

HOUSE BILL NO. 467
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE MACLEAN

Introduced: 2/11/94

Referred: Community & Regional Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to housing programs of the Alaska Housing Finance Corporation
2 and of regional housing authorities, and permitting regional housing authorities to
3 make, originate, and service loans for the purchase and development of residential
4 housing in the state's small communities."

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

6 * Section 1. AS 18.55.997 is amended to read:

7 Sec. 18.55.997. RESIDENTIAL LOANS. (a) In addition to the powers
8 authorized to a regional housing authority under AS 18.55.996, a regional housing
9 authority may, in accordance with procedures and policies adopted and approved by
10 the Alaska Housing Finance Corporation, make, originate, and service loans for the
11 purchase or development of residential housing in small communities [RURAL
12 AREAS OF THE STATE, OTHER THAN IN AN AREA WHERE THE
13 CORPORATION HAS A LOAN OFFICE]. A loan shall be secured by collateral in
14 an amount acceptable to the corporation. The rate of interest on a loan authorized by

1 this subsection [SECTION] may not exceed the interest rate on a loan originated or
2 purchased under AS 18.56.400 - 18.56.600.

3 (b) In this section,

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

6 (2) "small community" ["RURAL"] has the meaning given [THE
7 TERM "SMALL COMMUNITY"] in AS 18.56.600.

8 * Sec. 2. AS 18.55.998(b) is amended to read:

9 (b) A grant may be made only for residential housing for which federal loan
10 or grant approval has been obtained from the United States Department of Housing and
11 Urban Development and that [WHICH] will be made available to the public on a
12 nondiscriminatory basis. A grant may not be used to retire or repay obligations or
13 debts of the grant recipient. Except as provided in (f) of this section, a [A] grant

14 (1) may only be for the difference between the maximum amount
15 available under federal law or regulation for construction of the residential housing for
16 which the grant is made and the actual costs of the construction; and

17 (2) [. A GRANT] may not exceed 20 percent of the United States
18 Department of Housing and Urban Development total development cost per unit in
19 effect at the time the grant is made.

20 * Sec. 3. AS 18.55.998 is amended by adding a new subsection to read:

21 (f) Notwithstanding the grant limitation set by (b) of this section, if the
22 corporation determines that the costs of installation of safe and sanitary on-site sewer
23 and water facilities to serve residential housing for which federal loan or grant
24 approval has been obtained when required by (b) of this section would cause the
25 difference between the maximum amount available under federal law or regulation for
26 construction of the residential housing for which the grant is made and the actual costs
27 of the construction to exceed the amount available from the grant under (b)(2) of this
28 section, the corporation may increase the amount of its supplemental housing
29 development grant above the limits set by (b)(2) of this section, but the total amount
30 of the corporation's grant may not exceed 30 percent of the United States Department
31 of Housing and Urban Development total development cost per unit in effect at the

1 time the grant is made.

2 • Sec. 4. AS 18.56.440 is amended to read:

3 Sec. 18.56.440. LIMITATIONS ON USE OF HOUSING ASSISTANCE
4 LOAN FUND. The corporation may not use the money in the housing assistance loan
5 fund to

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

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

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

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

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

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

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

24 (3) originate direct loans or purchase or participate in the purchase of
25 a small community housing mortgage loan that is secured by real property the
26 marketable title to which is shown under AS 18.56.480(b)(2) if the total amount of
27 outstanding small community housing mortgage loans held by the corporation exceeds
28 10 times the amount of money in the restricted title loss reserve account established
29 by AS 18.56.490;

30 (4) originate a direct loan for small community housing or purchase or
31 participate in the purchase of a small community housing mortgage loan, other than

1 a loan for the repair, remodeling, rehabilitation, or expansion of an existing
2 owner-occupied residence, if the borrower has an outstanding housing loan made under
3 a state loan program, other than a loan for [NONOWNER-OCCUPIED] housing under
4 AS 18.56.580 or for nonowner occupied housing under former AS 44.47.520, that
5 bears interest at a rate that was less than the prevailing market interest rate for similar
6 housing loans at the time the loan was made;

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

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

15 * Sec. 5. AS 18.56.580(a) is amended to read:

16 (a) In addition to the powers authorized by AS 18.56.400, the corporation may
17 adopt regulations under AS 18.56.088 allowing the use of money in the housing
18 assistance loan fund to make loans for the purchase or development of rental
19 [NONOWNER OCCUPIED] housing in small communities.

20 * Sec. 6. AS 18.56.580(c) is amended to read:

21 (c) The principal amount of loans made for rental [NONOWNER
22 OCCUPIED] housing under this section may not exceed 20 percent of the total
23 principal amount of loans made for small community housing under AS 18.56.400 -
24 18.56.600.

25 * Sec. 7. AS 18.56.580(d) is amended to read:

26 (d) In this section,

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

29 (2) "rental [NONOWNER OCCUPIED] housing" means a
30 single-family residence that is not occupied by the owner or a multi-family residence
31 having up to 16 [EIGHT] dwelling units, one of which may be [AND THAT IS NOT]

1 occupied by the owner; the corporation may modify this definition if it determines that
2 there is a special need for rental [NONOWNER OCCUPIED] housing in small
3 communities and that a change in the definition is necessary to enable the corporation
4 to meet that need.

5 * Sec. 8. AS 18.56.600 is amended to read:

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

7 (1) "housing"

8 (A) means owner-occupied housing having four or fewer
9 dwelling units [, SINGLE-FAMILY HOUSING AND OWNER-OCCUPIED
10 DUPLEXES] in which not more than 25 percent of the gross floor area is or
11 will be devoted to commercial use;

12 (B) does not include a multi-family residence that constitutes
13 housing for which a loan is made under the rental housing loan program
14 of AS 18.56.580 when one of the dwelling units in the multi-family
15 residence is occupied by the residence owner;

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