal National Mortgage Association as to principal amount or loan-to-value ratio;

7 (2) originate a direct loan or purchase or participate in the purchase of a loan
8 made for building materials for small community housing

9 (A) that exceeds \$45,000 or exceeds

10 (i) 80 percent of the appraised value of the work completed on the
11 small community housing for which the loan is made if the small community
12 housing is pledged as collateral for the loan; or

13 (ii) 90 percent of the value of other property that is pledged as
14 security for the loan and that is satisfactory to the corporation as collateral;

15 (B) unless the terms of the loan agreement require inspections and
16 certifications, as required by regulations of the corporation, at the expense of the
17 borrower; and

18 (C) unless the period of time allowed for repayment of the loan is equal
19 to or less than 15 years;

20 (3) originate direct loans or purchase or participate in the purchase of a small
21 community housing mortgage loan that is secured by real property the marketable title to which
22 is shown under AS 18.56.480(b)(2) if the total amount of outstanding small community housing
23 mortgage loans held by the corporation exceeds 10 times the amount of money in the restricted
24 title loss reserve account established by AS 18.56.490;

25 (4) originate a direct loan for small community housing or purchase or participate
26 in the purchase of a small community housing mortgage loan, other than a loan for the repair,
27 remodeling, rehabilitation, or expansion of an existing owner-occupied residence, if the borrower
28 has an outstanding housing loan made under a state loan program, other than a loan for
29 nonowner-occupied housing under AS 18.56.580 or under former AS 44.47.520, that bears
30 interest at a rate that was less than the prevailing market interest rate for similar housing loans
31 at the time the loan was made;

1 (5) originate a direct mortgage loan or purchase or participate in the purchase of
2 a mortgage loan for rental housing unless the borrower agrees not to discriminate against tenants
3 or prospective tenants because of sex, marital status, changes in marital status, pregnancy,
4 parenthood, race, religion, color, national origin, or status as a student;

5 (6) originate, purchase, or participate in a loan to a person who has a past due
6 child support obligation established by court order or by the child support enforcement division
7 under AS 25.27.160 - 25.27.220 at the time of application.

8 Sec. 18.56.450. OPERATING LOSS RESERVE ACCOUNT. (a) There is established
9 an operating loss reserve account for the purpose of meeting legal expenses incurred through the
10 foreclosure of properties acquired by the corporation under AS 18.56.400(6) and making repairs
11 to these properties so that they may be sold to new buyers.

12 (b) The operating reserve loss account consists of money appropriated to it by the
13 legislature and deposited in it by the corporation. To the extent that money is paid out of the
14 operating loss reserve account for the purposes stated in this section, this money shall be replaced
15 with money received as interest on loans authorized by AS 18.56.400 - 18.56.600.

16 Sec. 18.56.460. SECURITY FOR LOANS. (a) The corporation shall adopt regulations
17 in accordance with AS 18.56.088 establishing acceptable security for loans originated or
18 purchased in whole or in part under AS 18.56.420.

19 (b) A person may pledge as security for the repayment of a loan originated or purchased
20 in whole or in part under AS 18.56.420 a preference right that person holds to receive title to
21 land the person occupies as a primary place of residence, primary place of business, subsistence
22 campsite, or as headquarters for reindeer husbandry. The preference right must be conveyed to
23 the person by the Native corporation to which the land was granted under 43 U.S.C. 1613
24 (Alaska Native Claims Settlement Act) before it may be pledged as security under this
25 subsection. The corporation shall prescribe procedures and standard forms for establishing,
26 pledging, and appraising the value of a preference right held by a person to secure the repayment
27 of a loan originated or purchased in whole or in part under AS 18.56.420.

28 Sec. 18.56.470. INTEREST ON LOANS. (a) The interest rate on a mortgage loan
29 originated or purchased in whole or in part under AS 18.56.420 for small community housing
30 is one percent less than the interest rate, as determined under AS 18.56.098(g)(1) - (4), on a
31 mortgage loan purchased under AS 18.56.098(a) from the proceeds of the most recent applicable

1 issue of taxable bonds before the origination or purchase of the mortgage loan originated or
2 purchased under AS 18.56.420.

3 (b) Notwithstanding the requirements of (a) of this section, if there has not been an
4 applicable issue of taxable bonds issued within six months before the origination or purchase of
5 a loan under this section, the corporation may estimate the interest rate that an issue of taxable
6 bonds would bear.

7 Sec. 18.56.480. TITLE. (a) Before the corporation originates or purchases a small
8 community housing mortgage loan in whole or in part, the corporation may require a borrower
9 to show marketable title to real property offered as security for the loan to be purchased.

10 (b) A borrower may show marketable title to real property for the purposes of (a) of this
11 section

12 (1) by purchasing title insurance from a title insurance company authorized to do
13 business in the state; or

14 (2) by delivering to the corporation a copy of a letter of intent signed by an
15 authorized representative of the United States Department of the Interior that shows the transfer
16 of title to the property from the United States government to the borrower if

17 (A) the borrower is an Alaska Native; and

18 (B) title to the property was originally transferred from the United States
19 government, directly or indirectly, to the borrower under federal law.

20 (c) For the purposes of this section, a deed which federal law prohibits or limits the
21 power to transfer or encumber and which would otherwise constitute marketable title to real
22 property is considered marketable title to real property if the United States Bureau of Indian
23 Affairs or another appropriate federal agency waives immunity under the federal law from
24 foreclosure or other alienation of the real property.

25 Sec. 18.56.490. RESTRICTED TITLE LOSS RESERVE ACCOUNT. (a) There is
26 established in the corporation the restricted title loss reserve account. The restricted title loss
27 reserve account consists of money appropriated to it by the legislature and deposited to it by the
28 corporation, and shall be administered by the corporation.

29 (b) The corporation may withdraw money from the restricted title loss reserve account
30 in an amount equal to the loss to the corporation on a small community housing mortgage loan
31 originated or purchased in whole or in part by the corporation if marketable title to the real

1 property used to secure the loan was shown under AS 18.56.480(b)(2). Money withdrawn from
2 the restricted title loss reserve account under this section shall be deposited in the housing
3 assistance loan fund.

4 Sec. 18.56.500. FIRE INSURANCE. Before purchasing or participating in the purchase
5 of a small community housing mortgage loan, the corporation may require the borrower to agree
6 to purchase and maintain fire insurance for the real property for which the loan is made in an
7 amount not less than the outstanding principal balance of the loan.

8 Sec. 18.56.510. LOAN ORIGINATION AND SERVICING. (a) Before purchasing or
9 participating in the purchase of a small community housing mortgage loan, the corporation shall
10 enter into a loan servicing agreement with the private financial institution from which the loan
11 is to be purchased.

12 (b) The corporation may execute service agreements with private lending institutions or
13 with regional native housing authorities established under AS 18.55.996 to service loans
14 originated by the corporation or loans originated under AS 18.55.997.

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

20 Sec. 18.56.520. APPRAISALS. Before originating or purchasing or participating in the
21 purchase of a small community housing mortgage loan, the corporation may have or may require
22 the borrower to have an appraisal made of the fair market value of the real property, including
23 structures on the real property, for which the loan is made. In conducting an appraisal under this
24 section, the appraiser shall give full value to insulation and other features of construction in
25 structures on the real property that add to the energy efficiency of the structures.

26 Sec. 18.56.530. ENERGY AUDIT EXEMPTION. In making loans under AS 18.56.400 -
27 18.56.600, the corporation is exempt from the requirements of AS 46.11.050(b).

28 Sec. 18.56.540. TOLL-FREE TELEPHONE NUMBER. For the purposes of
29 administration of AS 18.56.400 - 18.56.600, the corporation shall arrange for and maintain a
30 toll-free telephone number for the corporation so that private financial institutions and their
31 borrowers may contact the corporation from any location in the state by telephone without a toll

1 charge.

2 **Sec. 18.56.550. FIELD OFFICES; CONTRACT SERVICES; ASSISTANCE TO**
3 **OTHERS.** (a) The corporation may establish field offices under AS 18.56.400 - 18.56.600, may
4 hire one or more lending officers, and may contract for the services of

5 (1) real property appraisers who are familiar with housing and construction in
6 small communities; and

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

9 (b) The personnel described in (a) of this section may make visits to the regions
10 established under AS 18.56.570(a) to provide preconstruction and post-construction inspections
11 of real property for which loans are originated or purchased by the corporation in whole or in
12 part under AS 18.56.420 and to provide assistance to private financial institutions and their
13 borrowers in the regions. Authority for final approval of loans may not be exercised by the
14 personnel described in this section.

15 **Sec. 18.56.560. DEMONSTRATION PROJECTS AND INFORMATION.** The
16 corporation may enter into agreements with public and private agencies to provide demonstration
17 projects and information concerning housing construction in each of the regions established under
18 AS 18.56.570(a).

19 **Sec. 18.56.570. REGIONAL ALLOCATION.** (a) The corporation, by regulations
20 adopted in accordance with AS 18.56.088, shall establish and may amend the boundaries of
21 reasonably compact and contiguous regions in the state.

22 (b) Unless otherwise required by an appropriation, the corporation shall allocate the
23 money in the housing assistance loan fund among the regions established under (a) of this section
24 for the purpose of originating or purchasing each type of loan described in AS 18.56.420. In
25 making an allocation under this subsection, the corporation shall consider the past and potential
26 lending activity of private financial institutions in the region as well as the need for loans in the
27 region. The corporation may reallocate the money among the regions as the corporation
28 considers necessary.

29 **Sec. 18.56.580. LOANS FOR NONOWNER OCCUPIED HOUSING.** (a) In addition
30 to the powers authorized by AS 18.56.400, the corporation may adopt regulations under
31 AS 18.56.088 allowing the use of money in the housing assistance loan fund to make loans for

1 the purchase or development of nonowner occupied housing in small communities.

2 (b) The rate of interest on a loan authorized by this section may not exceed 10-1/2
3 percent a year.

4 (c) The principal amount of loans made for nonowner occupied housing under this
5 section may not exceed 20 percent of the total principal amount of loans made for small
6 community housing under AS 18.56.400 - 18.56.600.

7 (d) In this section

8 (1) "development" means the construction of a new residence or the repair,
9 remodeling, rehabilitation, or expansion of an existing residence;

10 (2) "nonowner occupied housing" means a single-family residence or a
11 multi-family residence having up to eight dwelling units and that is not occupied by the owner;
12 the corporation may modify this definition if it determines that there is a special need for
13 nonowner occupied housing and that a change in the definition is necessary to enable the
14 corporation to meet that need.

15 Sec. 18.56.590. ANNUAL REPORT. To further ensure effective budgetary decision
16 making by the legislature, the corporation shall present a complete accounting of the housing
17 assistance revolving fund to the legislature each year by January 10. The accounting must consist
18 of an audit by an independent outside auditor for that year. The accounting must include a full
19 description of all mortgage loan interest and principal repayments and program receipts for
20 purposes of programs under AS 18.56.400 - 18.56.600, including mortgage loan commitment
21 fees, received by or accrued to the corporation during the preceding fiscal year, and all income
22 earned on assets held by the corporation for purposes of programs under AS 18.56.400 -
23 18.56.600 during that period.

24 Sec. 18.56.600. DEFINITIONS. In AS 18.56.400 - 18.56.600,

25 (1) "housing" means owner-occupied, single-family housing and owner-occupied
26 duplexes in which not more than 25 percent of the gross floor area is or will be devoted to
27 commercial use;

28 (2) "small community" means a community with a population of 5,500 or less
29 that is not connected by road or rail to Anchorage or Fairbanks, or with a population of 1,400
30 or less that is connected by road or rail to Anchorage or Fairbanks; in this paragraph, "connected
31 by road" does not include a connection by the Alaska marine highway system.

1 **ARTICLE 3. LOW COST AND LOW INCOME MULTIPLE FAMILY**
2 **HOUSING DEVELOPMENT FUND.**

3 **Sec. 18.56.650. LOW COST AND LOW INCOME MULTIPLE FAMILY HOUSING**
4 **DEVELOPMENT. (a)** There is created in the corporation a low cost and low income multiple
5 family housing development fund. Subject to appropriation the corporation shall make grants to
6 municipalities or public or private nonprofit corporations designated as tax exempt under 26
7 U.S.C. 501(c)(3) and (4) (Internal Revenue Code of 1954) for the purpose of developing low
8 cost, low income multiple family housing.

9 (b) Application for a grant under (a) of this section shall be in the form prescribed by
10 the corporation. The application

11 (1) shall demonstrate the need for low cost, low income multiple family housing
12 in the area to be served, the feasibility of the proposed project; and

13 (2) must include an adequate management plan that shall demonstrate the ability
14 of the eligible recipient to sustain the proposed project.

15 (c) A low cost and low income multiple family housing project developed under this
16 section

17 (1) shall be prepared in accordance with facility procurement policies developed
18 by the Department of Transportation and Public Facilities under AS 35.10.160 - 35.10.200; and

19 (2) is a public facility under AS 35.10.160 - 35.10.200.

20 (d) The corporation shall adopt regulations under AS 18.56.088 to carry out the purposes
21 of this section.

22 (e) In this section, "low cost and low income multiple family housing"

23 (1) means a specific work or improvement undertaken primarily to provide
24 multiple family dwelling accommodations for low income persons;

25 (2) includes the acquisition, construction, or rehabilitation of land, buildings,
26 improvements, and other nonhousing facilities that are incidental or appurtenant to the housing.

27 **ARTICLE 4. SENIOR HOUSING OFFICE.**

28 **Sec. 18.56.700. SENIOR HOUSING OFFICE. (a)** There is established in the
29 corporation a senior housing office. The office shall promote a comprehensive response to the
30 needs of senior citizens for adequate, accessible, secure, and affordable housing in the state. In
31 order to fulfill this purpose, the office may

- 1 (1) study the needs of senior citizens in the state for housing to meet their needs;
2 (2) seek financial assistance from appropriate sources for the development of
3 housing alternatives for senior citizens;
4 (3) administer the senior housing loan program established under AS 18.56.700 -
5 18.56.799;
6 (4) cooperate and coordinate with other public and private agencies to respond
7 to the housing needs of senior citizens;
8 (5) offer public education programs to increase the awareness of alternatives to
9 large residential facilities for senior citizens;
10 (6) provide information to senior citizens to help them understand their financial
11 alternatives related to homes they might already own and to help them coordinate with other
12 senior citizens in finding housing alternatives, including information and coordination on home
13 equity conversion and home sharing; and
14 (7) disseminate information to construction contractors to educate them about
15 remodeling projects that would meet the needs of many senior citizens for accessible and secure
16 housing.

17 (b) In order to avoid duplication of efforts and to benefit from the commission's
18 expertise, the office shall consult with the Older Alaskans Commission in the performance of the
19 office's duties under AS 18.56.700 - 18.56.799 so that the housing needs of senior citizens can
20 be met most efficiently and effectively.

21 Sec. 18.56.710. SENIOR HOUSING REVOLVING FUND. (a) The senior housing
22 revolving fund is established. The revolving fund consists of appropriations made to it by the
23 legislature, the proceeds of bonds sold under AS 18.56.790 as they are deposited into it by the
24 corporation for specific projects, and money or other assets transferred to the revolving fund by
25 the corporation. The corporation may pledge amounts deposited in the revolving fund for bonds
26 issued under AS 18.56.790 and used by the corporation for making, purchasing, or participating
27 in

- 28 (1) senior housing mortgage loans;
29 (2) loans made for building materials for senior housing;
30 (3) loans made for renovation or improvement of or for senior housing, including
31 loans for renovation or improvement of congregate or individual residences; and

1 (4) loans made for the construction of senior housing.

2 (b) For each loan proposed to be made under AS 18.56.700 - 18.56.799, the corporation
3 shall determine the financial feasibility of the project for which the loan would be used and the
4 extent to which the project would meet senior housing needs in the area for which it is proposed.

5 Sec. 18.56.720. INTEREST RATE. The interest rate on loans made under
6 AS 18.56.700 - 18.56.799 that are funded by a bond issue under AS 18.56.790 is equal to the
7 cost of funds of that bond issue plus

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

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

10 Sec. 18.56.730. CONDITIONS ON LOANS. (a) The corporation shall adopt regulations
11 under AS 18.56.088(a) and (b) establishing acceptable security for loans originated or purchased
12 in whole or in part under AS 18.56.700 - 18.56.799.

13 (b) The corporation

14 (1) may condition a loan under AS 18.56.700 - 18.56.799 on an agreement by the
15 borrower to maintain the financed project as senior housing for a time period specified by the
16 corporation; and

17 (2) shall establish by regulation the criteria it will use for specifying time periods
18 under (1) of this subsection and for determining under what circumstances the time periods can
19 be decreased after the loan is made.

20 Sec. 18.56.740. FIRE INSURANCE. Before purchasing or participating in the purchase
21 of a senior housing mortgage loan, the corporation shall require the borrower to agree to purchase
22 and maintain fire insurance for the real property for which the loan is made in an amount not less
23 than the outstanding principal balance of the loan.

24 Sec. 18.56.750. LOAN ORIGATION AND SERVICING. (a) Before purchasing or
25 participating in the purchase of a senior housing loan, the corporation shall enter into a loan
26 servicing agreement with the private financial institution from which the loan is to be purchased.

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

30 (c) Under the servicing agreement, the private financial institution or the regional native
31 housing authority shall administer the loan and may charge the corporation a negotiated

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

4 Sec. 18.56.760. APPRAISALS. Before originating or purchasing or participating in the
5 purchase of a senior housing mortgage loan, the corporation may have or may require the
6 borrower to have an appraisal made of the fair market value of the real property, including
7 structures on the real property, for which the loan is made. In conducting an appraisal under this
8 section, the appraiser shall give full value to insulation and other features of construction in
9 structures on the real property that add to the energy efficiency of the structures.

10 Sec. 18.56.770. TOLL-FREE TELEPHONE NUMBER. The corporation shall arrange
11 for and maintain a toll-free telephone number for senior housing purposes so that private financial
12 institutions and their borrowers may contact the office from any location in the state by telephone
13 without a toll charge.

14 Sec. 18.56.780. CONTRACTING FOR SERVICES. The corporation may contract for
15 the services of persons who will assist the office in performing its duties under AS 18.56.700 -
16 18.56.799.

17 Sec. 18.56.790. BONDS FOR SENIOR HOUSING. (a) Under the procedures of this
18 chapter, the corporation may issue bonds in a total amount not exceeding \$30,000,000 to fund
19 senior housing loans made under AS 18.56.700 - 18.56.799 that are approved by the corporation
20 under (b) of this section.

21 (b) Before issuing its bonds under this section, the corporation shall compile a list of
22 approved senior housing projects that it has determined are financially feasible and meet housing
23 needs for senior citizens as required under AS 18.56.710(b).

24 (c) The proceeds of bonds issued under this section for approved projects shall be
25 deposited in the senior housing revolving fund administered by the senior housing office under
26 AS 18.56.700 - 18.56.799 on a schedule determined by the corporation.

27 (d) There is established in the corporation a senior housing bond account. The account
28 consists of proceeds of bonds issued under this section, money appropriated to the account,
29 repayments of principal the corporation collects for a loan made under AS 18.56.700 - 18.56.799
30 that was funded by bonds issued under this section, and the corporation's right, title, and interest
31 in property financed through a loan made under AS 18.56.700 - 18.56.799 that was funded by

1 bonds issued under this section. The corporation may pledge assets in the account and in the
2 senior housing revolving fund for the payment of bonds issued under this section and may use
3 money in the account for payment of the bonds.

4 (e) In this section, "bond" has the meaning given in AS 18.56.390.

5 Sec. 18.56.799. DEFINITIONS. In AS 18.56.700 - 18.56.799,

6 (1) "office" means the senior housing office established under AS 18.56.700;

7 (2) "senior housing"

8 (A) means construction or improvement undertaken primarily to provide
9 dwelling accommodations for persons 60 years of age or older, including conventional
10 housing, housing for frail elderly, group homes, congregate housing, residential horizontal
11 property regimes organized under AS 34.07, residential cooperatives organized under
12 AS 10.15 or AS 34.08, residential condominiums organized under AS 34.08, and other
13 housing that meets special needs of the elderly;

14 (B) includes acquisition, construction, or rehabilitation of land, buildings,
15 improvements, and other nonhousing facilities that are incidental or appurtenant to the
16 housing described in (A) of this paragraph.

17 ARTICLE 5. SENIOR CITIZENS HOUSING DEVELOPMENT FUND.

18 Sec. 18.56.800. DECLARATION OF PURPOSE. There exists in the state a serious
19 shortage of decent, safe and sanitary residential housing available at low or moderate prices or
20 rentals to persons 60 years of age or older. There also exists in the state organizations whose
21 purposes are to provide the kinds of housing needed to alleviate this shortage. Development
22 work to provide such housing involves substantial expense that is often beyond the resources of
23 the organizations.

24 Sec. 18.56.810. SENIOR CITIZENS HOUSING DEVELOPMENT. (a) There is created
25 in the corporation a senior citizens housing development fund. Subject to direct appropriation
26 or through proceeds of a bond issue, the corporation shall make grants to municipalities or public
27 or private nonprofit corporations designated as tax exempt under 26 U.S.C. 501(c)(3) and (4)
28 (Internal Revenue Code of 1954) for the purpose of developing senior citizen housing. A grant
29 from the proceeds of a bond issue may be made only to municipalities.

30 (b) Application for a grant under (a) of this section shall be in the form prescribed by
31 the corporation. The application

1 (1) shall demonstrate the need for senior citizen housing in the area to be served
2 and the feasibility of the proposed project; and

3 (2) must include an adequate management plan that shall demonstrate the ability
4 of the eligible recipient to sustain the proposed project.

5 (c) A senior citizen housing project developed under this section

6 (1) shall be prepared in accordance with facility procurement policies developed
7 by the Department of Transportation and Public Facilities under AS 35.10.160 - 35.10.200; and

8 (2) is a public facility under AS 35.10.160 - 35.10.200.

9 (d) The corporation shall adopt regulations to carry out the purposes of this section. The
10 provisions of AS 18.56.088(a) and (b) apply to regulations adopted under this section.

11 (e) In this section, "senior citizen housing" has the meaning given "senior housing" in
12 AS 18.56.799.

13 ARTICLE 6. ENERGY CONSERVATION.

14 Sec. 18.56.850. HOME ENERGY CONSERVATION AND WEATHERIZATION
15 PROGRAM. (a) The corporation shall plan, study, implement, and assist programs for home
16 energy conservation and weatherization including, without limitation, the

17 (1) Alaska craftsman home program;

18 (2) energy rated homes of Alaska program;

19 (3) home energy loan program;

20 (4) rural capital retrofit program; and

21 (5) low income weatherization program.

22 (b) In the development of a home energy conservation or weatherization program under
23 (a) of this section, the corporation may not consider the value of Alaska longevity bonus
24 payments under AS 47.45 or permanent fund dividends under AS 43.23 in determining whether
25 a person meets income guidelines established under AS 18.56.088 and (a) of this section for a
26 state or, to the extent permitted by federal law, a federal energy conservation or weatherization
27 program.

28 * Sec. 23. AS 18.56.900 is repealed and reenacted to read:

29 Sec. 18.56.900. DEFINITIONS. In this chapter,

30 (1) "board" means the board of directors of the corporation;

31 (2) "corporation" means the Alaska Housing Finance Corporation created by this

1 chapter.

2 * Sec. 24. AS 34.60.135 is amended to read:

3 Sec. 34.60.135. PLANNING LOANS FOR ADDITIONAL HOUSING. In addition to
4 the other programs authorized by this chapter, the Alaska Housing Finance Corporation [A
5 STATE AGENCY] may make loans in order to encourage and facilitate the construction or
6 rehabilitation of housing to meet the needs of displaced persons. These loans are a part of the
7 federally assisted project cost and may be made to nonprofit, limited dividend, or cooperative
8 organizations, or to public bodies. The loans may be made only for necessary and reasonable
9 expenses, before construction, for planning and obtaining federally insured mortgage financing
10 for the rehabilitation or construction of housing for displaced persons. The loans may not exceed
11 80 percent of the reasonable costs expected to be incurred in planning, and in obtaining financing
12 for housing for displaced persons. Reasonable costs include but are not limited to costs for
13 preliminary surveys and analysis of market needs, preliminary architectural fees, site acquisition,
14 application and mortgage commitment fees, and construction loan fees and discounts. Loans to
15 an organization established for profit shall bear interest at a market rate established by the Alaska
16 Housing Finance Corporation [STATE AGENCY]. All other loans shall be without interest.
17 The Alaska Housing Finance Corporation [STATE AGENCY] shall require repayment of loans
18 made under this section [,] under terms and conditions that it may prescribe [ESTABLISHED
19 BY THE STATE AGENCY]. Repayment shall be made upon completion of the project or
20 sooner, and except in the case of a loan to an organization established for profit, the Alaska
21 Housing Finance Corporation [STATE AGENCY] may cancel any part or all of a loan if the
22 corporation determines [FOLLOWING A DETERMINATION BY THE STATE AGENCY] that
23 a permanent loan to finance the rehabilitation or construction of the housing cannot be obtained
24 in an amount adequate for repayment of the loan.

25 * Sec. 25. AS 34.60.137 is amended to read:

26 Sec. 34.60.137. HOUSING REPLACEMENT ASSISTANCE AS LAST RESORT. If a
27 federal aided program or project cannot proceed to actual construction because comparable
28 replacement sale or rental housing is not available, and the state agency determines that housing
29 cannot otherwise be made available, the agency may take, or may request the Alaska Housing
30 Finance Corporation to take, action necessary or appropriate to provide the housing either by
31 use of funds authorized for the project or by use of money available to the corporation.

1 * Sec. 26. AS 44.21.230(a)(9) is amended to read:

2 (9) give assistance, on request, to the senior housing office in the Alaska Housing
3 Finance Corporation [DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS] in
4 administration of the senior housing loan program under AS 18.56.710 - 18.56.799
5 [AS 44.47.587 - 44.47.609] and in the performance of the office's other duties under
6 AS 18.56.700 [AS 44.47.585]; and

7 * Sec. 27. AS 44.21.240(6) is amended to read:

8 (6) "senior citizen housing" has the meaning given "senior housing" in
9 AS 18.56.799 [AS 44.47.620(e)].

10 * Sec. 28. AS 44.47.370 is amended to read:

11 Sec. 44.47.370. POWERS OF COMMISSIONER. The commissioner may

12 (1) adopt regulations in accordance with the Administrative Procedure Act
13 (AS 44.62) to implement AS 44.47.370 - 44.47.560;

14 (2) make and execute agreements, contracts, and other instruments necessary or
15 convenient in the exercise of the commissioner's powers and functions under AS 44.47.370 -
16 44.47.560;

17 (3) purchase or participate in the purchase of small community
18 [NONCONFORMING AND RURAL] housing mortgage loans under [IN ACCORDANCE
19 WITH] AS 44.47.370 - 44.47.560;

20 (4) purchase or participate in the purchase of loans for building materials for
21 small community [NONCONFORMING AND RURAL] housing under [IN ACCORDANCE
22 WITH] AS 44.47.370 - 44.47.560;

23 (5) procure insurance against loss in connection with the director's functions
24 under AS 44.47.370 - 44.47.560;

25 (6) acquire real or personal property, or an interest in real or personal property,
26 by purchase, transfer, or foreclosure, when the acquisition is necessary or appropriate to protect
27 a loan in which the department has an interest; sell, transfer, and convey that property to a buyer;
28 and, if the sale, transfer, or conveyance cannot be effected with reasonable promptness or at a
29 reasonable price, rent or lease the property to a tenant pending the sale, transfer, or conveyance;

30 (7) do all acts necessary, convenient or desirable to carry out the powers expressly
31 granted or necessarily implied in AS 44.47.370 - 44.47.560;

1 (8) originate and service direct loans made to qualified buyers under [IN
2 ACCORDANCE WITH] AS 44.47.370 - 44.47.560.

3 * Sec. 29. AS 44.47.380(a) is amended to read:

4 (a) There is created in the department, as a revolving loan fund, the housing assistance
5 loan fund consisting of money appropriated to it by the legislature and repayments of principal
6 and interest on loans made or purchased from the assets of the fund. The commissioner shall
7 administer the housing assistance loan fund under [IN ACCORDANCE WITH] AS 44.47.370 -
8 44.47.560 and shall use the money in the housing assistance loan fund to originate, purchase, or
9 participate in the purchase of

10 (1) small community [NONCONFORMING AND RURAL] housing mortgage
11 loans;

12 (2) loans made for building materials for small community [NONCONFORMING
13 AND RURAL] housing;

14 (3) loans made for renovations or improvements to small community
15 [NONCONFORMING AND RURAL] housing;

16 (4) loans made for the construction of owner-occupied small community
17 [NONCONFORMING AND RURAL] housing other than loans to builders or contractors or loans
18 that compensate an owner for the owner's labor or services in constructing the owner's own
19 housing.

20 * Sec. 30. AS 44.47.390 is amended to read:

21 Sec. 44.47.390. LIMITATIONS ON USE OF HOUSING ASSISTANCE LOAN FUND.

22 The commissioner may not use the money in the housing assistance loan fund to

23 (1) originate a direct loan or purchase or participate in the purchase of a small
24 community [NONCONFORMING OR RURAL] housing mortgage loan that exceeds the
25 limitations on mortgage loans purchased by the Federal National Mortgage Association as to
26 principal amount or loan-to-value ratio;

27 (2) originate a direct loan or purchase or participate in the purchase of a loan
28 made for building materials for small community [NONCONFORMING OR RURAL] housing

29 (A) that exceeds \$45,000 or exceeds

30 (i) 80 percent of the appraised value of the work completed on the
31 small community [NONCONFORMING OR RURAL] housing for which the loan

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31

is made if the small community [NONCONFORMING OR RURAL] housing is pledged as collateral for the loan; or

(ii) 90 percent of the value of other property that is pledged as security for the loan and that is satisfactory to the commissioner as collateral;

(B) unless the terms of the loan agreement require inspections and certifications, as required by regulations of the commissioner, at the expense of the borrower; and

(C) unless the period of time allowed for repayment of the loan is equal to or less than 15 years;

(3) originate direct loans or purchase or participate in the purchase of a small community [NONCONFORMING OR RURAL] housing mortgage loan that is secured by real property the marketable title to which is shown under [IN ACCORDANCE WITH] AS 44.47.420(b)(2) if the total amount of outstanding small community [NONCONFORMING AND RURAL] housing mortgage loans held by the department exceeds 10 times the amount of money in the restricted title loss reserve account (AS 44.47.430);

(4) originate a direct loan for small community [NONCONFORMING OR RURAL] housing or purchase or participate in the purchase of a small community [NONCONFORMING OR RURAL] housing mortgage loan, other than a loan for the repair, remodeling, rehabilitation, or expansion of an existing owner-occupied residence, if the borrower has an outstanding housing loan made under a state loan program, other than a loan for nonowner-occupied housing under former AS 44.47.520, that bears interest at a rate that was less than the prevailing market interest rate for similar housing loans at the time the loan was made;

(5) originate a direct mortgage loan or purchase or participate in the purchase of a mortgage loan for rental housing unless the borrower agrees not to discriminate against tenants or prospective tenants because of sex, marital status, changes in marital status, pregnancy, parenthood, race, religion, color, national origin, or status as a student;

(6) originate, purchase, or participate in a loan to a person who has a past due child support obligation established by court order or by the child support enforcement division under AS 25.27.160 - 25.27.220 at the time of application.

* Sec. 31. AS 44.47.410(b) is amended to read:

(b) The interest rate on a mortgage loan originated or purchased in whole or in part under

1 AS 44.47.380 for small community [RURAL] housing is one percent less than the interest rate,
2 as determined under AS 18.56.098(g)(1) - (4), on a mortgage loan purchased under
3 AS 18.56.098(a) from the proceeds of the most recent applicable issue of taxable bonds before
4 the origination or purchase of the mortgage loan originated or purchased under AS 44.47.380.

5 * Sec. 32. AS 44.47.420(a) is amended to read:

6 (a) Before the commissioner originates or purchases a small community
7 [NONCONFORMING OR RURAL] housing mortgage loan in whole or in part, the commissioner
8 may require a borrower to show marketable title to real property offered as security for the loan
9 to be purchased.

10 * Sec. 33. AS 44.47.430(b) is amended to read:

11 (b) The commissioner may withdraw money from the restricted title loss reserve account
12 in an amount equal to the loss to the department on a small community [NONCONFORMING
13 OR RURAL] housing mortgage loan originated or purchased in whole or in part by the
14 department if marketable title to the real property used to secure the loan was shown under [IN
15 ACCORDANCE WITH] AS 44.47.420(b)(2). Money withdrawn from the restricted title loss
16 reserve account under this section shall be deposited in the housing assistance loan fund.

17 * Sec. 34. AS 44.47.440 is amended to read:

18 Sec. 44.47.440. FIRE INSURANCE. Before purchasing or participating in the purchase
19 of a small community [NONCONFORMING OR RURAL] housing mortgage loan, the
20 commissioner may require the borrower to agree to purchase and maintain fire insurance for the
21 real property for which the loan is made in an amount not less than the outstanding principal
22 balance of the loan.

23 * Sec. 35. AS 44.47.470 is amended to read:

24 Sec. 44.47.470. APPRAISALS. Before originating or purchasing or participating in the
25 purchase of a small community [NONCONFORMING OR RURAL] housing mortgage loan, the
26 commissioner may have or may require the borrower to have an appraisal made of the fair
27 market value of the real property, including structures on the real property, for which the loan
28 is made. In conducting an appraisal under this section, the appraiser shall give full value to
29 insulation and other features of construction in structures on the real property that add to the
30 energy efficiency of the structures.

31 * Sec. 36. AS 44.47.490(a) is amended to read:

1 (a) The commissioner may establish field offices under this chapter, may hire one or
2 more lending officers, and, under AS 36.30 (State Procurement Code), may contract for the
3 services of

4 (1) real property appraisers who are familiar with housing and [RURAL]
5 construction in small communities; and

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

8 * Sec. 37. AS 44.47.520(a) is amended to read:

9 (a) In addition to the powers authorized by AS 44.47.370 the commissioner may adopt
10 regulations allowing the use of money in the housing assistance loan fund to make loans for the
11 purchase or development of nonowner occupied housing in small communities [RURAL AREAS
12 OF THE STATE].

13 * Sec. 38. AS 44.47.520(c) is amended to read:

14 (c) The principal amount of loans made for nonowner occupied housing under this
15 section may not exceed 20 percent of the total principal amount of loans made for small
16 community [NONCONFORMING AND RURAL] housing under AS 44.47.370 - 44.47.560.

17 * Sec. 39. AS 44.47.520(d) is amended to read:

18 (d) In this section,

19 (1) "development" means the construction of a new residence or the repair,
20 remodeling, rehabilitation, or expansion of an existing residence;

21 (2) "nonowner occupied housing" means a single-family residence or a
22 multi-family residence having up to eight dwelling units [, THAT IS NOT NONCONFORMING
23 HOUSING,] and is not occupied by the owner; the commissioner may modify this definition if
24 the commissioner determines that there is a special need for nonowner occupied housing and that
25 a change in the definition is necessary to enable the department to meet that need.

26 * Sec. 40. AS 44.47.560 is amended to read:

27 Sec. 44.47.560. DEFINITIONS. In AS 44.47.370 - 44.47.560,

28 (1) [REPEALED

29 (2) REPEALED

30 (3)] "housing" means owner-occupied, single-family housing and owner-occupied
31 duplexes in which not more than 25 percent of the gross floor area is or will be devoted to

1 commercial use;

2 (2) "small community" [(4) "NONCONFORMING HOUSING" MEANS
3 HOUSING THAT DOES NOT CONFORM TO MINIMUM BUILDING STANDARDS UNDER
4 ANY STATE OR FEDERAL PROGRAM THAT PROVIDES LOANS FOR HOUSING
5 PURCHASES;

6 (5) "RURAL"] means

7 [(A)] a community [IN THE SECOND, THIRD, OR FOURTH JUDICIAL
8 DISTRICT OF THE STATE] with a population of 5,500 [4,500] or less that is not
9 connected by road or rail to Anchorage or Fairbanks [;] or with a population of
10 1,400 or less that is connected by road or rail to Anchorage or Fairbanks; in
11 this paragraph "connected by road" does not include a connection by the
12 Alaska marine highway system

13 [(B) A COMMUNITY IN THE FIRST JUDICIAL DISTRICT OF THE
14 STATE WITH A POPULATION OF 4,500 OR LESS;

15 (6) "RURAL HOUSING" MEANS HOUSING WHETHER OR NOT IT IS
16 NONCONFORMING HOUSING THAT IS LOCATED IN A RURAL AREA OF THE STATE].

17 * Sec. 41. AS 46.11.040 is amended to read:

18 Sec. 46.11.040. APPLICABILITY OF THERMAL AND LIGHTING ENERGY
19 STANDARDS TO RESIDENTIAL BUILDINGS. State financial assistance may not be approved
20 or granted for the construction of or purchase of a loan for a residential building if construction
21 of the building began [BEGINS] after December 31, 1991, unless

22 (1) the building is in compliance with thermal and lighting energy standards;

23 (2) the building is in compliance with the building code of a municipality and the
24 standards for thermal and lighting energy of the municipal building code meet or exceed the
25 thermal and lighting energy standards;

26 (3) the building

27 (A) is constructed under an exception to the municipal building code
28 granted because the exception will result in increased energy efficiency; or

29 (B) is located or is to be located in an area where thermal and lighting
30 energy standards are not justified because of the high cost of implementation of the
31 standards, with specific consideration given to the availability of inexpensive home

1 heating energy sources, as determined under regulations adopted by the Alaska Housing
2 Finance Corporation [COMMISSIONER OF COMMUNITY AND REGIONAL
3 AFFAIRS]; or

4 (4) the applicant agrees, in writing, that the building will be brought into
5 compliance with thermal and lighting energy standards within one year of conveyance.

6 * Sec. 42. AS 46.11.900(8) is amended to read:

7 (8) "thermal and lighting energy standards" means the thermal and lighting energy
8 standards

9 (A) established by the American Society of Heating, Refrigeration, and
10 Air Conditioning Engineers as revised

11 (i) by the commissioner of transportation and public facilities under
12 AS 44.42.020(a) for public facilities; or

13 (ii) by the Alaska Housing Finance Corporation
14 [COMMISSIONER OF COMMUNITY AND REGIONAL AFFAIRS] for
15 buildings and structures that are not public facilities; or

16 (B) developed in regulations adopted

17 (i) by the commissioner of transportation and public facilities under
18 AS 44.42.020(a) for public facilities; or

19 (ii) by the Alaska Housing Finance Corporation
20 [COMMISSIONER OF COMMUNITY AND REGIONAL AFFAIRS] for
21 buildings and structures that are not public facilities.

22 * Sec. 43. AS 44.47.410(a) is repealed.

23 * Sec. 44. AS 18.56.083, 18.56.210(a)(10), AS 44.47.050(a)(18), 44.47.050(b), 44.47.370, 44.47.378,
24 44.47.380, 44.47.382, 44.47.390, 44.47.395, 44.47.400, 44.47.410(b), 44.47.420, 44.47.430, 44.47.440,
25 44.47.460, 44.47.470, 44.47.475, 44.47.480, 44.47.490, 44.47.500, 44.47.510, 44.47.520, 44.47.530,
26 44.47.560, 44.47.585, 44.47.587, 44.47.589, 44.47.591, 44.47.593, 44.47.595, 44.47.597, 44.47.599,
27 44.47.601, 44.47.603, 44.47.609, 44.47.610, 44.47.620, 44.47.630 and 44.47.635 are repealed.

28 * Sec. 45. TRANSITIONAL PROVISIONS RELATING TO TRANSFER OF HOUSING
29 PROGRAMS FROM THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS. (a) All
30 contracts, rights, liabilities, bonds, notes, or other obligations of the Department of Community and
31 Regional Affairs under former AS 44.47.370 - 44.47.560 and 44.47.635 created by or under a law

1 amended or repealed by this Act and in effect on the effective date of this section, remain in effect
2 notwithstanding this Act's taking effect, with all contracts, rights, liabilities, bonds, notes, or other
3 obligations of the Department of Community and Regional Affairs incurred under former AS 44.47.370 -
4 44.47.560 and 44.47.635 becoming contracts, rights, liabilities, bonds, notes, and other obligations of the
5 Alaska Housing Finance Corporation.

6 (b) All records, equipment, appropriations, and other property of the Department of Community
7 and Regional Affairs held under former AS 44.47.370 - 44.47.560 and 44.47.635 shall be transferred to
8 the Alaska Housing Finance Corporation to implement the provisions of this Act.

9 (c) Employees of the Department of Community and Regional Affairs responsible for
10 administration of the programs set out in former AS 44.47.370 - 44.47.560 and 44.47.635 become
11 employees of the Alaska Housing Finance Corporation on the effective date of this section.

12 (d) Notwithstanding sec. 51(b) of this Act, on the effective date of this section, the cash balance
13 of the housing assistance loan fund of former AS 44.47.380, exclusive of the loan purchases made under
14 sec. 51(a) of this Act, becomes the cash balance of the housing assistance loan fund established in
15 AS 18.56.420, added by sec. 22 of this Act.

16 * Sec. 46. TRANSITIONAL PROVISIONS RELATING TO TRANSFER OF SENIOR CITIZEN
17 HOUSING PROGRAMS FROM THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS.

18 (a) All contracts, rights, liabilities, bonds, notes, or other obligations of the Department of Community
19 and Regional Affairs under former AS 44.47.585 - 44.47.620 created by or under a law amended or
20 repealed by this Act and in effect on the effective date of this section, remain in effect notwithstanding
21 this Act's taking effect, with all contracts, rights, liabilities, bonds, notes, or other obligations of the
22 Department of Community and Regional Affairs incurred under former AS 44.47.585 - 44.47.620
23 becoming contracts, rights, liabilities, bonds, notes, and other obligations of the Alaska Housing Finance
24 Corporation.

25 (b) All records, equipment, appropriations, and other property of the Department of Community
26 and Regional Affairs secured under former AS 44.47.585 - 44.47.620 shall be transferred to the Alaska
27 Housing Finance Corporation to implement the provisions of this Act.

28 (c) Employees of the Department of Community and Regional Affairs responsible for
29 administration of the programs set out in former AS 44.47.585 - 44.47.620 become employees of the
30 Alaska Housing Finance Corporation on the effective date of this section.

31 (d) All bonds issued under former AS 18.56.083 and in effect on the effective date of this

1 section remain in effect notwithstanding this Act's taking effect.

2 * **Sec. 47. TRANSITIONAL PROVISIONS RELATING TO TRANSFER OF HOME ENERGY**
3 **CONSERVATION AND WEATHERIZATION PROGRAMS FROM THE DEPARTMENT OF**
4 **COMMUNITY AND REGIONAL AFFAIRS.** (a) All contracts, rights, liabilities, bonds, notes, or other
5 obligations of the Department of Community and Regional Affairs under AS 44.47.050(a)(18) and
6 44.47.050(b) created by or under a law repealed by secs. 43 and 44 of this Act and in effect on the
7 effective date of this section, remain in effect notwithstanding this Act's taking effect, with all contracts,
8 rights, liabilities, bonds, notes, or other obligations of the Department of Community and Regional
9 Affairs incurred under AS 44.47.050(a)(18) and 44.47.050(b) becoming contracts, rights, liabilities,
10 bonds, notes, and other obligations of the Alaska Housing Finance Corporation.

11 (b) All records, equipment, appropriations, and other property of the Department of Community
12 and Regional Affairs secured under AS 44.47.050(a)(18) and 44.47.050(b) shall be transferred to the
13 Alaska Housing Finance Corporation to implement the provisions of AS 18.56.850, added by sec. 22 of
14 this Act, and sec. 44 of this Act.

15 (c) Employees of the Department of Community and Regional Affairs responsible for
16 administration of the home energy conservation and weatherization programs set out in
17 AS 44.47.050(a)(18) and 44.47.050(b), repealed by sec. 44 of this Act, become employees of the Alaska
18 Housing Finance Corporation on the effective date of this section.

19 * **Sec. 48. TRANSITIONAL PROVISION: MEMBERSHIP OF ALASKA HOUSING FINANCE**
20 **CORPORATION BOARD OF DIRECTORS.** (a) Notwithstanding AS 18.56.030(a)(3)(A) - (E),
21 repealed and reenacted by sec. 9 of this Act, the public members of the board of directors of the Alaska
22 Housing Finance Corporation who are serving on the effective date of this section continue to serve their
23 unexpired terms. Thereafter, the governor shall fill vacancies on the board of directors among the
24 members under the provisions of AS 18.56.030(a)(3)(A) - (E), as repealed and reenacted by sec. 9 of
25 this Act, and AS 18.56.030(f), added by sec. 11 of this Act.

26 (b) Notwithstanding AS 18.56.030(c), of the members first appointed to fill the additional seats
27 on the board of directors authorized by AS 18.56.030(a)(3), amended by sec. 9 of this Act, one shall be
28 appointed for a term of one year and two shall be appointed for a term of two years. The governor shall
29 specify the length of the term of each member.

30 * **Sec. 49. TRANSITIONAL PROVISION: REPORT OF TRANSFERRED ASSETS.** The
31 Department of Community and Regional Affairs shall prepare or direct the preparation of all necessary

1 financial reports of the assets to be transferred by it under this Act as of the close of business on the day
2 before the effective date of the transfer.

3 * **Sec. 50. ALASKA STATE HOUSING PLANNING COMMISSION.** (a) The Alaska State
4 Housing Planning Commission is established within the Office of the Governor. The commission
5 consists of five members as follows:

6 (1) a representative of the Office of the Governor, designated by the governor;

7 (2) the commissioner of commerce and economic development;

8 (3) the commissioner of community and regional affairs;

9 (4) a representative of the Alaska Housing Finance Corporation, designated by the board
10 of directors of the corporation; and

11 (5) a public member who is a representative of low income, homeless, or special needs
12 housing interests.

13 (b) In addition to the members specified in (a) of this section, the governor may invite the
14 United States Department of Housing and Urban Development to designate a representative of that
15 department to serve with the Alaska State Housing Planning Commission in an advisory capacity.

16 (c) The Alaska State Housing Planning Commission shall

17 (1) assist with the merger of the state housing programs as set out in this Act to ensure
18 that housing program service delivery is maintained efficiently and without interruption during the
19 transitional period; and

20 (2) make recommendations to the legislature regarding further statutory changes that may
21 be necessary or appropriate to enhance the delivery of housing programs and services in the state.

22 (d) A majority of the members appointed under (a) of this section constitutes a quorum for
23 organization of the commission and for conducting the business and exercising the powers of the
24 commission. The commission shall elect a chair from among its membership. The commission shall
25 meet at the call of the chair.

26 * **Sec. 51. ALASKA HOUSING FINANCE CORPORATION MAY PURCHASE HOUSING LOANS**
27 **OF DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS.** (a) Subject to existing law, the
28 Alaska Housing Finance Corporation may purchase, at an appropriate discount mutually satisfactory to
29 the board of directors of the Alaska Housing Finance Corporation and the commissioner of community
30 and regional affairs, the mortgage loans and other housing-related loans that are held on the effective
31 date of this section by the Department of Community and Regional Affairs for the loans it has made

1 under the department's various housing assistance programs set out in AS 44.47.370 - 44.47.560 and
2 44.47.585 - 44.47.635. In determining an appropriate discount applicable to the purchase price of the
3 loans, the corporation and the commissioner shall take into consideration the cash balance in the housing
4 assistance loan fund on the day before the effective date of this section and the corporation's retention
5 of sufficient unreserved assets of the corporation to capitalize the housing assistance loan fund as
6 reconstituted in AS 18.56.420, added by sec. 22 of this Act.

7 (b) The commissioner of community and regional affairs shall deposit the full amount received
8 from the purchase made under (a) of this section in the state general fund.

9 * Sec. 52. VALIDATION OF CERTAIN LOANS OF THE DEPARTMENT OF COMMUNITY AND
10 REGIONAL AFFAIRS. (a) Sections 28 - 40 and 43 of this Act are retroactive to January 1, 1992, and
11 apply to all loans and loan commitments for small community housing loans made after December 31,
12 1991.

13 (b) Notwithstanding (a) of this section, nonconforming housing loans made by the Department
14 of Community and Regional Affairs under AS 44.47.370 - 44.47.560 after December 31, 1991, and
15 before the effective date of this section are valid.

16 * Sec. 53. Section 50 of this Act is repealed July 1, 1993.

17 * Sec. 54. Sections 28 - 40, 43, and 49 - 52 of this Act take effect immediately under
18 AS 01.10.070(c).

19 * Sec. 55. Except as provided in sec. 54 of this Act, this Act takes effect July 1, 1992.