

SB

430



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JUNEAU, ALASKA 99801

March 10, 1980

Senator Brad Bradley, Chairman  
Senate Commerce Committee  
Pouch V, State Capitol  
Juneau, Alaska 99802

Re: SB 140, 334, 387, 430  
HB 671

Gentlemen:

Thank you very much for the opportunity to comment on the above listed legislation as noted in your letter of February 28, 1980.

SB 387, 430 - Clarifying the authority of Alaska Housing Finance Corporation are needed. We, therefore, urge adoption of these two bills.

SB 140 - Now amended to CSSB 140, expands the authority of Alaska Housing Finance Corporation into rural areas that should assist the public. We therefore urge adoption of the bill.

SB 384 & - Are identical and we believe the following changes would prove  
HB 671 beneficial as noted:

Change - Page 3, line 16 and Page 4, line 27

Insert "Insured bank, savings and loan association or trust company" for "banks or trust companies."

Reason - This change will clarify and insure that the financial institution will be supervised by a Federal government agency; and insure that all financial real estate lenders have an equal opportunity to participate in the various programs of Alaska Housing Finance Corp.

Change - Page 3, line 2

Add "initial or refinanced" between words "any" and "housing."

Reason - The addition of these two words will clarify and assure that all residents, whether new home buyers or long time home owners, have an equal opportunity to avail themselves of the benefits of the Alaska Housing Finance Corp. loan programs.



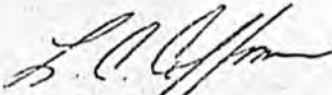
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We have received many customer complaints over the policies of Alaska Housing Finance Corporation. The practice of discrimination over the use of the public tax dollars, when AHFC will not allow a long time home owner to refinance his home under Alaska Housing Finance program, is the one complaint that is heard most often and is impossible for the Alaska resident to comprehend.

We, therefore, recommend the above two changes and adoption of SB 384 and HB 671 as amended.

Thank you again for the opportunity to comment. We would also appreciate receiving information regarding any public hearing dates on the above or any housing related bills.

Yours truly,



L.C. Coffman  
President

cc: All Alaskan League Members  
Rick Lauber

# STATE OF ALASKA

## DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

JAY S. HAMMOND, GOVERNOR

POUCH K-STATE CAPITOL  
JUNEAU, ALASKA 99811

March 11, 1980

The Honorable Brad Bradley  
Chairman, Senate Commerce Committee  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Re: Senate Bill 430 (Alaska  
State Housing Authority)

Dear Senator Bradley:

This is in response to your request for comments from our department on the above-referenced legislation.

It appears that Senate Bill 430 would have no fiscal impact on the Department of Law. While this department has no position on the substance of this bill, one or two technical matters do come immediately to mind.

First, the title of the bill is, "An Act extending the power..." while the title and text of the amendment to AS 18.55.390 appear to be dealing with limitations on the authority's power. The proposed new language of AS 18.55.390 does appear to broaden somewhat the authority's powers regarding moderate cost and rental housing, and this may explain the use of the word "expanding" in the title of the bill. It is a bit confusing at first glance.

Second, although the existing language of AS 18.55.390 is not particularly precise, the proposed new language will give the authority clear directions as to its powers. Unfortunately I do not know what problems may have led to the need for this proposed amendment, and am thus unable to offer any concrete suggestions for tightening up the language.

Very truly yours,

AVRUM M. GROSS  
ATTORNEY GENERAL

By: *Teo Spengler for*  
Susan Burke  
Assistant Attorney General



ARCTIC first federal  
savings & loan association

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March 10, 1980

Senator Brad Bradley, Chairman  
Senate Commerce Committee  
Pouch U, State Capitol  
Juneau, Ak. 99811

Dear Senator Bradley:


I appreciate you forwarding copies of Senate Bills 140, 384, 387 and 430; and House Bill 671 to this Association.

In Senate Bill 384 and House Bill 671, page three, line three, we would suggest adding "which would also include refinanced mortgage loans", between the words "loan" and "including".

At page three, line 16 we suggest adding "federal and state savings and loan association" between the words "bank" and "or". Page four, line 27 we suggest adding "federal and state savings and loan association" between words "banks" and "or". This would insure all financial lenders an opportunity to participate in all AIFC programs.

Senate bills 387, 430 and 140 we have no comment and suggest adoption of these three bills.

Sincerely yours,

  
Robert M. Haverfield  
President

RMH:sgH

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER / POUCH D - JUNEAU 99811

February 29, 1980

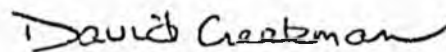
Honorable Brad Bradley, Chairman  
Senate Commerce Committee  
Pouch V  
Juneau, Alaska 99811

Re: SB 406 and 430 and SJR 39

Dear Senator Bradley:

Thank you for offering the Department of Commerce and Economic Development the opportunity to respond directly to the above referenced bills and resolution which have been referred to your committee. Our responses and comments are contained in the following pages.

Sincerely,



David Creekman  
Information Officer

Attachments

SB 430

"An Act extending the power of the Alaska State Housing Authority with respect to moderate cost and rental housing."

Although the title of the bill purports to extend ASHA's power, a close analysis of the language of the bill indicates that it may do exactly the opposite. Also, the impact of the language of the bill might be more broad than was intended.

Specific comments prepared by the Alaska State Housing Authority follow.

Comments on Senate Bill No. 430: "An Act Extending the Power of the Alaska State Housing Authority with Respect to Moderate Cost and Rental Housing"

I. FACTS:

MODERATE COST AND RENTAL HOUSING is addressed in AS 18.55.300-470 inclusive. ASHA's powers and duties with respect to moderate cost and rental housing are set forth in Section 310 of Title 18 Chapter 55:

Sec. 18.55.310. Powers and duties of authority. The authority shall construct, protect, operate, maintain, rent, and sell at the places in the State which the authority considers most appropriate moderate-cost or rental housing facilities and projects for veterans and other residents of the State. For this purpose the authority may accept funds from any source, including the Federal Government, and may enter appropriate contracts, including contracts with the Federal Government.

The powers set forth under Section 310 above are augmented by those granted ASHA elsewhere in the statutes:

Sec. 18.55.380. Authority may use powers under other laws. Any powers of the authority under any statute, including but not limited to the powers of eminent domain and issuance of bonds and obligations, may be invoked with respect to a project undertaken or a loan made or to be made under the authorization provided in Sections 300-470 of this chapter.

At present, ASHA's authority as provided in Sections 300-470 is limited by the following provision:

Sec. 18.55.390. Limitation on authority's power. The power of the authority to act under Sections 300-470 of this chapter is limited to projects where adequate financing on reasonable terms is not otherwise available or entrepreneurial sponsorship is lacking.

Senate Bill No. 430 proposes to repeal Section 390 and re-enact this section to read as follows:

Sec. 18.55.390. Limitations on Authority's Power. The authority may act under AS 18.55.300-18.55.470 only with respect to a project in an area of the State where financing is not otherwise available, or with respect to a project for which there is no apparent sponsor with experience in the development of moderate cost housing.

II. ISSUE PRESENTED:

Does Senate Bill No. 430 extend the power of ASHA with respect to moderate cost and rental housing?

### III. SHORT ANSWER:

No. Although the proposed re-enactment may clarify the term "entrepreneurial sponsorship" in the current provision, the proposed legislation may restrict the development of ASHA moderate cost and rental housing projects to rural areas and prohibit said development in metropolitan areas.

### IV. ANALYSIS:

Under Section 18.55.390 as presently enacted, ASHA may develop moderate cost and rental housing at any time and place where "adequate financing on reasonable terms is not otherwise available" or "entrepreneurial sponsorship is lacking". Therefore, ASHA may develop moderate cost and rental housing where:

- (1) Adequate financing on reasonable terms is available but no one else is building;
- (2) Private entrepreneurs are building but adequate financing is tight;
- (3) Adequate financing is available but not on reasonable terms (with or without entrepreneurial sponsorship).

Therefore under the present statutory provisions, ASHA may develop in bush areas where there is no "entrepreneurial sponsorship"; in bush areas where there is no adequate financing; in bush areas where there is "entrepreneurial sponsorship" and "adequate financing", but not on reasonable terms; and in metropolitan areas where most frequently there will be adequate financing and entrepreneurial sponsorship, but no adequate financing on reasonable terms.

Under the proposed re-enactment, ASHA may be limited to developing moderate cost and rental housing in bush areas such as Bethel where no financing is available. In metropolitan areas financing will be "otherwise available" under the proposed re-enactment, whether or not the terms are reasonable. Furthermore, in metropolitan areas, it is feasible for private sponsors to qualify under certain Federal programs for the development of moderate cost housing. Therefore ASHA may be precluded from offering moderate cost and rental housing in areas where private interests wish to expand in the area of federal subsidy housing.

### V. CONCLUSION:

Although Senate Bill No. 430 is an Act entitled "An Act Extending the Power of the Alaska State Housing Authority with Respect to Moderate Cost and Rental Housing", the proposed re-enactment is restrictive by its terms. The particular phraseology of the section, for instance, "an area of the State", "where financing is not otherwise available", "no apparent sponsor with experience", "development of moderate cost housing" without mention of rental housing, lead me to conclude that Senate Bill No. 430 may be an attempt by established

metropolitan business concerns to restrain competition from ASHA in the area of moderate cost housing. Bankers and experienced builders appear to be requesting first "dibs" in the development of moderate cost housing, federally subsidized and otherwise. In the more remote areas where the established business concerns are unwilling to adventure themselves, they have given ASHA a free hand.

With respect to rental housing, the proposed re-enactment is all together ambiguous. "Rental housing" is included in the title of Senate Bill 430, but nowhere does "rental housing" appear in the body of the proposed re-enactment.

The proposed re-enactment does not extend the power of ASHA. If the first clause of the existing provision remains unchanged and only the second clause is amended along the lines of the proposed re-enactment, then ASHA's power may be extended inasmuch as ASHA would have the option of developing moderate cost and rental housing in the case where there existed reasonable financing and willing but inexperienced sponsors. With such an amendment, Sec. 18.55.390 would read as follows:

Limitation on authority's power. The power of the authority to act under Sections 300-470 of this chapter is limited to projects where adequate financing on reasonable terms is not otherwise available or where there is no apparent sponsor with experience in the development of moderate cost and rental housing.