

HB

617

POSITION PAPER
ON
SENATE BILL NO. 325
(Identical to House Bill #617)

"An Act providing for the issuance of general obligation bonds in the amount of \$15,000,000 for the purpose of paying the cost of construction and development of senior citizen housing; and providing for an effective date."

The Department of Health and Social Services, Office on Aging supports the concept included in Senate Bill 325.

Our Office of Aging has found that there is a the need for senior housing. Seniors living on fixed income, from Old Age Assistance or a retirement program, cannot always afford to pay the current high cost of housing in many areas of Alaska. For example, a senior receiving the maximum monthly benefit under Old Age Assistance is eligible for \$413 a month. That \$413 must cover the costs of housing, fuel, food, transportation, clothing, and other necessities. Seniors report difficulties in making ends meet under such situation. Low cost housing program could serve to supplement their income.

Also, it may be appropriate for some of the housing dollars to be earmarked for residential care housing units as these could serve as an alternative to institutionalization in a nursing home. This could serve to provide care to seniors in the least restrictive setting possible and at a much lower cost.

Recommended by: M. Dan Plotnick 1/30/80
M.D. Plotnick, Coordinator (DATE)
Office on Aging

Approved by: Helene D. Beirne 1/30/80
Helene D. Beirne, Commissioner (DATE)
Department of Health and Social Services

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill #325
 Title Issuance of GOB-\$15,000,000-cost of construction & development of senior housing.
 Requested by Senate HESS Date 1/30/80

II. FISCAL DETAIL

Department of Health and Social Services
 Agency Affected
 Program Category Affected Social Services for Aged
 BRU, Program, or Subprogram(s) Affected Office on Aging
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

| | FY 80 | FY 81 | FY 82 | FY 83 | FY 84 | FY 85 |
|--------------------------|------------|------------|------------|------------|------------|------------|
| 100 PERSONAL SERVICES | -0- | -0- | -0- | -0- | -0- | -0- |
| 200 TRAVEL | -0- | -0- | -0- | -0- | -0- | -0- |
| 300 CONTRACTUAL | -0- | -0- | -0- | -0- | -0- | -0- |
| 400 COMMODITIES | -0- | -0- | -0- | -0- | -0- | -0- |
| 500 EQUIPMENT | -0- | -0- | -0- | -0- | -0- | -0- |
| 600 LAND & STRUCTURES | -0- | -0- | -0- | -0- | -0- | -0- |
| 700 GRANTS, CLAIMS, ETC. | -0- | -0- | -0- | -0- | -0- | -0- |
| TOTAL | -0- | -0- | -0- | -0- | -0- | -0- |

FUNDING (Thousands of Dollars)

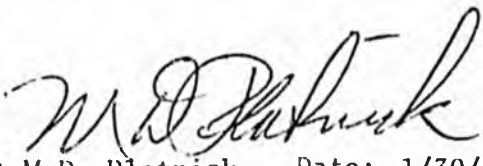
| | | | | | | |
|-----------------------------|-----|-----|-----|-----|-----|-----|
| GENERAL FUND | -0- | -0- | -0- | -0- | -0- | -0- |
| FEDERAL FUNDS | -0- | -0- | -0- | -0- | -0- | -0- |
| OTHER (Specify Fund Source) | -0- | -0- | -0- | -0- | -0- | -0- |
| | | | | | | |

POSITIONS

| | | | | | | |
|-----------|-----|-----|-----|-----|-----|-----|
| FULL TIME | -0- | -0- | -0- | -0- | -0- | -0- |
| PART TIME | -0- | -0- | -0- | -0- | -0- | -0- |
| TEMPORARY | -0- | -0- | -0- | -0- | -0- | -0- |

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Department of Health & Social Services


 Prepared by: M.D. Plotnick Date: 1/30/80
~~XXXXXXX~~ Office: Aging PH: 465-4904

Introduced: 1/24/80
Referred: Health, Education &
Social Services and Finance

BY THE RULES COMMITTEE BY REQUEST
OF THE LEGISLATIVE COUNCIL (for the
Interim Committee on Services for
the Elderly)

1 IN THE HOUSE

2 HOUSE BILL NO. 617

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for the issuance of general obliga-
7 tion bonds in the amount of \$15,000,000 for the purpose
8 or paying the cost of construction and development of
9 senior citizen housing; and providing for an effective
10 date."

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

12 * Section 1. For the purpose of paying the cost of construction, ~~and~~
13 development, ^{and planning} of senior citizen housing, general obligation bonds of the state
14 in the principal amount of not more than \$15,000,000 shall be issued and
15 sold. The full faith, credit and resources of the state are pledged to the
16 payment of the principal of and interest and redemption premium, if any, on
17 these bonds. These bonds shall be issued under the provisions of AS 37.15 as
18 those provisions read at the time of issuance.

19 * Sec. 2. If the issuance of these bonds is authorized by the qualified
20 voters of the state, a special fund of the state to be known as the "1980
21 Senior Citizen Housing Construction and Development Fund" shall be estab-
22 lished, to which shall be credited the proceeds of the sale of the bonds
23 described in sec. 1 of this Act except for the accrued interest and premiums.
24 The amount of \$15,000,000 is appropriated from the "1980 Senior Citizen
25 Housing Construction and Development Fund" to the Department of Commerce and
26 Economic Development, Alaska State Housing Authority, to be used for the
27 purpose described in sec. 1 of this Act.

28 * Sec. 3. If the issuance of these bonds is authorized by the qualified
29 voters of the state, the amount of \$53,000 or as much of that amount as is

1 found necessary is appropriated from the general fund of the state to the
2 state bond committee to carry out the provisions of this Act and to pay
3 expenses incident to the sale and issuance of the bonds authorized in this
4 Act. The amounts expended from the appropriation authorized by this section
5 shall be reimbursed to the general fund from the proceeds of the sale of the
6 bonds authorized by this Act.

7 * Sec. 4. The question whether the bonds authorized in this Act are to be
8 issued shall be submitted to the qualified voters of the state at the next
9 general election and shall read substantially as follows:

10 Proposition

11 State General Obligation Senior Citizen Housing Con-
12 struction and Development Bonds \$15,000,000

13 Shall the State of Alaska issue its general obligation bonds
14 in the principal amount of not more than \$15,000,000 for the
15 purpose of paying the cost of construction and development of
16 senior citizen housing?

17 Bonds Yes []

18 Bonds No []

19 * Sec. 5. This Act takes effect immediately in accordance with AS 01.10.
20 070(c).

STATE OF ALASKA

JAY S. HAMMOND
GOVERNOR

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

FOUCH D — JUNEAU 99811

February 28, 1980

The Honorable Thelma Buchholdt, Chairperson
House Committee on Health, Education and Social Services
Pouch V
Juneau, Alaska 99811

Dear Representative Buchholdt:

The following is in response to a request from the House Health, Education and Social Services Committee for a statement of position from the Alaska State Housing Authority (ASHA) regarding House Bill 617 entitled "An Act providing for the issuance of general obligation bonds in the amount of \$15 for the purpose of paying the cost of construction and development of senior citizen housing; and providing for an effective date."

The Alaska State Housing Authority (ASHA) has been quite active in the construction and development of senior citizen housing in Alaska having produced within the last four years 360 units of housing for senior citizens in Anchorage, Fairbanks, Juneau, Ketchikan, Seward and Cordova. It is consistent with ASHA's enabling legislation to receive and administer the \$15 million for the further development of senior citizen housing within the state.

The comments which follow should not be construed as opposition to the intent of HB 617 not to the appropriation of funds to ASHA for the purpose stated. Our comments moreover simply concern the method of allocation of funds and their most efficient utilization for the development of senior citizen housing.

Section 1 of HB 617 authorizes the issuance of \$15 million in general obligation bonds for the purpose of paying the cost of construction and development of senior citizen housing. Despite the past history of appropriation of funds to a corollary program of the Department of Community and Regional Affairs for the benefit of senior housing, the issuance of bonds, while consistent with prior actions, seems only to raise the cost of funds to the state and delay the utilization of those funds. The potential of direct appropriation rather than a general obligation bond issue might be considered.

Under Section 2 of HB 617, the provision is made for transfer of the funds from the "Senior Citizen Housing Construction and Development Fund" through the Department of Commerce and Economic Development to the Alaska State Housing Authority. There is a great potential for immediate benefit to the sponsors of elderly housing projects. After consultation with ASHA's bond counsel, we would therefore request the addition of the following

February 28, 1980

language to expedite the transfer and to more clearly state the intent of the legislation: "The entire sum of \$15 million shall be disbursed upon request of the Alaska State Housing Authority after the adoption of regulations governing the use of the funds consistent with the purpose described in Section 1 of this act."

It is ASHA's experience and our position that one of the most effective uses of the money is that it be used as "seed money" for attracting money available under Federal programs, or that it may be used in the form of direct grants or loans in order to pick up a commonly experienced "short fall" between the monies available for development and construction under federal programs and the actual cost of development and construction in the State of Alaska. Under this "seed money" mode of utilization, ASHA estimates that one state dollar shall attract approximately three to five federal dollars (or more) that might not otherwise be usable in the State of Alaska. Thus, ASHA would envision a program whereby loans and grants to the regional housing authorities or other nonprofit or municipal sponsors may be an appropriate method of utilizing these funds to most advantageously attract federal elderly housing dollars to the state, and address the needs of both the rural and urban communities.

Another issue to be addressed is a clear statement of legislative intent regarding any provisions for repayment. While the bill, on its face, appears to be a straight appropriations bill, questions regarding a requirement that the recipient agency of the funds eventually repay the money to the General Fund have arisen. Additionally, of concern to us is the question of whether the funds can be used to preserve failing projects.

To reiterate then, the appropriation of \$15 million to the Alaska State Housing Authority can be utilized by ASHA and other nonprofit sponsors of senior citizen projects to further accommodate the housing needs of low and moderate income senior citizens in the urban and rural areas of the State of Alaska. It is appropriate to fully support the legislation. Subject to the concerns and suggestions stated in this position paper, we look forward to the bill's passage.

Sincerely,

ALASKA STATE HOUSING AUTHORITY

Harry F. Goldbar
Executive Director

By: 

David C. Creekman
Information Officer
Department of Commerce and Economic
Development

| Name | Address and Phone | Organization/Self | For/Against or Observing |
|------------------------------|---|---|--------------------------|
| 1/ <u>Joan G. Kull</u> | <u>326-44th St. N. 1010</u> 586-2670 | <u>State Com on Services to Elderly</u> | <u>for</u> |
| 2/ <u>Marie O. Engberg</u> | <u>Route 3 Box 3851</u> | <u>AARP</u> | <u>for</u> |
| 3/ <u>Mary E. Troof</u> | <u>326-42nd St. apt. 1205</u> 586-1104 | <u>AARP</u> | <u>for</u> |
| 4/ <u>Ann Mary Pearson</u> | <u>895 W. 12th St</u> 586-1470 | <u>AJHA</u> | |
| 5/ <u>Ann M. Bin</u> | <u>P.O. Box 8 ANCH</u> 279-7643 46510 | <u>ASMA</u> | <u>for</u> |
| 6/ <u>Marie Bignallieri</u> | <u>Pouch B Jno 99811</u> | <u>Community & Regional Affairs</u> | <u>observing</u> |
| 7/ <u>Brownie Bland</u> | <u>895 W. 12th St. # 216</u> 586-3195 | <u>Self</u> | <u>for</u> |
| 8/ <u>Elsie Hollingworth</u> | <u>895 W. 12th # 211</u> 586-1504 | <u>Self</u> | <u>for</u> |
| 9/ <u>Esther Williamson</u> | <u>895 W. 12th # 208</u> 586-1063 | <u>Self</u> | <u>for</u> |
| 10/ <u>Ruth L. Kallio</u> | <u>895 W. 12th # 315</u> 586-1256 | <u>Self</u> | <u>for</u> |
| 11/ | | | |
| 12/ | | | |
| 13/ | | | |