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SB 800

An Act establishing a direct interest subsidy program to subsidize the interest paid by residents on loans for multi-family housing; and providing for an effective date

The fiscal note for SB 800 is based on the following information and assumptions:

NEW CONSTRUCTION

A) The FY'81 and FY'82 (3 months) figures for number of loans made by AHFC were used as a base. It is assumed that AHFC made 90% of the loans in the State in these areas.

Year	Total Loans	Single Family Dwellings	Duplexes	Duplex Units Built	% Units Duplex/Singles
FY 1981	6,426	6,058	378	756	12.4%
FY 1982	5,227	4,948	279	558	11.3
Total	11,663	11,006	657	1,314	11.9
Average	7,000	6,606	394	788	11.9
				+ 90% = 876 units (est. avg. market)	

B) Anchorage housing is composed of the following categories (in terms of units as opposed to dwellings):

Single Family	30,097	Total # units at the 4-20 unit level is 14,712 or 2.346 units at the 4-20 unit level to every duplex unit.
Duplexes (units)	6,040	
3-4 units	6,211	
5-19 units	9,356	
20+ units	6,036	

C) Estimated cost per unit:

Juneau/Ketchikan (weak current market)	\$	46,000	20%
Anchorage (strong current market)		48,000	55%
Fairbanks (moderate market) plus cost of living differential of 14% over average Juneau and Anchorage costs		53,600	25%
Weighted Average	\$	49,000	

D) Estimated Average Market (see A above) 876

Times ratio of subsidy unit level
(see B above) x 2.346

= Estimated # of units in multiple 2,055 units

unit market times average cost per unit x 49,000

= Estimated market \$100,695,000

E) Estimated market of \$100,695,000 amortized at 5% subsidy for 30 year loans to total \$93,903,910 subsidy cost for new multiple dwelling units.

PURCHASE OF PREVIOUSLY CONSTRUCTED UNITS

A) If the current number of units in Anchorage at the 4-20 unit level is 14,712 and Anchorage is 55% of the State market then there are approximately 25,767 units Statewide.

B) If the number of units which are purchased annually is 5% and the average cost is \$42,000, then the yearly market is approximately \$54,110,700 amortized at 5% subsidy for 20 years to total \$30,594,900 subsidy cost for purchased units.

SB 800
5% Subsidy on Multiple Dwellings

OPERATING COSTS

Personal Services

Accounting Technician II	7,995 per month	\$23,940 yearly	\$ 23,940
SSB Benefits (.0613)		1,468	
Variable Benefits (.1568)		3,753	
Monthly Benefits (\$183 per month)		<u>2,196</u>	<u>7,417</u>
Total Personal Services			31,357
<u>Travel</u> - None			-0-

Contractual Services

Postage		400	
Telephone		400	
Zerox Charges		100	
Advertising		<u>500</u>	1,400

Commodities

Calculator		280	
Misc. Supplies		<u>200</u>	480

Space Rental		2,700	<u>2,700</u>
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Total Operating Costs - FY 1983			<u><u>\$ 35,937</u></u>
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1	POSITION TITLE Accounting Technician II			RANGE/STEP 14 A	BARG. UNIT. GGU	LOCATION AWA	APPROV.	DIBAPP.					
2	TYPE OF POSITION Permanent	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY 1/1	FORM 12 PAGE/LINE	LEG						
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION:							
	1	2	3										
4	PERSONAL SERVICES:			SB 800 would require the Department of Commerce and Economic Development to administer a direct interest subsidy program for purchase and construction of multiple dwellings within the state. Subsidies would be calculated or audited and paid to banks on a yearly basis.									
	SALARY		23,940										
5	BENEFITS		3,753										
6	SBS		1,468										
7	FIXED BENEFITS		2,196										
8	TOTAL PERSONAL SERVICES		31,357										
9	TRAVEL		02										
10	CONTRACTUAL		03										
11	COMMODITIES		04										
12	EQUIPMENT		237										
13	OTHER		2,700										
14	TOTAL COST		34,337										
	RECEIPT CODE	FUNDING SOURCE											
15		FED RCPTS. 1002											
16		GF MATCH. 1003											
17		GEN. FUND 1004		34,337									
18		I-A RCPTS. 1005											
19		PGM RCPTS 1028											
20		OTHER											
21	CONTINUATION		FOR B&M USE ONLY										
22	ADDITION												
4A KEY NUMBER				COLUMN NO.									

AGENCY Commerce and Economic Development PROGRAM Economic Development

BRU Loan Administration

COMPONENT _____

13 REQUEST FOR NEW POSITION.

Page _____ of _____ REVISED DATE _____

FY 83

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 800
Title An Act establishing a direct interest subsidy program to subsidize the interest paid by residents on loans for multi-family housing and providing for an effective date

Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development
Program Category Affected Economic Development
BRU, Program, Or Subprogram(s) Affected Division of Loans and Veterans' Affairs
(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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		31.4	33.3	35.3	37.4	39.6
200 TRAVEL						
300 CONTRACTUAL		1.4	1.5	1.6	1.7	1.8
400 COMMODITIES		.5	.5	.6	.6	.7
500 EQUIPMENT						
600 LAND & STRUCTURES		2.7	2.9	3.0	3.2	3.4
700 GRANTS, CLAIMS, ETC.						
800 Subsidies		124,499.0	131,968.0	139,886.0	148,279.0	157,175.0
TOTAL		124,535.0	132,006.2	139,925.5	148,321.9	157,220.5

FUNDING (Thousands of Dollars)

GENERAL FUND		124,532.3	132,003.3	139,923.5	148,318.7	157,217.1
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

See attached detailed analysis.

Estimated activity is impossible to predict due to lack of specific information on loan portfolios or market demand.

The calculation of the subsidies is based on the up-front appropriation of those subsidies for the life of the loan in the year that the loan is made. Subsidies would be released to the bank for each year that the loan is still in force. Without this up-front guarantee, borrowers would not participate in the subsidy program.

IV. DATE March 9, 1982

PREPARED BY Don Hostak, Director
AGENCY Department of Commerce & Economic Development
PHONE 465-2555

Original: Legislative Finance



Alaska State Legislature

Senate

Official Business

Labor & Commerce Committee

Pouch V
State Capitol
Juneau, Alaska 99811

SB 800 Summary

Establishes a direct interest subsidy program to subsidize the interest paid on loans for multi-family housing. Any Alaskan, 18 years of age, would be eligible to receive a "direct interest subsidy coupon" from the state.

When a coupon holder obtains a loan for the construction or purchase of a multi-family (4 to 20 units) dwelling in Alaska, he may present his coupon and evidence of the loan to the Department of Commerce and Economic Development. The department must then pay the lending institution amounts sufficient to reduce the interest paid by the person by 5%. No subsidy on loans over \$2,000,000, and a person may have only one subsidized loan out at one time. Provides for an immediate effective date.