

S

B

231

- < SB 231 - ASHA
- < SB 232 - ASHA Older Alaskans housing \$ 10 million
- < SB 233 - ASHA - creating Older Ak housing
- < SB 234 - ASHA handicapped + family
- < SB 235 - ASHA handicapped + family \$ 15 million

~~ASHA Subtotal \$ 25 million~~

- SB 311 C+RA Sr. Cit housing \$
- SB 312 C+RA Sr. Cit housing \$ 16 million

~~C+RA Subtotal \$ 16 million~~

~~Other housing \$ 4 million~~

Total ASHA plus C+RA \$ 41 million

Proposed additional:

- SB 408 - Transfer ASHA to C+RA
- SB 409 - C+RA housing study
- SB 410 - C+RA housing study \$ 450,000

Total passed out + proposed \$ 41,450,000

13-19-81 - AGHA - 2

233 - construction - not operation

Audrey Davis - Independent Options Plan,
meet needs of phys. disabled

Needs for hsp for phys. dis. - 40 in each

- barrier-free hsp
- low-income
- low-interest purchase for owner-occup.
- need for hsp as a liaison person

→ guarantee # units for handicapped

→ define "handicapped"

→ prov pers. to deal w/ phys.

→ allot barrier-free units to handicapped,
- sep. phys from ment. disabled

→ set aside in all AGHA housing.

3-19-81

ASHA bills

Askins

- outlook for future federal funds.
 - adults who can be capable of appropriate facilities -
- scope of work -
 - ASHA housing
 - sep. entities
 - other non-profits

Jim Crawford

ASHA - sep. corp with Fed partnership

Marine view of state approp.

Why convert of floor for commercial rental space

If receive capital funds - ~~will~~
 will? might undertake statewide survey of senior cit & handic. age
 \$ equit

3/19 - 3

Dr David Spence HxSS

→ Age appropriate housing

3-24-81

Marie Matsuno -
Louise Crane, Senior Hosp Hsg Admin.

Hosp asstce division

units of hosp.

400 units
- monie,

14	40	215
7,500,000		
66	\$150,000/unit	

applic. don't want
do ~~the~~ fed. funds

- what incentive to use.

~~21,000,000~~
50,000

~~Place~~

ASHA - 3,300 for hosp.
285 or hosp

Jim Crawford

ASHA goes into ~~exp~~ for-exempt
bonding market + then would
use appr. funds to supplement.

(2)

~~Alta~~ - long-term feasibility

Need of seniors -

- lock in on long-term contracts?

\$ 15mm → 400-500(?) units of sr. ci. hsq.

\$ 2 1/2 in prog for Vasilla

\$ 1 subsidy

\$ 50mm - June - private.

Done^{M.} Call -

\$ 2mm - 20 unit facility → June an
subsidize rest of 1/4 of income services for
supportive & restorative services for
→ HHS - services for complex housing
- supportive & auxiliary services

(3)

Family & handicapped.

25-30 units for each —
1/2 * 1/2 - family/handic.

ACHA - construction expertise.

↳ interest in building w/af.

Original sponsors: Rodey, Ferguson,
Fischer, et al

Funding Information

General Fund	\$5,000,000
Other Funds	-0-
	<u>\$5,000,000</u>

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2 PROPOSED

CS FOR SENATE BILL NO. 312 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Community and Regional Affairs, senior citizens
8 housing development fund, to develop senior citizen
9 housing; and providing for an effective date."

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

11 * Section. 1. The sum of ^{16,000,000}~~\$5,000,000~~ is appropriated from the general
12 fund to the Department of Community and Regional Affairs, senior citizens
13 housing development fund (AS 18.54.070), to develop senior citizen housing.

14 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
15 070(c).

STATE OF ALASKA

AUDIT DIVISION
POUCH W—ALASKA OFFICE BUILDING

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

JUNEAU, ALASKA 99811

March 31, 1981

Jim Crawford
Deputy Executive Director
Alaska State Housing Authority
P.O. Box 80
Anchorage, Alaska 99510

Dear Mr. Crawford:

We have reviewed your letter, dated March 9, 1980, commenting on our letter of February 23, 1980 to the Legislative Budget and Audit Committee. Your remarks are thought provoking indeed but, we think, not precisely pertinent to the subject addressed in our letter.

For example, with regard to the time period allowed ASHA to decide on dissemination of federal funds, you cite a letter from HUD calling for a decision in five days. The HUD allocations referred to are for existing housing units and rebuilding of low-income housing units. Neither of these require new construction of units, which is the main purpose of your request for the two \$15 million funds.

The recommendation in our audit report, and subsequent letter, described a federal allocation for construction of 130 new units of family housing which was lost due to construction bids which exceeded available funds. We maintain ASHA could have sought additional funds through a budget request to the Legislature, since, according to HUD correspondence dated August 18, 1977, the federal allocation was reserved for ASHA from January 1973 through June 1977, at which time it was cancelled. We believe four years should have been sufficient for ASHA to obtain supplementary funding for this project and similar projects in the future.

Moreover, during that same time period, two elderly housing projects received HUD allocations but could not be started because of insufficient funds to cover high construction

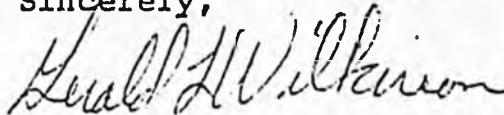
Jim Crawford
March 31, 1981
Page 2

bids. ASHA, however, was able to proceed with assistance from the Senior Citizens Housing Development Fund established by the Legislature in 1976.

Although not funded, the Housing Development Revolving Loan Fund, created at the same time as the Senior Citizens Fund, is a practical vehicle for ASHA to obtain funds to cover shortfalls in federal allocations. From the point of view of efficient cash management, these funds are preferred over creating new funds outside the State Treasury totalling \$30 million. They are subject to Legislative appropriation as well as remaining in the State Treasury until disbursement by ASHA.

We therefore reaffirm our position that separate funds within ASHA are not necessary for new construction allocation shortfalls. Funding vehicles currently exist which can be utilized within the time period HUD allocations are available.

Sincerely,



Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

cc: Senator Arliss Sturgulewski ✓

PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT



April 10, 1981

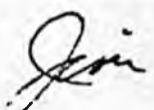
The Honorable Arliss Sturgulewski
Chairman
Legislative Budget and Audit
Pouch V
Juneau, Alaska 99811

Dear Arliss:

Enclosed is my response to Gerald Wilkerson's letter which I received on April 6, 1981. Though I do not want to have an on-going correspondence, I did feel his letter required a clarification of some material errors.

Sincerely,

ALASKA STATE HOUSING AUTHORITY


James M. Crawford
Deputy Executive Director

JMC:th
Encl.



April 9, 1981

Mr. Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit
Alaska Office Building
Pouch W
Juneau, Alaska 99811

Dear Mr. Wilkerson:

I have enclosed one more copy of the HUD letter you questioned in your March 31, 1981 letter. If you carefully read the enclosure, you will note that allocations are designated under the following categories: New/Substantial Rehabilitation, New, Existing, Indian Housing, Low Income Public Housing (New). The "New" stands for new construction. Upon reflection and review of the said letter, I am certain you will agree that your statement "the HUD allocations referred to are for existing housing units and rebuilding of low income housing units" is patently erroneous. Of the 947 units allocated, 778 or 82% are for new construction.

Your statements concerning the length of time ASHA has to seek additional funding as noted in your example of the 1973 through 1977 years ignores one subtle change in the federal funding system, i.e., the Reagan administration. Presently, a 50% recission of funds is in effect in addition to the complete obliteration of the Indian Housing Program. I concur that four years was certainly adequate time for ASHA to approach the legislature for funds for the Juneau and Ketchikan projects. During the subject period, however, ASHA was refused even the introduction of a capital funding bill as noted in your special review of Marine View:

"ASHA management sought opinions from legislators and administration officials. There was general agreement that such a "bail out" of a housing project could set a dangerous precedent. Another factor considered was the appearance that Juneau would be receiving an inordinate share of assistance over other communities. As a result of the above considerations, a bill appropriating \$4.6 million for the purpose of retiring debt was drafted, but never introduced."

In the face of that statement in your own audit report, how you can conclude that ASHA should have gone to the legislature for additional funding for a specific project in Juneau or Ketchikan is beyond me.



Mr. Gerald L. Wilkerson, CPA

-2-

April 8, 1981

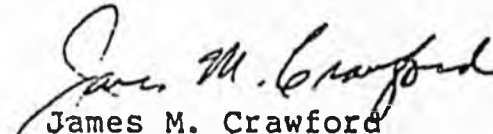
I concur that the Housing Development Revolving Loan Fund may be an appropriate vehicle for ASHA to obtain funds to cover shortfalls in federal allocations. In the event the Loan Fund received an appropriation and did not have the present restrictive requirements of national market rates dictated by SB 315 in the last session, it could work. From the point of view of efficient cash management and maximum program efficiency, the allocation of funds to ASHA without the State Treasury holding those funds until disbursement to a specific project will result in greater housing production. Under ASHA investment policies, the corpus of the fund plus investment earnings would accrue to the production of housing. The efficiency of coordinating shortfall financing and pre-sale of tax exempt bonds to lock in long term project costs is a consistent and appropriate goal for this organization as it might well be for the State of Alaska.

I am not really certain what paranoia prevails which motivates you to continue your attack on the administration of housing funds by an organization with expertise in housing, i.e., ASHA. Please let me assure you that our efforts and suggestions for capital funding merely recognize the reality of today-without capital funds, ASHA nor the Regional Housing Authorities will be in a position to respond to our legislative mandate: To provide decent, safe and sanitary housing for low and moderate income seniors, veterans, families and handicapped.

After three separate audits last year with no material findings, I feel comfortable in ASHA's capability of efficiently and effectively handling State funds for housing. As one of our auditors and in view of your reports, I would think you would concur.

Sincerely,

ALASKA STATE HOUSING AUTHORITY


James M. Crawford
Deputy Executive Director

JMC:gd

cc: Senator Arlis Sturgulewski
John B. Curtis, Executive Director
ASHA Board Members

Encl.

STATE OF ALASKA

AUDIT DIVISION
POUCH W—ALASKA OFFICE BUILDING

THE LEGISLATURE
BUDGET AND AUDIT COMMITTEE

RECEIVED
JUNEAU, ALASKA 99801
ASHA

March 31, 1981

APR 6 '81

Jim Crawford
Deputy Executive Director
Alaska State Housing Authority
P.O. Box 80
Anchorage, Alaska 99510

Route	EX
Route	DEX
Route	
File	

Dear Mr. Crawford:

We have reviewed your letter, dated March 9, 1980, commenting on our letter of February 23, 1980 to the Legislative Budget and Audit Committee. Your remarks are thought provoking indeed but, we think, not precisely pertinent to the subject addressed in our letter.

For example, with regard to the time period allowed ASHA to decide on dissemination of federal funds, you cite a letter from HUD calling for a decision in five days. The HUD allocations referred to are for existing housing units and rebuilding of low-income housing units. Neither of these require new construction of units, which is the main purpose of your request for the two \$15 million funds.

The recommendation in our audit report, and subsequent letter, described a federal allocation for construction of 130 new units of family housing which was lost due to construction bids which exceeded available funds. We maintain ASHA could have sought additional funds through a budget request to the Legislature, since, according to HUD correspondence dated August 18, 1977, the federal allocation was reserved for ASHA from January 1973 through June 1977, at which time it was cancelled. We believe four years should have been sufficient for ASHA to obtain supplementary funding for this project and similar projects in the future.

Moreover, during that same time period, two elderly housing projects received HUD allocations but could not be started because of insufficient funds to cover high construction

bids. ASHA, however, was able to proceed with assistance from the Senior Citizens Housing Development Fund established by the Legislature in 1976.

Although not funded, the Housing Development Revolving Loan Fund, created at the same time as the Senior Citizens Fund, is a practical vehicle for ASHA to obtain funds to cover shortfalls in federal allocations. From the point of view of efficient cash management, these funds are preferred over creating new funds outside the State Treasury totalling \$30 million. They are subject to Legislative appropriation as well as remaining in the State Treasury until disbursement by ASHA.

We therefore reaffirm our position that separate funds within ASHA are not necessary for new construction allocation shortfalls. Funding vehicles currently exist which can be utilized within the time period HUD allocations are available.

Sincerely,



Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

cc: Senator Arliss Sturgulewski



March 9, 1981

Mr. Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit
The Alaska Legislature
Pouch W-Alaska Office Building
Juneau, Alaska 99811

Dear Mr. Wilkerson:

Please consider this letter a response to your February 23, 1981 letter to members of the Legislative Budget and Audit Committee which was published in the final report on audit of the Alaska State Housing Authority (ASHA). It is unfortunate that ASHA was not consulted prior to publishing the letter since your interpretation of ASHA's suggestions for legislation could materially damage the construction of senior, family and handicapped housing within the State of Alaska.

Your interpretation of ASHA's suggestions for legislation may be appropriate for an agency which is not impacted by the exigencies of the bond market and the availability of federal funds. In ASHA's case, however, your suggestion for a case by case authorization of primarily federally funded housing would substantially delay the entire process.

Attached is a letter from John Duffy, Anchorage Area Office Manager, United States Department of Housing and Urban Development. You will note that notification of the availability of funds was published in the Federal Register on January 15, 1981. You will further note that the February 26, 1981 letter from Mr. Duffy requests a response from ASHA on dissemination of those funds within five days. I point this out in response to your inaccurate statement to the Legislative Budget and Audit Committee contained in your February 23 letter, "Federal funds allocated to ASHA need not be committed immediately. There is sufficient time during each grant period, or through grant extensions, to permit subsidy requests to go through the review process."

After notification of potential funds by HUD, ASHA within a very short period of time must develop a project, cost it out and find interim and long term financing. The determination of a gap in the short or long term financing (subject to swings in the bond market) is a critical component in the financial feasibility of proceeding with a project. Your suggested course of action



Mr. Gerald L. Wilkerson

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March 9, 1981

implies that after determination of a gap in March, ASHA would then go to the legislature for the shortage in construction funding. Unless you are suggesting supplemental appropriation which could be available immediately, budgeted capital funding would be then potentially available on July 1 of each year, but more likely available in August or September. The reality of dealing with HUD funding on a project is that HUD by that late date would have recaptured the funds and redistributed them to housing authorities without the onerous time constraints you suggest.

In any project which ASHA or the regional housing authorities are involved, a community's leadership requests assistance and passes a resolution of cooperation prior to a need survey and thereafter preapplication to HUD for an allocation. The delay or loss of congressionally or legislatively mandated assistance to Alaska's seniors, handicapped or low income needy in order to provide for a case by case scrutiny of projects would have a materially damaging impact on construction of federally assisted housing in Alaska.

It comes as a particular surprise that auditors of the Division of Legislative Audit, with your apparent approval, would recommend, among other methods, direct state appropriation since you apparently are personally opposed to that course of action. ASHA's suggestions for legislation were made in a positive manner to counter the construction shortfalls, bond market vagaries, delays and potential loss of federal funds presently inherent in our attempts to construct needed housing primarily with federal dollars.

Flexibility and timeliness are primary reasons for the creation of capital funds. Our construction activities are tied directly to the availability of federal funding and must be completed within Alaska's short construction season. Our efforts, as



Mr. Gerald L. Wilkerson

-3-

March 9, 1981

illustrated by the proposed legislation, are to speed the construction of needed housing within the state. It would seem appropriate that you might consider the courtesy of discussing such a proposal prior to its formalization in order to impartially assess the impact upon housing.

Sincerely,

ALASKA STATE HOUSING AUTHORITY

James H. Crawford
Deputy Executive Director

JMC:mrw

cc: Members of the Board
John B. Curtis, Executive Director



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

ANCHORAGE AREA OFFICE

334 WEST FIFTH AVENUE

ANCHORAGE, ALASKA 99501

RECEIVED
ASILA

REGION X

February 26, 1981

FEB 27 '81

IN REPLY REFER TO
10.1M

Mr. John Curtis, Executive Director,
Alaska State Housing Authority
P.O. Box 80
Anchorage, Alaska 99510

Route	52
Route	7110
Route	5225
File	

Dear John:

Yesterday I was sorry not to have time to accompany Chuck Morton, Miller Lutton, and Al Robinson of our office during their meeting with you, George Briggs, and Kay Snyder on a proposed allocation of LIPH and Section 8 funds for FY 81. They have told me of their mutually satisfactory visit with you, and this letter confirms our understanding of the tentative agreements reached. Please refer to the table of figures given you.

1. In the METRO area of Anchorage, you would prefer 25 Section 8 Existing units for handicapped persons. This would require \$131,733 in Contract Authority using the distribution you requested of 20 1-BR and 5 2-BR size units. This would leave \$116,119 of the \$247,852 total for family units. It would permit 18 units if distributed in 9 2-BR, 6 3-BR, and 3 4-BR sizes.
2. In the NON-METRO areas, we will leave the 40 units for the Kodiak LIPH project rebuilding at \$264,688. We can use the small balance elsewhere if not needed in Kodiak.
3. In the NON-METRO areas, at your request we have reduced the Section 8 Existing funds to \$64,572 for 10 units in Ketchikan instead of 20. This leaves \$709,576 of the \$744,148 total available which is equivalent to 114 units of 2-BR size units or 99 3-BR size units. You indicated you could possibly use some or all these funds for a program in the Mat-Su Borough.

We would appreciate hearing from you within five days whether (1) the above described dollar assignments would be satisfactory as well as the unit size distributions, and (2) the Mat-Su Borough proposal you have made can be reasonably justified by the housing needs of families under the income limits and in housing meeting the Section 8 standards. If some or all of these funds are not needed, we may be able to exchange them within HUD for much needed LIPH or Indian housing funds for back-up applications and requests we have from Native housing authorities.

Thank you for your kind cooperation.

Sincerely,

John G. Duffy
Area Manager

FY 1981 Contract Authority Allocations in Alaska
By Allocation Area and Program

<u>Area and Program</u>	<u>Contract Authorization</u>	
METRO AREA (Anchorage SMSA)		
FY Fund assignment		\$ 664,000
1. Indian Housing		<u>332,428</u>
Cook Inlet HA	\$ 332,428	
25 units - AWOR	\$170,027	
30 units - elderly	162,401	
2. Section 8		331,572
A. New/sub rehab.	83,720	
* Unassigned - 13 units	83,720	
B. Existing	247,852	
* 35 handicapped	76,356	
* Unassigned - 70 units	171,496	
NON-METRO AREAS		
FY Fund assignment		\$6,158,600
1. Indian Housing 585 units - new		<u>4,488,172</u>
A. Arctic Coast - 135 units	\$1,032,345	
B. Central - 265 units	2,024,652	
C. Southcentral - 125 units	969,134	
D. Southeast - 60 units	462,041	
2. LIPH - new		298,000
C. Southcentral	298,000	
ASIA - 40 units Kodiak	\$264,688	
* Unassigned - 5 units	33,312	
3. Section 8		1,372,428
A. New	598,280	
(1) FmHA	200,000	
Petersburg - 24 units	146,941	
* Unassigned - 6 units	53,059	
(2) Other	398,280	
Juneau - 50 units	398,280	
B. Existing	774,148	
(1) Ketchikan - 80 units	130,068	
* (2) Unassigned - 104 units	644,080	

Source: HUD 185.1. No. 10-HA-06-81-06, dated January 15, 1981.

THE LEGISLATURE

FINANCE DIVISION
POUCH WF—STATE CAPITOL

BUDGET AND AUDIT COMMITTEE

JUNEAU, ALASKA 99811

February 23, 1981

Members of the
Legislative Budget and Audit Committee:

We have reviewed the Alaska State Housing Authority's response to our preliminary report. Our comments follow:

ASHA has proposed legislation providing for a \$15 million construction fund for family and handicapped housing as well as \$15 million for senior citizen housing. The funds would be for grants or loans to municipalities or non-profit housing corporations to assist in financing the projects. As justification for creation of the two funds, ASHA cites our recent audit report where we stated:

ASHA should seek additional funding to allow utilization of all federal allocations for low or moderate income housing in Alaska.

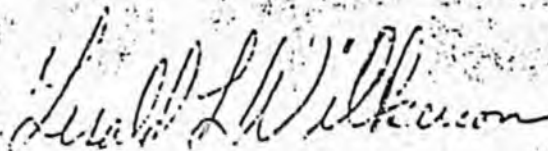
This recommendation was directed at a situation in which ASHA had lost two federal allocations (HUD) in 1977, totalling \$3.5 million, because of a shortage of funds to cover the difference between federal allowable costs and actual construction costs of two projects. Our recommendation suggested ASHA obtain funds to cover these types of situations through:

1. Direct State appropriations
2. Sale of general obligation bonds
3. State grants (In two instances a project was saved through grants from the Department of Community and Regional Affairs' Senior Citizen Housing Program.

Each of these three alternatives would provide for legislative scrutiny of any proposed subsidy. The first and second alternatives would require ASHA to include the details of any project needing a subsidy in their budget request, and the Legislature would then have the opportunity to review each project and either approve or disapprove. The third

alternative would also receive legislative review since any grant funds would be part of the affected department's budget submission. A \$30 million appropriation to ASHA, however, would allow ASHA to directly subsidize any project without legislative approval. Federal funds allocated to ASHA need not be committed immediately. There is sufficient time during each grant period, or through grant extensions, to permit subsidy requests to go through the legislative review process. If a project were disapproved, that would be merely an expression of legislative intent that it not be built. The two funds would unnecessarily remove from legislative control the power to commit State funds for specific projects. For this reason, we recommend ASHA seek subsidy appropriations, where needed, on a case by case basis through the normal budget process.

The Authority's proposed legislation regarding the sale of bonds and notes is in accordance with recommendations contained in the audit report.



Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

**PLEASE NOTE: THE PRECEDING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT.**

PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT



March 25, 1981

The Honorable Vic Fischer
Chairman, State Affairs Committee
Senate, State of Alaska
Pouch V
Juneau, Alaska 99811

Dear Senator Fischer:

Pursuant to your request at the hearing held Tuesday, the 24th of this month regarding SB 231-235, enclosed please find a listing of anticipated senior, family and handicapped projects throughout the State. The listing details the location, cost and potential source of funding for the projects in total.

Several assumptions are critical to the analysis of the attached lists. Those assumptions are:

1. Square footage cost is estimated an average \$95.00 per square foot. Naturally, cost differentials exist between urban and rural construction, however, economies of scale on a larger project should offset the greater cost of smaller projects and therefore meet the average.
2. Based on rates available in the current tax exempt bond market and present fair market rents as set by the U.S. Department of Housing and Urban Development (HUD), we anticipate that approximately 1/3 of the total cost would be required as a State subsidy at time of construction and 2/3 could be covered by direct HUD/Farmer's Home loans/bonds or tax exempt bonding by ASHA.
3. The list was determined based upon projects that have been proposed, anticipated demand as evidenced by ASHA's waiting lists in our existing projects and the current activities and plans of Regional Housing Authorities.
4. Projects listed have yet to be analyzed for actual financial feasibility and therefore represent estimated needs only.
5. The lists were alphabetized and no priority has been given to the projects.
6. Square footage estimated for senior citizen housing is 625 square feet for one bedroom units as recommended by the Juneau senior advisory group (our latest senior project).



The Honorable Vic Fischer

-2-

March 25, 1981

7. Square footage estimated for family and handicapped housing is 1,067 square feet for mixed, two, three and four bedroom units. Presently ASHA has twenty-seven handicapped units in our senior projects.

Mr. Chairman, as I testified on Thursday and again on Tuesday the Alaska State Housing Authority (ASHA) is capable of administering the Senior Citizen Housing Development and Construction Fund and the Family and Handicapped Housing Development and Construction Fund. Our cooperative efforts with the seniors, family and handicapped needy can be demonstrated by those projects which we successfully own and manage presently. Our only responsibilities at ASHA, as differentiated from other departments, are the production and management of housing. Creation of the Funds as outlined in SB 232-235 can materially assist the efforts of ASHA and the Regional Housing Authorities in meeting the needs of low to moderate income housing for seniors, families and the handicapped.

Thank you again for your patience and consideration during the hearings. Should you have any further questions, please do not hesitate to contact me at your convenience.

Sincerely,

ALASKA STATE HOUSING AUTHORITY

A handwritten signature in cursive script that reads "James M. Crawford".

James M. Crawford
Deputy Executive Director

JMC:gd

LIST OF PROJECTS

PROJECTS ANTICIPATED FOR SENIOR CITIZEN HOUSING

<u>NAME OF COMMUNITY</u>	<u>NUMBER OF UNITS</u>
1. Anchorage	120
2. Bethel	24
3. Chugiak, Eagle River	24
4. Fairbanks	40
5. Homer	30
6. Ketchikan	25
7. Juneau	20
8. Petersburg	24
9. St. Mary's	8
10. Valdez	20
11. Wasilla	20
12. Wrangell	20
13. Regional Housing Authorities	<u>375</u>
TOTAL	750

Assuming the need for 750 units of senior citizen housing, the estimated cost is as follows:

750 units X 625 square feet X 1.2 common area X \$95.00 per square foot =	\$ 53,437,500.00
Land cost at \$3,000 per unit (assume some donations) 750 X \$3,000 =	2,250,000.00
Fees for architects, engineers, etc. (8% construction) =	4,275,000.00
Contingency and cost of bond issuance, etc. =	2,200,000.00
Interim interest (assume have money 1/2 year before project completion) =	2,300,000.00
ASHA administration (may be more or less for Regional Housing Authority projects)	<u>3,000,000.00</u>
TOTAL	\$67,462,500.00

<u>TOTAL ESTIMATED DEMAND</u>	<u>STATE CONSTRUCTION SUBSIDY</u>	<u>HUD/FARMER'S HOME OR ASHA FINANCING</u>
\$ 67,462,500.00	\$22,465,012.50	\$44,997,487.50

LIST OF PROJECTS

ESTIMATED FAMILY AND HANDICAPPED DEMAND

<u>NAME OF COMMUNITY</u>	<u>NUMBER OF UNITS</u>
1. Anchorage	125
2. Bethel	50
3. Cordova	20
4. Fairbanks	75
5. Juneau	50
6. Kodiak	75
7. Kenai/Soldotna	50
8. Nome	50
9. Sitka	24
10. Valdez	25
11. Regional Housing Authority demand	<u>594</u>
TOTAL	1,138

Assuming the need for 1,138 units of family and handicapped housing, the estimated cost is as follows:

1,138 X 1,067 square feet (mixed two, three and four bedroom units) X 1.2 common area X \$95.00 per square foot =	\$144,505,944.00
Land cost at \$3,000 per unit =	3,564,000.00
Fees for architects and engineers, etc. (8% construction) =	11,560,475.00
Contingency and cost of bond issuance, etc. =	11,500,000.00
Interim interest (assume have money ½ year before project completion) =	12,000,000.00
ASHA administration (may be more or less for Regional Housing Authority projects)	<u>8,100,000.00</u>
TOTAL	\$191,230,419.00

Assuming total cost of \$191,230,419.00

<u>TOTAL ESTIMATED DEMAND</u>	<u>STATE CONSTRUCTION SUBSIDY</u>	<u>HUD/FARMER'S HOME OR ASHA FINANCING</u>
\$191,230,419.00	\$63,679,729.53	\$127,550,689.47

**PLEASE NOTE: THE PRECEDING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT.**

Lisa Parker
Administrative Assistant
Representative Samuel Cotten
Pouch B
Juneau, AK 99801

no date

RE: ~~SSHB~~ 150

Dear Ms. Parker:

Attached is a list of funding proposals which the Senior Citizen Housing Development Program has received.

Sincerely,

Louise Crane
Housing Administrator

Enclosure:
SCH DEVELOPMENT FUND

cc: Charles Willis
Administrative Assistant
Representative Samuel Cotten

James Kelly,
Administrative Assistant
Senator Patrick Rodey

Peter Freerer
Administrative Assistant
Representative Jim Duncan

3/17/81

Communities which now are planning housing under seed money grants from the Senior Citizen Housing Development Fund:

<u>COMMUNITY</u>	<u>UNITS</u>	<u>ESTIMATED \$ REQUIRED FOR CONSTRUCTION</u>
Wasilla	20 - 24	\$ 2,400,000
Wrangell	20 - 24	2,400,000
Juneau	24	1,200,000
St. Mary's	8 - 10	1,000,000
Petersbury	24	1,300,000

Communities which are preparing application for seed money planning grants are:

Homer	48	4,800,000
Metlakatla	8 - 10	1,000,000
Kodiak	?	

Communities which require additional funding to leverage federal funds committed to the housing are:

Ninilchick	10	1,400,000
Kenai	24	1,080,000
Anchorage	30	500,000

Communities which will request 100% state construction financing are:

Chugiak - Eagle River	24	4,000,000
Tyoniak	10 - 15	<u>1,500,000</u>
	TOTAL	\$22,580,000

POSITION PAPER ON SB311 - SENIOR CITIZEN HOUSING

Why 25 million dollars? And why all State funding? The answers are to meet statewide housing needs of the elderly and to permit us to determine our own eligibility rules. We can not do this by using part HUD money.

HUD Section 8 defines eligibility: for persons 62 and over and mentally and physically handicapped adults, that is, 18 years and over. The needs of these three groups are not the same and their life styles differ.

Alaska is not providing suitable housing facilities for the semi-independent elderly. Appropriate housing for the frail, or at-risk elderly, is not only an Alaskan concern. It is a national concern.

Dr. Robert Butler, Director of the National Institute on Aging, has stated repeatedly that 25% of the elderly persons in nursing homes do not need that level of care. Unnecessary placement results in trauma for the person and exorbitant expense for the one who pays the cost.

\$4,000 a month is the cost in Juneau.

\$6,000 a month in Anchorage.

Are the frail elderly to become paupers because their state has not provided a better plan of care? A plan to meet their needs! With the cost of nursing home care skyrocketing, who can afford unnecessary placements?

Claude Pepper, our grand old man in Congress, in Public Law 96-234, suggested doing something with congregate housing and services. A plan of this type is becoming a reality in Juneau.

We are building a residential environment around congregate housing. A gerontological architect as consultant is designing built-ins for 3,000 sq. ft. for ancillary services, as parallel bars, whirlpool bath, nurse's examining room with fixtures and supplies. A program of physical, speech, and occupational therapy will be provided for; also kitchen equipment with items for proper nutrition and holistic health approach, ceramics, stress counseling, etc.

When this SB311 passes, State funding can provide subsidized rent as a fourth of the tenant's adjusted income.

Alaska is ready for this plan. Alaska has three statewide health and social services programs. The Department of Health and Social Services, Public Health Services, and the Native Corporations have the personnel resources to develop this plan throughout Alaska.

POSITION PAPER ON SB311 "AN ACT MAKING A SPECIAL APPROPRIATION
TO DEVELOP SENIOR CITIZEN HOUSING."

PAGE 2

In connection with this appropriation, Alaska needs a statute to provide the authority to the Department of Health and Social Services and Community and Regional Affairs to work together to create a residential environment around congregate housing for the frail elderly who do not live in their own homes. It will help the elderly to maintain control over their own lives and not be placed unnecessarily into a wheel chair with resulting loss of control.

OTHER HOUSING THAT MEETS SPECIAL NEEDS.

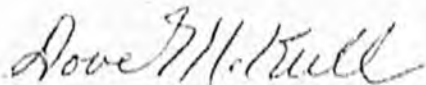
Alaska set a precedent in 1959 for the elderly with special needs. For instance, a family that believed in the values of an extended family, asked the Department of Welfare for help in keeping a blind grandmother in her daughter's home. The Department increased the monthly old age assistance check for a period of months to provide materials for the sons to build a special room for grandma. This was her room in which she could move about without fear of misplacement of its furnishings. She kept her artifacts near her and continued to work at her skills with skins and beads. This was less expense for the State and less trauma for the aged grandmother. Her sons constructed her room to meet her special needs.

RECOMMENDATION

Mr. Chairman and members of the Committee, in 1979 during five hearings of the State Council on Services to the Elderly, two issues stood above the rest for special attention: the need for improved and expanded home support services, and the need for a single agency to coordinate all of the programs for the aging, and set priorities.

SB311 can provide home support services in congregate housing in their own communities.

I recommend this bill be passed.



Dove M. Kull, MSW, ACSW
Chairperson of the Senior Citizen Advisory Board of the
Mayor and Assembly of Juneau



alaska
department
of education

DIVISION of
VOCATIONAL REHABILITATION

A SURVEY
OF
THE HOUSING NEEDS
OF
ALASKA'S ORTHOPEDICALLY HANDICAPPED

Prepared December 20, 1980
by John F. Schlicting
Chief of Planning and Research

A SURVEY
OF
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for
The Orthopedically Handicapped Action Group
2220 Nichols Avenue
Anchorage, Alaska 99504

The level of services available to Alaska's disabled population has always lagged behind that available to disabled persons residing in most other states. This gap has been especially apparent in the area of housing for the disabled. However, the fact that a need exists does not by itself identify how that need can best be satisfied. In order to attack the problem effectively, planners must be able to answer a multiplicity of questions. Some areas of concern include the transportation needs of disabled persons in Alaska, the degree to which architectural barriers constitute a problem, and how much disabled persons can afford to pay for housing. In order to obtain answers to these and other questions, the Alaska Division of Vocational Rehabilitation (DVR), at the request of the Anchorage based Orthopedically Handicapped Action Group (OHAG) surveyed orthopedically handicapped present and former DVR clients. This survey was conducted by mail during the summer of 1980. It asked questions concerning handicapped individual's preferences with respect to housing, information concerning the source and level of their income, and finally, their opinion as to what their needs were and what they felt was needed in the way of housing for the severely disabled.

Study Approach

Data was collected via a mail survey of 400 clients and former clients of the agency, who were served during the period from October 1, 1979 to May of 1980. Clients to be surveyed were selected on the basis of being both orthopedically handicapped and severely disabled. The

survey itself consisted of one mailing of questionnaires. Owing to time constraints surrounding completion of the survey a second mailing was not attempted. However, a total of 157 out of the 400 questionnaires were returned. This represents a response rate of almost 40%, which is nearly double the 19 to 25% rates typically observed with mail surveys. Indeed, in view of the high response rate on the first mailing, it is arguable that a second mailing would not have generated significant additional responses. This line of reasoning would postulate that the vast majority of the surveyed individuals who were likely to respond in fact did so on the first mailing since the response rate in question, in fact, approximated what one would normally expect after several mailings.

Processing of survey responses was accomplished using the Division of Vocational Rehabilitation's GNAT micro computer system. Data from the survey forms was coded and transferred onto summary sheets. It was then entered into the computer where it was stored on a floppy disk. This allowed investigators great flexibility in terms of retrieving and manipulating data. It also preserved survey data in a readily retrievable, relatively permanent form so that it can be easily used by future researchers. Statistical calculations such as mean and standard deviation as well as various statistical tests were accomplished using both the GNAT and an Alpha 325 Scientist desk top programmable calculator. Which machine was used was determined largely by the availability of software for a specific application.

Results

Data given below is for Alaska, statewide, Anchorage and statewide less Anchorage. The possibility of breaking out data for Fairbanks was considered as well. However, with a total of only 23 respondents from that community it was not felt that meaningful conclusions could be drawn concerning housing needs of Fairbanks' total orthopedically handicapped population. The results are presented as percentages of total responses on an item. This is because there is no reliable information currently available concerning the total disabled population statewide or sub-populations thereof residing in the various communities around the state. As a result it was impossible for us to develop gross estimates for any of the items covered in the survey. Assuming the sample reflected by our respondents is in fact representative of the orthopedically handicapped population in terms of their response to our survey, the percentages given here should reflect the proportion of the total orthopedically handicapped population in terms of the item in question.

In any case, survey data is presented below in the order that it appeared on the questionnaire and is followed by a brief discussion. The first question dealt with income.

Respondent's Income Status

<u>Percentages</u>	<u>Statewide</u>	<u>Anchorage</u>	<u>Rest of State</u>
Receiving	83%	87%	78%
Not Receiving	17	13	22

Percent of Respondents Having Income
Receiving Various Types *

<u>Type</u>	<u>Statewide</u>	<u>Anchorage</u>	<u>Rest of State</u>
Wages	29.2%	30.4%	27.9%
Aid to Disabled	18.5	21.7	14.8
Social Security	37.6	36.7	38.6
AFDC	5.4	7.2	3.3
Food Stamps	15.4	17.4	13.1
Other	24.2	26.6	21.8

* Percentages given above will add to more than 100% because some respondents received more than one type of income.

Monthly Income
For Persons Reporting Income *

<u>Income Amounts</u>	<u>Statewide</u>	<u>Anchorage</u>	<u>Rest of State</u>
Maximum	\$3200	\$2500	\$3200
Minimum	25	25	200
Average	796	736	868

* The income amount question was optional. Ninety-one persons responded statewide, fifty-one of whom resided in Anchorage.

Of the group of individuals who responded to our survey, 83% statewide indicated that they were in fact receiving income. This percentage was slightly higher for Anchorage (87%) and slightly lower for the balance of the state (78%).

However, while a majority of the persons surveyed reported receiving income, only a relatively small number of those reported wages as being included in their income. Of those clients reporting income statewide, only 29% indicated they were receiving wages. When the number of persons receiving some form of wage and salary income is applied to total respondents, one finds that roughly 24% were in fact

engaged in paid employment. Or, conversely, approximately 76% of total respondents were unemployed when surveyed.

For those clients receiving non-wage income, the majority indicated that this came in the form of transfer payments from Social Security, Aid to the Disabled or Aid to Families with Dependent Children. Indeed Social Security payments were the most common form of income cited with 38% of respondents having income, reporting Social Security payments as comprising some or all of it.

In terms of average income amount, persons who responded to that question on the survey listed monthly incomes which, for the most part lagged significantly below the average for Alaska's working population. Statewide, respondents indicated an average income of less than \$800 per month. Comparatively, the estimated average monthly wage for Alaskan non-agricultural wage and salary workers during 1979 was \$1741, according to statistics compiled by the Alaska Department of Labor. ¹

Of those respondents who indicated that they were working, roughly 60% were engaged in competitive employment. Another 20% were employed in a sheltered work setting, while the balance were engaged in another form of employment. (i.e., self employed, unpaid family worker, etc.)

Public transportation in most Alaskan communities is spotty at best, even for the non-disabled. For the orthopedically handicapped, the situation is much worse, as can be seen from the table below.

Percent of Respondents Utilizing
Various Types of Transportation

<u>Mode of Transportation</u>	<u>Statewide</u>	<u>Anchorage</u>	<u>Rest of State</u>
Private Car	59.1%	57.1%	61.1%
Public Transportation	15.5	21.4	9.3
Car Pool	4.5	3.6	5.6
Parents	2.7	1.8	3.7
Special Transportation	6.4	10.7	1.9
Other	11.8	5.4	18.5

As is readily apparent, the private automobile is the primary means by which most survey respondents travel to and from school or work. Only in Anchorage did a significant proportion of respondents indicate public transportation as their primary means of transportation. Anchorage was also the only area in which respondents indicated making any use of special transportation aimed specifically at the handicapped. Presumably this reflects the almost total lack of such specialized transportation elsewhere in the state. Further suggesting that transportation is a significant problem for orthopedically handicapped, are written comments from survey respondents. These cite the hardship involved having to depend upon family and friends for such crucial activities as shopping and going to the doctor. Indeed, it appeared that many respondents were literally housebound by the inadequacy or non-existence of public transportation service to the areas in which they reside.

Attendant Care Needs

When respondents were queried concerning their needs for assistance in various activities of daily living, just over 40%, statewide, indicated needing assistance for one or more of the listed activities.

Roughly the same proportion was noted for survey respondents residing in Anchorage.

The table below gives the proportion of respondents indicating a need for assistance in accomplishing specific activities.

Proportion of Respondents
Requiring Assistance for Various
Activities of Daily Living *

<u>Activity</u>	<u>Statewide</u>	<u>Anchorage</u>	<u>Balance of State</u>
Bathing	14.6%	13.9%	15.4%
Dressing	12.9	11.4	14.1
Toileting	8.9	8.9	9.0
Transfer	12.1	11.4	12.8
Eating	6.4	6.3	6.4
Cooking	22.9	22.8	23.1
House Cleaning	30.6	32.9	28.2
Laundry	23.6	26.6	20.5

* Percentages will add to more than 100%, since many respondents required help for more than one activity.

As is apparent from an examination of the above table, there is little if any difference between Anchorage and the rest of the state in terms of the proportion of disabled respondents requiring various types of assistance. In order to get an idea of the proportion of total respondents whose disabling condition substantially limits their ability to function, we obtained a count of those persons who required assistance with one or more of the first 5 activities (i.e., bathing, dressing, toileting, transfer and eating). The rationale behind this is based on the assumption that these are activities that even a moderately impaired person can generally perform unaided.

Using the above methodology, we found that approximately 22% of respondents both statewide and in Anchorage require fairly substantial assistance from another person (i.e., an attendant) in order to function on a day to day basis.

On-going Health Care Needs

As can be seen from the table below, the most common form of on-going medical care required by survey respondents was physical therapy.

On-Going Health Care Needs of Respondents			
<u>Type of Care</u>	<u>Statewide</u>	<u>Anchorage</u>	<u>Balance of State</u>
Physical Therapy	33.8%	36.7%	30.8%
Occupational Therapy	8.9	10.1	7.7
Speech Therapy	1.9	1.3	1.3
Aide Care	1.9	2.5	1.3
Skilled Nursing Care	5.1	5.1	2.6
Other	10.8	6.3	15.4

This was true both in Anchorage and statewide. When a count was obtained of total persons requiring medical assistance (i.e., any one of the categories listed) on an ongoing basis, it was found that 45.2% of respondents statewide and 44.3% in Anchorage required some form of periodic medical care.

Current and Preferred Living Situation

When respondents were queried as to their current living arrangements, the vast majority (64% statewide) were found to be living in their own house or apartment.

Current Living Arrangements
of Respondents

<u>Current Living Situation</u>	<u>Statewide</u>	<u>Anchorage</u>	<u>Rest of State</u>
Own house or apartment	66.0%	69.7%	62.3%
Nursing home	3.3	5.3	1.3
Parents	13.1	14.5	11.7
Other	17.6	10.5	24.7

Only a very small proportion were residing in nursing homes. Presumably, this at least partially reflects the fact that persons institutionalized on a long term basis are not usually eligible for VR services, and therefore would not have been surveyed in this study.

With respect to preferred living arrangements, as the table below indicates, the majority of respondents (55% in Anchorage and 62% statewide) would prefer to live independently as opposed to with a roommate or with parents.

Preferred Living Situation

<u>Living Situation</u>	<u>Statewide</u>	<u>Anchorage</u>	<u>Rest of State</u>
Independent	59%	55%	63%
With Attendant	16	16	15
With Roommate	8	9	7
With Parents	3	3	3
Nursing Home	0	0	0
Other	15	17	13

Many who indicated this preference stressed that to them "independent" meant with spouse and family. Interestingly, only 3% indicated that living with parents was their preferred living situation. In view of the fact that some 13% of respondents are currently residing with their parents, this appears to indicate that the vast majority of

persons in this living situation would, in fact, move out were suitable quarters available. No one who responded to the survey indicated nursing home as a preferred life style.

Barrier Free
Housing Preference

<u>Preference</u>	<u>Statewide</u>	<u>Anchorage</u>	<u>Rest of State</u>
Eight-plex-Handicapped Tenants Only	17%	22%	13%
Within a Regular Apartment Building	48	46	49
House	20	25	15
Other	15	7	23

In terms of barrier free living situations, the largest proportion of respondents indicated a preference for living in an apartment within a regular apartment building which had been modified to accommodate their functional limitations. Some 20% indicated a preference for living in a house or single dwelling units. Presumably these are homeowners (or spouses thereof) who could benefit from having their abode modified to make it easier for them to function there. In fact, several respondents commented on the need for a program to financially help disabled homeowners modify their dwellings and make them more habitable. Finally, some 17% of total respondents indicate a preference for an eight-plex tailored specifically for the disabled.

Preferences
With Respect to
Furnishings

<u>Type of Furnishings Preferred</u>	<u>Statewide</u>	<u>Anchorage</u>	<u>Rest of State</u>
Furnished Apartment	58%	50%	65%
Unfurnished Apartment	17	29	6
Partially Furnished Apartment	25	21	28

As can be seen from the above table, the great bulk of respondents indicate a need for at least some furniture, with over half indicating a preference for a totally furnished apartment.

When respondents were queried as to their preference with respect to the location of kitchen and dining facilities, 71% indicated a preference for kitchen facilities in the apartment. Only 4% indicated a preference for a centralized dining hall. However, some 25% indicated a preference for both a dining hall and kitchen facilities in their apartment.

Preference With Respect
to Location of Kitchen and Facilities

<u>Preference</u>	<u>Statewide</u>	<u>Anchorage</u>	<u>Rest of State</u>
Apartment	71%	70%	72%
Dining Hall	4	7	2
Both of Above	25	23	27

Degree of Immediate Need for Adequate Housing

Respondents were not queried specifically as to whether or how soon they would be willing to move into barrier free housing once such housing became available. However, by analyzing respondent comments,

it appeared that some 24% of respondents statewide (29% in Anchorage) were in immediate need of satisfactory housing. Included in this group were individuals who complained of the great financial burden posed by rental payments or who were in an obviously unfavorable living situation (i.e., institutionalized, living with parents or with friends). Another 32% statewide (and 35% in Anchorage) appeared to be uninterested in moving into barrier free housing. These were primarily persons who owned their own homes or who indicated only minimal mobility problems. With respect to the homeowners, it should be noted that while they were not interested in moving per se, many expressed an interest in financial assistance to make their dwellings more accessible.

For lack of a better term, the remainder of the respondents were classed as persons who might move into more appropriate housing, assuming such housing was available. These were persons who, neither own their current residence nor expressed a positive interest in staying where they were, and did have some concerns with respect for housing for the disabled. However, based on their comments or lack thereof, they were not considered to be in as dire straits with respect to their living situations as the group we felt would be willing to move on a short term basis should adequate housing become available. The table below breaks out the results of our analysis.

Willingness to Move
to Obtain Better Housing

	<u>Statewide</u>	<u>Anchorage</u>	<u>Rest of State</u>
Would Move Immediately	24%	29%	19%
Might Move	44	36	53
Not Interested in Moving	32	35	28

ANALYSIS AND CONCLUSIONS

There are a number of conclusions that can be inferred from the survey data. The first of these is that in order for the orthopedically handicapped to take advantage of any housing program targeted towards them, such a program will have to incorporate some form of housing subsidy. To see that this is so, consider that, as noted previously, the average monthly income of survey respondents statewide at \$796, is less than half the \$1741 reported by the Alaska Department of Labor for non-agricultural workers in Alaska during 1979. Although no data was collected on rents, it seems safe to assume that the ability of severely orthopedically disabled (and indeed other severely disabled) Alaskans to pay for shelter bears a similar relationship to its actual cost, to that which is characterized by the disparity between their income and that of non-disabled employed Alaskans. This tends to be substantiated by respondents comments, many of which cite the cost of rent and utility bills as posing a significant hardship to them. Indeed, one single mother of two indicated that of her roughly \$600 monthly income, \$400 went for rent and utilities, with the balance going for food stamps in order to allow her and her children to eat.

Little if any was left over for the extras which most of us take for granted. As a result, failure of policy makers to incorporate a subsidy mechanism into any housing program for the orthopedically handicapped could result in establishment of barrier free dwellings which though tailored to the needs of this group would be unaffordable to them. Such a conclusion may appear obvious and indeed, it probably is. It is stated here primarily because the history of public housing programs in the United States is dotted with numerous blunders with respect to their ability to actually address the needs of the the population at which they are targeted.²

A second conclusion that seems to fall out of the study is that housing for the disabled should be geographically compatible with the services they require, and with their activities of daily living. On one hand this means that medical facilities, stores and recreational facilities need be located close by. Although the survey did not solicit respondents perceptions as to the difficulty of getting around, the relatively low response to questionnaire items dealing with transportaton suggests that this is a significant problem for many othropedically handicapped.

On the other hand, it suggests that housing for the disabled should be located in a manner such that it can be effectively served by para professionals providing those services which the disabled typically receive in the home (i.e., attendant care and homemaking services). This is especially relevant when one considers the shortage of persons trained in many of these areas. While increased emphasis in areas

such as independent living rehabilitation should encourage the training of more persons with these skills, elimination of shortages in this area will not happen overnight. In the meantime, there is the need to insure that efficiency of provision of these services is maximized.

Thirdly, survey results indicate that the majority of respondents want housing which gives them the opportunity to live as independently as possible, and in general exist on an equal footing with non-disabled persons. The best indication of this is the fact that almost 60% of all respondents indicated a preference for living either alone, or with their nuclear family. Another indicator of this is the fact that while 14% of total respondents reported that they were currently living with their parents, only 3% stated this as a preferred living situation.

With respect to equity concerns, most respondents indicated a preference for living within a regular apartment building or in a single family dwelling. Although 17% of respondents did indicate a preference for eight-plex housing tailored for the handicapped, there did not appear to be any great sentiment for a living situation which would tend to segregate the disabled within the community. Indeed, respondent comments repeatedly articulate the concern that housing for the disabled be co-located with similar housing for the non-handicapped. This seems to represent another manifestation of what the advocacy movement has been telling us all along. That is that the disabled want the opportunity to live, work and play on an equal

footing with the non-disabled. They don't want to be set apart or type cast simply on the basis of having a physical or mental handicap. In view of this fact, it would be well to do a good deal of preliminary investigation prior to establishing a block of housing catering to the disabled alone. Possibly those that would favor such housing are persons whose functioning level is such that co-locating them with other persons having similar impairments might greatly enhance the efficiency of providing support services such as attendant care and homemaking assistance. Such housing would fall somewhere in between the traditional institutional model (i.e., nursing homes) and a totally independent living situation. Given that the vast bulk of survey respondents appear to want to get as far towards the latter (and far away from the former) as possible, caution is advised in consideration of any housing program that would result in segregating the disabled from the rest of the community, or labeling them as different.

Concluding Remarks

A reading of the recommendations contained in this study tends to suggest that we are assigning to policymakers in the area of housing for the disabled an impossible charge. How, one might ask, given that resources are scarce, can planners hope to come up with a housing program which is economically affordable, close to services, employment and recreational opportunities, and which allows the disabled person to maximize his independence in activities of daily living. The answer is that they probably can't. Indeed, virtually all public policies represent compromises which seek to maximize the positive effects of a program given the constraints posed by the

environment in which the program must operate. Hopefully, by listing as many of the conditions as possible which would characterize an effective housing program for the orthopedically disabled, we can provide a basis establishment of a program whose effectiveness will be maximized, subject to the constraints posed by the available resources and the environment in which the program must operate.

Footnotes

1> Alaska Department of Labor Statistical Quarterly First Quarter 1980, pp1.

2> For a lucid description of the public housing boondoggle in United States see Jones, Charles O., An Introduction to the Study of Public Policy - second edition, copyright 1977, by Wadsworth Publishing Company, Inc., Belmont, California 94002, pp 193-199.

3-19-81

TESTIMONY TO THE SENATE STATE AFFAIRS COMMITTEE

My name is Jim Crawford, I am the Deputy Executive Director of the Alaska State Housing Authority (ASHA). The Alaska State Housing Authority is a non-profit public corporate authority funded through rental project revenues and subsidies from the United States Department of Housing and Urban Development (HUD). ASHA presently manages or owns and manages over 3,000 apartment units throughout the State of Alaska. The corporate authority is governed by a five member Board of Directors appointed by the Governor. The Commissioner of Commerce is a member of our Board of Directors.

My responsibilities at ASHA include, but are not limited to, among others, arranging for financing through the tax exempt bond market and other methods for new construction activities.

As background to the discussion of SB 231 through 235, please let me explain the financial arrangements between ASHA and the State of Alaska prior to the revisions of Title 14 by the 11th Alaska State Legislature. Prior to that time, the Department of Revenue was able to accommodate ASHA's financial requirements with favorable terms and rates. An example of this accommodation is the existing interim financing for ASHA's Cordova and Seward senior projects which amounted to loans totaling \$3,439,000 at 7% for a period not to exceed two years past construction completion. At that time, recognition was given by the Department of Revenue to the differential between tax exempt and non-tax exempt market rates. With the passage of SB 315 during the last session which mandated competitive national rates for investments of the Department of Revenue, the ability of ASHA to go to Department of Revenue for interim or long term borrowing was severely restricted.

In further background to the preparation of the legislation under hearing today, please let me explain the audits of ASHA's fiscal year ended March 31, 1980. Because ASHA showed no apparent financial problems, HUD approved ASHA's contract with an independent auditing firm for compliance testing and the normal financial audit of federal and non-federal programs. ASHA last year contracted with Peat, Marwick, Mitchell & Co. for that audit. No material findings were reported in the audit of ASHA activities either in the federal programs or the non-federally funded activities. Next, HUD auditors did a performance review, again with much the same result. Finally, Division of Legislative Audit completed a special review and a full performance review of ASHA.

Subsequent to the recommendations contained in the audit report and within our Chairman's response to those recommendations, SB 231 through 235 were presented in draft form to the Legislative Budget and Audit Committee. We found the recommendations of the legislative auditors to be encouraging and the bills as redrafted by Legislative Budget and Audit will, if passed by the Legislature, be a positive step toward the greater production of needed senior, family and handicapped housing within the State of Alaska. Specifically, with regard to each bill:

SB 231 addresses the duplication of regulation by the federal government in the State of Alaska and designates the regulations to follow by funding source. For full technical compliance with the Administrative Procedures Act, ASHA would have to implement all HUD regulations which impact funding of ASHA operated projects. ASHA implementation of federal regulations would be onerously time consumptive and of questionable value. The real problem with ASHA adoption of all federal HUD regulations, however, occurs when HUD changes those regulations, which it does frequently. When a change occurred, ASHA would then have to advertise the change, hold hearings then implement the changes. The additional staff time and expenses is plainly not cost beneficial since we do not have the option of changing those regulations without jeopardizing our funding. The amendment contained in SB 231 to AS 18.55.110 will not result in significant changes in ASHA's day-to-day activities. Our proposed amendment would create a simple and clean dichotomy: federally funded or assisted projects are not subject to the Administrative Procedures Act or Title 36; ASHA's non-federally assisted projects would still be subject to the state statutory provisions. Implementation of the amendment to 18.55.110 will not create or maintain a regulatory vacuum. The federal government rarely, if ever, leaves the regulatory stone unturned. For instance, ASHA's low rent projects are governed by the federal regulations in Volume 24, Code of Federal Regulations, program handbooks prepared by the Department of Housing and Urban Development and an Annual Contributions Contract between ASHA and HUD. A review of these documents demonstrates that ASHA's activities are tightly controlled and monitored and that the purposes of the APA have been met by the publication of the federal regulations and amendments there to in the Federal Register. If ASHA was also required to publish certain low rent regulations in accordance with the APA, the regulations adopted by ASHA could not violate the federal requirements and would therefore be a mere reflection of the federal regulations at best.

SB 231 also addresses the terms under which ASHA may sell bonds and notes. With the previously explained altered relationship

with the State Department of Revenue and the resultant limitation on ASHA's ability to arrange interim funding through the Department of Revenue, ASHA is now in a position of going to the private market either through the tax exempt note market or to individual financial institutions for interim financing on new federal projects. Our existing enabling legislation does not address the sale of project notes although the practice has occurred previously. The amendments to 18.55.140 et al. clearly indicate ASHA's ability to sell notes as well as bonds. The amendment to 18.55.180 clarifies the method by which ASHA may sell bonds and notes. Currently since ASHA has not been in the bond market since 1974 under a completely different program, we are in the position of hiring a bond agent to arrange a private placement of bonds which cannot be sold at less than par. The implementation of the amendment will allow ASHA to go to an underwriter, get a price quote and sell the bonds immediately. We presently have structured a \$16,350,000 bond sale which is pending HUD approval of additional funding to cover the differential between initial financial feasibility at 7.5% interest and existing market rates in the range of 10½ to 11%. The amendments as suggested in SB 231 will allow the sale of bonds for federally funded or federally guaranteed projects on a much more timely basis with a definite cost up front. The pre-sale of bonds prior to a project's construction locks in a definite financing cost at the beginning of the project.

In addition to the amendment which addresses the method by which ASHA may sell bonds, we are requesting amendment to AS 18.55.185 which would require an independent financial advisor on the sale of bonds or notes to an underwriter. (The language for the amendment and the independent financial advisor is identical to that in the enabling legislation of Alaska Housing Finance Corporation's at 18.56.115.) The existing language of 18.55.185 is as follows:

Prohibited Bidding on Bonds and Notes.

- a) No person who provides financial programming of marketing assistance to the Authority in connection with the issuance or sale of bonds or bonds anticipation notes of the Authority under any section of this chapter may bid on the bonds or notes if offered at public sale or negotiated for their purchase if sold at a private sale.
- b) The sale of bonds or notes of the Authority to a person who is prohibited from bidding on the bonds or notes under (a) of this section is public policy and the sale

is void.

- c) In this section person means an individual firm, agent, factor intermediary, partnership, corporation, association, bond house, stockbroker or bond broker.

Obviously, a financial advisor on a bond issue to retain independence would be in fact prohibited from bidding on bonds or notes. The existing language could potentially create a voided sale. It is ASHA's position that adequate criminal prosecution would be available in the event a fraudulent action. The bond purchaser however, would be in a third party status and should not suffer the potential loss from a voided sale due with no culpable activity on his part. Our concern is centered on protecting the bond holder's interest as a voided sale would tremendously damage ASHA's later capability of issuing bonds or notes.

Senate Bill 232 and 233:

These bills establish and fund the senior citizen housing development and construction fund in compliance with recommendation No. 2 of the Division of Legislative Audit which states "ASHA should seek additional sources of funding of housing projects to ensure that federal allocations are not lost." As stated in the audit report "in 1977, ASHA had no choice but to return to the federal government two allocations totaling approximately \$3,460,000 due to the infeasibility of the projects. The allocations were for family housing in Juneau (80 units), and Ketchikan (50 units)."

ASHA has two main programs with which we deal for the construction of new federally subsidized housing within Alaska. The conventional low rent program which is a totally HUD financed program contains provisions for nationally applicable maximum prototype costs for each project. In a letter received from HUD on the cancellation of the Juneau and Ketchikan projects, HUD stated that they "were aware that these projects have not been able to be constructed because of the prototype costs (maximum construction prescribed by HUD) in these areas have been too low and it is not reasonable for you to issue construction contracts..." Therefore, when attempting to construct senior federally subsidized housing under the low rent conventional program, a construction shortfall occurs between available federal dollars and actual project costs. The passage of SB 232 and 233 will allow for grants or loans to these projects in order to cover the construction shortfall. They may also be used for the enhancement of the senior projects for the benefit of the senior community. An example of the enhancement previously pro-

vided by ASHA on senior projects is catcher bars in the bathtubs and emergency alarms for signaling our office in the event of a medical emergency. Most of the changes made in ASHA projects which add amenities are at the request of the local senior advisory group monitoring the construction of our project.

The next program ASHA deals with is the Section 8 New Construction Program which requires independent financing. The initial financial feasibility of an ASHA tax exempt bond financed project entails the determination from HUD of the per unit annual subsidy and fair market rent. When the fair market rent has been determined, ASHA subtracts its management and maintenance costs and therefore nets to a figure available for amortization. The figure available for amortization times the number of units in the structure equals the amount that may be financed through the tax exempt bond market. Again due to the high cost of construction in Alaska the figure available for amortization is insufficient to cover the total construction cost. Therefore, the need of a housing development and construction fund to cover, in the Section 8 instance, the financing gap and thereafter construction shortfall.

Flexibility and timeliness are primary reasons for the creation of capital funds. Our construction activities are tied directly to the availability of federal funding and the exigencies of the bond market. Our facilities must be completed within Alaska short construction season. Our efforts, as illustrated by the proposed legislation, are to speed the construction of needed housing within the State. ASHA basically has two options when faced with a construction shortfall as in the case of our present Juneau project: 1) Cut the project's size as in the current Juneau instance from 24 to 20 units and cut amenities or 2) alternatively to admit the financial infeasibility of the projects and defer construction.

Another reason for the creation of the funds is the actions of the federal government. According to an analysis of HUD budget cuts in the Wall Street Journal of March 14, 1981, subsidizing housing will be cut 32.7% from 260,000 units previously proposed to 175,000, new construction authorization would be cut 39.4% from 130,000 to 78,750 for the entire country. Obviously, then ASHA must stretch available federal dollars to their maximum and supplement those funds by leveraging in the bond market and also ask the legislature consideration of the problem by proposing SB 232 - 235.

Of additional concern to ASHA is the proposed elimination of the Indian Housing Program utilized by the regional housing authori-

ties. A majority of the need for family housing is centered in the rural areas of the state. In order for the regional housing authorities to meet the needs of their program recipients, capital funding must be available which will augment the funds available through the U.S. Department of Housing and Urban Development and the Farmers Home Administration.

Senate Bill 234 and 235:

SB 234 and 235 address the creation and funding of a family and handicapped Construction Fund. The reasons outlined previously concerning the senior housing and the need for a senior housing fund are equally applicable to the family and handicapped funds. In the family and handicapped housing development and construction fund, the particular needs of handicapped individuals and their incumbent greater costs in the development of housing could be accommodated by the passage of SB 234 and SB 235.

Particularly in view of the federal plans for budget cuts which reportedly will impact HUD new construction funding by at least a 15% reduction, the establishment and funding of the senior citizen Housing Development and Construction Fund and the Family and Handicapped Housing Development and Construction Fund may spell the difference between additional federally assisted housing within Alaska and a deferment due to financial infeasibility for the next several years.

ASHA is presently working with the State Department of Labor in the Census Division to isolate the need for housing then prepare a prioritized five year construction allocation recommendation for HUD concurrence. In the event the capital construction funds are established and funded, ASHA will be able to more aggressively perform marketing plans statewide for the benefit of ASHA's program recipients and those program recipients of the Regional Housing Authorities. Existing information concentrates on available housing stock and does not isolate the need for housing. It is our intention to work closely with the Regional Housing Authorities to assist them in their fulfillment of housing needs in the rural areas of the state as well as providing for the urban needs of Alaska seniors, families and the handicapped.

In summary then, the SB 231 clarifies deficiencies in our enabling legislation (AS 18.55.) concerning duplication and the promulgation of regulations and in certain functions concerning construction. The first section clearly delineates by funding source, the appropriate procedures to be followed by ASHA. The second section of the bill restructures and updates ASHA's

bonding powers allowing easier access to the tax exempt financial markets. SB 232 through 235 establish capital funds for housing senior, family and handicapped. With the establishment of both funds, it is our intention to coordinate grants from the funds with ASHA bond powers. Particularly in the face of a wildly fluctuating bond market a gap between available construction dollars and actual construction dollars will force the delay or even cancellation of needed housing projects. Nationally established construction maximums do not reflect Alaska's cost. Consequently, otherwise worthy projects may not be built.

We believe that SB 231 through 235 are consistent with the recommendations of the Legislative Budget and Audit Committee auditors and that the legislation if enacted will be a positive step for the greater production of housing within Alaska.

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A SPECIAL REVIEW OF THE
ALASKA STATE HOUSING AUTHORITY
MARINE VIEW APARTMENT BUILDING

October 13, 1980

Commissioner, Department of Commerce
and Economic Development

Charles R. Webber

Deputy Commissioner, Department of
Commerce and Economic Development

Pete Braxton Jeans

Board Members
Alaska State Housing Authority

Member
Member
Member

Roger A. Lang
Joan Ray
Gale D. Kincaid

AUDIT DIVISION
POUCH W—ALASKA OFFICE BUILDING

THE LEGISLATURE

FINANCE DIVISION
POUCH WF—STATE CAPITOL

BUDGET AND AUDIT COMMITTEE

JUNEAU, ALASKA 99811

October 13, 1980

Members of the
Legislative Budget and Audit Committee:

In accordance with a special request of the Legislative Budget and Audit Committee and Title 24 of the Alaska Statutes, the attached report is submitted for your review.

A SPECIAL REVIEW OF THE
ALASKA STATE HOUSING AUTHORITY
MARINE VIEW APARTMENT BUILDING

October 13, 1980



Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

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PURPOSE OF THIS REVIEW

In accordance with a special request of the Legislative Budget and Audit Committee and Title 24 of the Alaska Statutes, a review of the Marine View Apartment Building was conducted to determine:

1. The circumstances surrounding the conversion of dwelling units to office space.
2. Whether the conversion was necessary.
3. What alternatives to conversion existed.

ORGANIZATION AND FUNCTION

During a severe housing shortage in Juneau, Alaska, in 1972, the Alaska State Housing Authority (ASHA) initiated construction of the Marine View apartments. The 98-unit project consists of 64 one-bedroom, 32 two-bedroom, and 2 three-bedroom units. The original project concept called for a 3:1 ratio between low and moderate-income tenants, thereby encouraging economic integration.

Financing for the \$3.9 million project was obtained from the Alaska Housing Finance Corporation (AHFC). Terms of the loan included interest at 3% over 36 years with the first five years requiring interest-only annual payments. Despite its predominantly low-income composition, the project has not received any federal subsidy due to insufficient federal allocations.

Since initial occupancy in early 1974, the project has been in financial difficulty. Due to increased annual debt payments (principal portion) and other costs, in mid-1979, ASHA converted three floors of the nine-floor structure to office space. Various State agencies occupied the three floors in 1979 with the State retaining a negotiable option on the fourth floor. The State exercised the option in early 1980, and ASHA, after examining various alternatives, agreed to convert. Fourth-floor tenants receiving eviction notices were either provided relocation assistance in the form of lump-sum payments of \$4,000 or were assisted in moving. Assistance to tenants occupying the first three floors was not necessary because there was much greater lead time. The tenants either moved to higher units in Marine View as they became available, or to other projects.

REPORT CONCLUSIONS

1. What were the circumstances surrounding the conversion of dwelling units to office space?

The Marine View project has been in poor financial condition since its opening. Three factors contributed to ASHA's eventual decision to convert to office space:

1. The lack of a federal subsidy supporting the project.
2. ASHA's initial reliance on a feasibility study which contained major flaws.
3. The effect of litigation brought by the Marine View construction contractor.

Marine View is unique in that it is the only ASHA low-income project without a continuing subsidy from the federal Department of Housing and Urban Development (HUD). During planning and design phases of Marine View, HUD funding was subject to a budget freeze which resulted in insufficient Juneau allocations. Because a severe housing shortage existed at that time, Marine View was built without waiting for the possibility of future HUD allocations.

Project feasibility was appraised as part of the architect's report, and the appraisal accompanied ASHA's loan application to AMFC. The study was severely limited in scope, providing only an estimate of first-year operations. The study did not consider inflationary effects on future operating and maintenance costs and understated the annual reserve amount necessary for equipment replacement and major repairs. By the end of Fiscal Year 1977, costs had increased 103% and revenues only 32% in comparison to feasibility study amounts. As a result, there was no revenue to meet increased debt service payments which began to include principal repayment in 1978.

The litigation centered on a claim that the construction contractor incurred additional costs due to an ASHA change order during construction. The courts found ASHA liable and issued a judgment for \$513,000 in Fiscal Year 1979. To satisfy the judgment, ASHA refinanced the original loan from AMFC by borrowing an additional \$520,000, bringing the total debt to \$1,420,000. As a result of the refinancing, annual debt service payments rose from \$198,974 to \$240,932, a 21% increase. By the end of Fiscal Year 1979, increased debt service plus the need to replace a boiler system resulted in an accumulated deficit of \$306,927 (see Appendix A).

2. Was the conversion to office space necessary?

We believe that the conversion was necessary due to the project's financial history and ASHA's potential liability. Prior to ASHA's decision in late 1978, the project had not generated any reserves to cover the increased debt service and major repair expenses that would soon be incurred. A firm of certified public accountants projected an accumulated deficit by 1991 of \$2.2 million if the status quo was maintained.

The effect of such a long-term deficit would be to erode ASHA's ability to raise money through the bond market, thus jeopardizing future ASHA projects.

Conversion of the first four floors to office space provides sufficient incremental revenue to reverse the trend. Additionally, administrative and equipment replacement costs should decrease as a result of the five-year office space leases. We believe that ASHA's projections which eliminate the deficit by Fiscal Year 1987 may be several years premature (see Appendix B). However, ASHA can be reasonably assured that sufficient action has been taken to significantly reduce potentially detrimental effects on ASHA's fund-raising ability.

3. What alternatives to conversion existed?

In 1977 when it became apparent that Marine View may create significant adverse effects on ASHA, the process of examining alternatives began. Prior to the decision to convert in early 1979, three major alternatives existed:

1. Obtain a legislative appropriation
2. Sell the property
3. Increase rents

Before the 1978 Legislative Session began, ASHA considered seeking assistance from the Legislature in one of the following manners:

1. Retiring the debt through a legislative appropriation.
2. Creating continuing state subsidies amounting to approximately \$150 per unit per month for the life of the building.

ASHA management sought opinions from the legislators and administration officials. There was general agreement that such a "bail-out" of a housing project could set a dangerous precedent. Another factor considered was the appearance

that Juneau would be receiving an inordinate share of assistance over other communities. As a result of the above considerations, a bill appropriating \$4.6 million for the purpose of retiring debt was drafted but never introduced.

Selling the property would have had both a negative social and financial impact. The displacement of low-income tenants would occur if the project were sold. A private sector landlord would have to change the tenant composition of Marine View either to high-rent or commercial in order to make a profit. With the demand for office space growing, it appeared to ASHA that a potential buyer would convert the entire building to office space which would result in a larger decline in the number of units available for low-income tenants in Juneau. Financial considerations were based on a 1978 appraisal which valued Marine View at \$4.25 million in an office space configuration. With debt at \$4.4 million, plus the cost to convert the entire building, neither ASHA nor the tenants would have benefited from the sale.

ASHA had increased rents by an average of 10% in each of the four operational years through 1977. Nevertheless, ASHA complied with the project's original purpose of providing low-income housing, as well as the statutory provisions of AS 18.55.130(c) which limits rents to no more than 80% of the lowest market rent. ASHA considered raising rents from approximately 65% of market to the 80% limit. However, our analysis of projected ASHA increases through 1979 indicates that the additional revenues generated would still be insufficient to cover increased debt service costs and major repairs. ASHA also considered the effect on lower-income tenants who may not be able to afford the larger increases. ASHA was also sensitive to Legal Services' concerns for the welfare of their low-income clients.

As each of these alternatives were eliminated, ASHA began negotiations with the State to examine the office conversion alternative. Partial conversion was accepted by ASHA as a compromise between the original rental configuration and conversion of the entire nine floors.

The early stages of the negotiations included conversion of only three floors because a new HUD program had been developed which ASHA believed should partially eliminate the Marine View deficit. However, as program regulations were released and Juneau area allocations established, it was found to be an unworkable program for Marine View. Conversion plans were then amended to include a fourth floor.

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

ASHA should not attempt to construct additional low-income housing without federal continuing subsidies unless long-term financial feasibility can be reliably demonstrated.

In order to ease the effect of Juneau's severe housing shortage on lower-income people, the Marine View project was quickly conceived and built in the early 1970's without the necessary continuing federal subsidies which usually accompany such low to moderate-income housing projects. Insufficient HUD allocations at that time as well as restrictive building criteria (meeting prototype costs, site selection, etc.) left ASHA with no prospect of receiving continuous subsidies. Additionally, ASHA placed undue reliance on a limited feasibility study which claimed Marine View to be a going concern without continuing federal subsidies.

As of June 30, 1980, the Marine View project has a \$497,423 deficit. Tenants on floors one through four have had to be displaced in favor of more profitable commercial space.

Without federal continuing subsidies, ASHA should not attempt construction of a low-income project so that the problem of tenant displacement does not arise in the future.



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LEGISLATIVE
AUDIT

November 20, 1980

Mr. Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit
State of Alaska
Pouch W - Alaska Office Building
Juneau, Alaska 99811

Re: Legislative Budget and
Report on Marine View

Dear Mr. Wilkerson:

I am in receipt of a copy of the Preliminary Audit Report on the Special Review of the Alaska State Housing Authority Marine View Apartment Building. I have reviewed the report and offer the following comments:

Report Conclusions

1. What were the circumstances surrounding the conversion of dwelling units to office space?

The factual presentation is accurate, with the minor exception Marine View is not the only project without a continuing subsidy. The Wrangell 221(d)3 project is also without a continuing subsidy from that program. The Wrangell project is presently being appraised in preparation for sale.

2. Was the conversion to office space necessary?

While we agree with the conclusion that the conversion was necessary, we have an apparent disagreement regarding the timing of the deficit recovery. We would be interested in any alternative methods of financial projections or differing assumptions which Legislative Budget and Audit used during their report preparation.

3. What alternatives to conversion existed?

We concur with the factual presentation.

Finding and RecommendationsRecommendation No. 1


ASHA should not attempt to construct additional low-income housing without Federal continuing subsidies unless long-term financial feasibility can be reliably demonstrated.

We concur with the recommendation. Marine View has been a substantial financial difficulty at ASHA for several years. With conversion of four floors of the building to office space, we anticipate retaining a viable needed housing resource in Juneau. The conversion provided a reasonable solution to the difficult situation. It is our intention to continue the policy presently in effect of constructing and operating facilities only in concert with available Federal subsidies.

Mr. Wilkerson, we were pleased that the report consistently agreed with the recent actions of the Alaska State Housing Authority.

Sincerely,

ALASKA STATE HOUSING AUTHORITY


Charles R. Webber, Commissioner
Department of Commerce and
Economic Development

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NAW ✓ *file*

March 3, 1981

The Honorable Vic Fischer
Senator
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Fischer:

NOTICE OF PROPOSED CHANGES
IN THE REGULATIONS OF THE
ALASKA STATE HOUSING AUTHORITY

Notice is hereby given that the Alaska State Housing Authority (ASHA), under authority vested by AS 18.55.100(a)(4); AS 18.55.420; and AS 18.55.520 proposes to repeal and re-enact regulations in Chapter 95, Title 3 of the Alaska Administrative Code to implement AS 18.55.100; AS 18.55.100; AS 18.55.310; and AS 18.55.520 as follows:

Chapter 95, secs. 10-320 are to be repealed and secs. 10-270 are to be re-enacted with the new procurement regulations for ASHA. The proposed regulations for procurement by competitive solicitation, procurement by negotiation, and procurement protests will govern all contracts for supplies, materials, equipment, services, construction and the leasing of real and personal property. Under the proposed regulations, ASHA's procurement procedures are revised and consolidated for the public notice, submission, modification, opening, and rejection of bids and proposals and for contract award based on such competitive solicitation.

Factors which may be considered by ASHA in determining the responsibility of a bidder or offeror are established in the proposed regulations and include such considerations as the sufficiency of the financial resources and ability of the bidder or offeror to perform the contract; the previous and existing compliance of the bidder or offeror with all laws, ordinances and regulations relating to the contract; and the ability and capacity of the bidder or offeror to perform the contract within the time specified without delay or interference.

Exceptions to the requirement for competitive solicitation under the proposed regulations include certain contracts for small procurements and professional services; contracts with governmental entities; emergency contracts; and contracts where there is no competition as when the rates are set by law, or there is only one source within the state, or there is only one source within



Page 2

the borough and the contract amount is less than \$10,000.

The proposed regulations provide that any actual or prospective aggrieved bidder or offeror may file a protest with the executive director of ASHA. The proposed regulations establish the form of protest, time for filing, the circumstances under which the protest may result in a stay of procurement, and that the written decision of the executive director of ASHA will be final and conclusive.

Notice is also given that any person interested may present oral or written statements or arguments relevant to the action proposed at a hearing to be held in Room 421, New Court Building, 303 "K" Street, Anchorage, Alaska, at 9:30 a.m. on March 26, 1981.

Copies of the proposed regulations may be obtained by writing to the Alaska State Housing Authority, P.O. Box 80, Anchorage, Alaska 99510 or by picking up a copy at ASHA's Central Office located at 4325 Laurel Street, Anchorage, Alaska. ASHA, upon its own motion or at the instance of any interested person, may adopt the proposals substantially as described above without further notice or may decide to take no action on them.

Sincerely,

ALASKA STATE HOUSING AUTHORITY

A handwritten signature in dark ink, appearing to read "John B. Curtis".

John B. Curtis
Executive Director

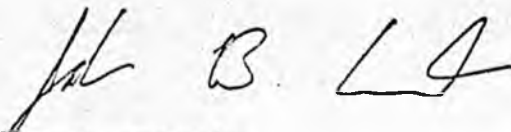
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ADDENDUM NO. 1 TO NOTICE DATED
MARCH 3, 1981 OF PROPOSED CHANGES IN THE
REGULATIONS OF THE ALASKA STATE HOUSING AUTHORITY

Notice is hereby given that the Alaska State Housing Authority anticipates that the adoption of the above referenced regulations will have a negative fiscal impact requiring no increased appropriation from the state.

Dated: March 16, 1981

ALASKA STATE HOUSING AUTHORITY

A handwritten signature in cursive script, appearing to read "John B. Curtis".

John B. Curtis
Executive Director



March 10, 1981

The Honorable Arliss Sturgulewski
Senator
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Sturgulewski:

Enclosed for your information please find ASHA's response to Gerald Wilkerson's letter dated February 23, 1981 which he addressed to the Members of the Legislative Budget and Audit Committee.

Sincerely,

ALASKA STATE HOUSING AUTHORITY

A handwritten signature in cursive script, appearing to read "Jim", is written over the typed name.

James M. Crawford
Deputy Executive Director

JMC:th
Encl.



March 9, 1981

Mr. Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit
The Alaska Legislature
Pouch W-Alaska Office Building
Juneau, Alaska 99811

Dear Mr. Wilkerson:

Please consider this letter a response to your February 23, 1981 letter to members of the Legislative Budget and Audit Committee which was published in the final report on audit of the Alaska State Housing Authority (ASHA). It is unfortunate that ASHA was not consulted prior to publishing the letter since your interpretation of ASHA's suggestions for legislation could materially damage the construction of senior, family and handicapped housing within the State of Alaska.

Your interpretation of ASHA's suggestions for legislation may be appropriate for an agency which is not impacted by the exigencies of the bond market and the availability of federal funds. In ASEA's case, however, your suggestion for a case by case authorization of primarily federally funded housing would substantially delay the entire process. }

Attached is a letter from John Duffy, Anchorage Area Office Manager, United States Department of Housing and Urban Development. You will note that notification of the availability of funds was published in the Federal Register on January 15, 1981. You will further note that the February 26, 1981 letter from Mr. Duffy requests a response from ASHA on dissemination of those funds within five days. I point this out in response to your inaccurate statement to the Legislative Budget and Audit Committee contained in your February 23 letter, "Federal funds allocated to ASHA need not be committed immediately. There is sufficient time during each grant period, or through grant extensions, to permit subsidy requests to go through the review process."

After notification of potential funds by HUD, ASHA within a very short period of time must develop a project, cost it out and find interim and long term financing. The determination of a gap in the short or long term financing (subject to swings in the bond market) is a critical component in the financial feasibility of proceeding with a project. Your suggested course of action



Mr. Gerald L. Wilkerson

-2-

March 9, 1981

implies that after determination of a gap in March, ASEA would then go to the legislature for the shortage in construction funding. Unless you are suggesting supplemental appropriation which could be available immediately, budgeted capital funding would be then potentially available on July 1 of each year, but more likely available in August or September. The reality of dealing with HUD funding on a project is that HUD by that late date would have recaptured the funds and redistributed them to housing authorities without the onerous time constraints you suggest.

In any project which ASEA or the regional housing authorities are involved, a community's leadership requests assistance and passes a resolution of cooperation prior to a need survey and thereafter preapplication to HUD for an allocation. The delay or loss of congressionally or legislatively mandated assistance to Alaska's seniors, handicapped or low income needy in order to provide for a case by case scrutiny of projects would have a materially damaging impact on construction of federally assisted housing in Alaska.

It comes as a particular surprise that auditors of the Division of Legislative Audit, with your apparent approval, would recommend, among other methods, direct state appropriation since you apparently are personally opposed to that course of action. ASEA's suggestions for legislation were made in a positive manner to counter the construction shortfalls, bond market vagaries, delays and potential loss of federal funds presently inherent in our attempts to construct needed housing primarily with federal dollars.

Flexibility and timeliness are primary reasons for the creation of capital funds. Our construction activities are tied directly to the availability of federal funding and must be completed within Alaska's short construction season. Our efforts, as



Mr. Gerald L. Wilkerson

-3-

March 9, 1981

illustrated by the proposed legislation, are to speed the construction of needed housing within the state. It would seem appropriate that you might consider the courtesy of discussing such a proposal prior to its formalization in order to impartially assess the impact upon housing.

Sincerely,

ALASKA STATE HOUSING AUTHORITY

[Handwritten signature]
James M. Crawford
Deputy Executive Director

JMC:mrw

cc: Members of the Board
John B. Curtis, Executive Director



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

ANCHORAGE AREA OFFICE

334 WEST FIFTH AVENUE

ANCHORAGE, ALASKA 99501

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REGION X

February 26, 1981

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IN REPLY REFER TO:
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Mr. John Curtis, Executive Director
Alaska State Housing Authority
P.O. Box 80
Anchorage, Alaska 99510

Route	53
Route	711w
Route	5-225
File	

Dear John:

Yesterday I was sorry not to have time to accompany Chuck Morton, Miller Lutton, and Al Robinson of our office during their meeting with you, George Briggs, and Kay Snyder on a proposed allocation of LIPH and Section 8 funds for FY 81. They have told me of their mutually satisfactory visit with you, and this letter confirms our understanding of the tentative agreements reached. Please refer to the table of figures given you.

1. In the METRO area of Anchorage, you would prefer 25 Section 8 Existing units for handicapped persons. This would require \$131,733 in Contract Authority using the distribution you requested of 20 1-BR and 5 2-BR size units. This would leave \$116,119 of the \$247,852 total for family units. It would permit 18 units if distributed in 9 2-BR, 6 3-BR, and 3 4-BR sizes.
2. In the NON-METRO areas, we will leave the 40 units for the Kodiak LIPH project rebuilding at \$264,688. We can use the small balance elsewhere if not needed in Kodiak.
3. In the NON-METRO areas, at your request we have reduced the Section 8 Existing funds to \$64,572 for 10 units in Ketchikan instead of 20. This leaves \$709,576 of the \$744,148 total available which is equivalent to 114 units of 2-BR size units or 99 3-BR size units. You indicated you could possibly use some or all these funds for a program in the Mat-Su Borough.

We would appreciate hearing from you within five days whether (1) the above described dollar assignments would be satisfactory as well as the unit size distributions, and (2) the Mat-Su Borough proposal you have made can be reasonably justified by the housing needs of families under the income limits and in housing meeting the Section 8 standards. If some or all of these funds are not needed, we may be able to exchange them within HUD for much needed LIPH or Indian housing funds for back-up applications and requests we have from Native housing authorities.

Thank you for your kind cooperation.

Sincerely,

John G. Duffy
John G. Duffy
Area Manager

THE LEGISLATURE

FINANCE DIVISION
POUCH WF—STATE CAPITOL

BUDGET AND AUDIT COMMITTEE

JUNEAU, ALASKA 99811

February 23, 1981

Members of the
Legislative Budget and Audit Committee:

We have reviewed the Alaska State Housing Authority's
response to our preliminary report. Our comments follow:

ASHA has proposed legislation providing for a \$15 million
construction fund for family and handicapped housing as well
as \$15 million for senior citizen housing. The funds would
be for grants or loans to municipalities or non-profit
housing corporations to assist in financing the projects.
As justification for creation of the two funds, ASHA cites
our recent audit report where we stated:

ASHA should seek additional funding
to allow utilization of all federal
allocations for low or moderate in-
come housing in Alaska.

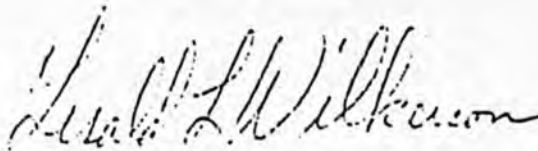
This recommendation was directed at a situation in which
ASHA had lost two federal allocations (HUD) in 1977, totalling
\$3.5 million, because of a shortage of funds to cover the
difference between federal allowable costs and actual
construction costs of two projects. Our recommendation
suggested ASHA obtain funds to cover these types of situations
through:

1. Direct State appropriations
2. Sale of general obligation bonds
3. State grants (In two instances a project was saved
through grants from the Department of Community
and Regional Affairs' Senior Citizen Housing
Program.

Each of these three alternatives would provide for legislative
scrutiny of any proposed subsidy. The first and second
alternatives would require ASHA to include the details of
any project needing a subsidy in their budget request, and
the Legislature would then have the opportunity to review
each project and either approve or disapprove. The third

alternative would also receive legislative review since any grant funds would be part of the affected department's budget submission. A \$30 million appropriation to ASHA, however, would allow ASHA to directly subsidize any project without legislative approval. Federal funds allocated to ASHA need not be committed immediately. There is sufficient time during each grant period, or through grant extensions, to permit subsidy requests to go through the legislative review process. If a project were disapproved, that would be merely an expression of legislative intent that it not be built. The two funds would unnecessarily remove from legislative control the power to commit State funds for specific projects. For this reason, we recommend ASHA seek subsidy appropriations, where needed, on a case by case basis through the normal budget process. *

The Authority's proposed legislation regarding the sale of bonds and notes is in accordance with recommendations contained in the audit report.



Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

TELEGRAM
ANCHORAGE
ALASKA

#

02357 NL ANCHORAGE ALASKA 50 03-17 0715P AST

PMS SEN ARLISS STURGULEWSKI

JUN

1571

URGE SUPPORT OF SENATE BILL 234/235 AND HOUSE BILL 257/258 TO
PROVIDE FUNDING AND APPROPRIATE ADMINISTRATIVE MECHANISM FOR
HOUSING FOR THE HANDICAPPED. THANKS

BOB AND HELEN MOTHERSHED

01 MAR 18 AM 5 04

TELEGRAM
ANCHORAGE
ALASKA

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02368 NL ANCHORAGE ALASKA 50 03-17 1022P AST

PMS SEN ARLISS STURGULEWSKI

JUN

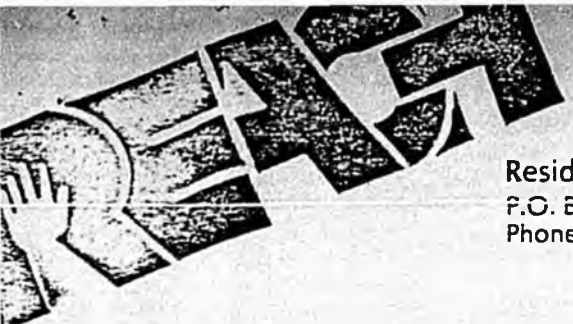
1576

WE WOULD LIKE TO URGE YOUR SUPPORT OF SB234 AND 235 WHICH WILL
PROVIDE ASSISTANCE FOR HOUSING FOR OUR HANDICAPPED CITIZENS.

JAMES HOTCHKISS, PRESIDENT

ASSOCIATION FOR RETARDED CITIZENS

01 MAR 18 AM 5 19



Residential Educational Alternatives in the Community for the Handicapped
P.O. Box 1266 • Juneau, Alaska • 99802
Phone: (907) 586-2360

March 4, 1981

Senator Arliss Sturgulewski
Pouch V
State Capitol
Juneau, Alaska 99811

Dear Senator Sturgulewski:

REACH, Inc. is a private, non-profit corporation in Juneau that provides vocational, recreational and residential training services to developmentally disabled adults in the northern Southeast section of Alaska. REACH presently serves 15-20 handicapped adults in a program that promotes independence and growth through opportunities that would otherwise not be available to these individuals.

Residential services for five handicapped adults are currently being offered in a small rented house in Juneau. The program offered and the population have out grown the house, which is very small, rundown and in need of major renovation. The group home needs to be moved to a house that will meet the needs of our clients and that will allow them to live in an environment that more closely approximates the living norms of the rest of the community.

The Board and staff of REACH have spent the last eight months attempting to solve the group home problem. During that time, we have contacted realtors, followed up every lead on housing and have placed ads seeking housing. At this time, it is apparent that the rental market in Juneau had nothing that will meet our needs.

We have also explored the option of purchasing a house and have encountered nothing but road-blocks. REACH is unable to secure financing for purchase through any lending institution due to the fact that the organization is a private, non-profit corporation and has no secure source of annual funding. The Department of Health and Social Services was unable to assist us. We sought an appropriation through the legislature last year, but were not included in session-ending funding for reasons that are still not entirely clear. We were finally forced to return \$20,000 in Community Block Grant funds to the Borough that had been made available to us for a down payment on a house because we were unable to secure any other funding.

On top of those problems, the group home residents have been victims of a subtle form of discrimination that allows renters and sellers to refuse to work with us. There are no regulations, on any governmental level, that protect the mentally handicapped from discrimination in housing. In fact, current Borough zoning ordinances require special permits and hearings before a group home may be established in any neighborhood.

The net result of the problem described above is that our group home residents are living in a facility that is totally inadequate, and there is nothing that REACH has been able to do to impact on it. The situation is approaching one of crisis. Under new state Health and Social Services regulations effective January 1, 1981, group homes require licensure. The present house will, in all likelihood, not meet the criteria in the regulations. The result could be closure of the group home, and, at the very least, a major disruption of the residents lives. If appropriate alternatives cannot be found, closure could result in re-institutionalization of a majority of those people.

In a final effort to secure funds for purchase of an appropriate site for a group home, we are turning to you. At current market prices in Juneau, we require \$200,000 for the purchase and modification of a house to meet the needs of our residents. While this seems to be a large amount, it should be noted that we require a house that has at least 3 bedrooms and an apartment for live-in staff, with the ideal being a five bedroom house with an apartment. In addition, a portion of the appropriation would be used for modification of the house to make it barrier-free and in compliance with all local, state and federal codes and regulations.

REACH and the handicapped population of Juneau needs your support to secure this appropriation, and we are asking for a positive response on your part. With these funds, we can develop a group home program that will serve the developmentally disabled of Juneau for years to come. Without them, those same individuals may never receive the opportunity to live and function in their home community, and quite possibly will become a burden to the state through the necessity of placing them in an institution.

In addition, we would urge you, as the lawmakers of the state, to examine the current laws regarding housing discrimination. There is a crying need to protect the rights of the mentally and physically disabled; a need that has not been met by current laws.

Thank you for your time and for what we know will be your assistance in these matters.

Sincerely,

Linda Layfield

Linda Layfield
President, Board of Directors

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
POUCH WF-STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

MEMORANDUM

05 March 1981

TO: Representative Ben F. Grussendorf
House Community and Regional Affairs Committee

Representative Vernon Hurlbert, Chairman
House Labor and Commerce Committee

Senator Vic Fisher, Chairman
Senate State Affairs Committee

FROM: Senator Arliss Sturgulewski, Chairman (AS)
Legislative Budget and Audit Committee

RE: HB 256, HB 257, HB 258, BH 259, HB 260
SB 231, SB 232, SB 233, SB 234, SB 235

At the request of the Alaska State Housing Authority, (ASHA), the Legislative Budget and Audit Committee concurrently submitted the above referenced package of legislation to the Rules Committees of both houses. ASHA requested this legislation in response to recommendations contained in a legislative audit. That audit, ASHA's response and the Legislative Auditor's evaluation of ASHA's legislative package are attached for your reference.

Normally, the Office of the Governor would introduce any legislation requested by an executive branch agency. Mr. Keith Specking of the Governor's office was contacted by my office regarding the administration's preferences in regard to the submission this package. The Governor's office felt that in this case the legislation could be submitted by the Committee.

The Legislative Budget and Audit Committee, at my recommendation, agreed to introduce this package of legislation. No recommendation on the appropriateness of this legislation is made by the Committee.

cc: Representative Mike Miller
Representative Jim Duncan
Senator Patrick M. Rodey

STATE OF ALASKA

AUDIT DIVISION
POUCH W—ALASKA OFFICE BUILDING

THE LEGISLATURE
BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
POUCH WF—STATE CAPITOL

JUNEAU, ALASKA 99811

February 23, 1981

To: Senator Arliss Sturgulewski
Chairman, Legislative Budget
and Audit Committee

From: Gerald L. Wilkerson, CPA *GLW*
Legislative Auditor
Division of Legislative Audit

Subject: Proposed ASHA Legislation

ASHA has proposed legislation providing for a \$15 million construction fund for family and handicapped housing as well as \$15 million for senior citizen housing. The funds would be for grants or loans to municipalities or non-profit housing corporations to assist in financing the projects. As justification for creation of the two funds, ASHA cites our recent audit report where we stated:

ASHA should seek additional funding to allow utilization of all federal allocations for low or moderate income housing in Alaska.

This recommendation was directed at a situation in which ASHA had lost two federal allocations (HUD) in 1977, totalling \$3.5 million, because of a shortage of funds to cover the difference between federal allowable costs and actual construction costs of two projects. Our recommendation suggested ASHA obtain funds to cover these types of situations through:

1. Direct State appropriations
2. Sale of general obligation bonds
3. State grants (In two instances a project was saved through grants from the Department of Community and Regional Affairs' Senior Citizen Housing Program.

Each of these three alternatives would provide for legislative scrutiny of any proposed subsidy. The first and second alternatives would require ASHA to include the details of

any project needing a subsidy in their budget request, and the Legislature would then have the opportunity to review each project and either approve or disapprove. The third alternative would also receive legislative review since any grant funds would be part of the affected department's budget submission. A \$30 million appropriation to ASHA, however, would allow ASHA to directly subsidize any project without legislative approval. Federal funds allocated to ASHA need not be committed immediately. There is sufficient time during each grant period, or through grant extensions, to permit subsidy requests to go through the legislative review process. If a project were disapproved, that would be merely an expression of legislative intent that it not be built. The two funds would unnecessarily remove from legislative control the power to commit State funds for specific projects. For this reason, we recommend ASHA seek subsidy appropriations, where needed, on a case by case basis through the normal budget process.

The Authority's proposed legislation regarding the sale of bonds and notes is in accordance with recommendations contained in the audit report.



February 20, 1981

The Honorable Arliss Sturgulewski
Chairman
Legislative Budget and Audit Committee
Pouch V
Juneau, Alaska 99811

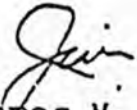
Dear Senator Sturgulewski:

Enclosed for your review is ASEA's response to the
Legislative Budget and Audit recommendations as well
as ASEA's proposed legislation for the 12th Legislative
Session.

Hopefully we'll be able to make the agenda to go final
on your meeting of the 24th. Thanks for your help.

Sincerely,

ALASKA STATE HOUSING AUTHORITY


James M. Crawford
Deputy Executive Director

JMC:th
Encl.



February 20, 1981

Mr. Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit
The Legislature, State of Alaska
Pouch WF
Juneau, Alaska 99811

Dear Mr. Wilkerson:

Thank you for your letter of February 17, 1981 with its enclosure, "A Performance Review of the Department of Commerce and Economic Development, Alaska State Housing Authority, December 12, 1980". The Alaska State Housing Authority (ASHA) has reviewed the above entitled document and within this letter provides the requested responses to the recommendations of the auditors. Those findings and recommendations of the audits performed by Peat, Marwick, Mitchell & Co. and the United States Department of Housing and Urban Development (with the exception of PMM Finding No. 3 which is separately addressed) have been cleared as evidenced by the attached letter from John Duffy, Area Manager, Anchorage Area Office, U.S. Department of Housing and Urban Development. Our response therefore will be limited to Legislative Budget and Audit recommendations number 1 through 4 and Peat, Marwick, Mitchell & Co. Finding No. 3.

It is certainly gratifying to me to note the very substantial difference in the above audits which contain no material findings and prior audits which have noted difficulties. It is also encouraging to me, as Chairman of the Board, to find that the recommendations of the Legislative Budget and Audit team are for positive action toward the production and management of housing. The management and staff of ASEA as attested to by the audits have the competency and capability to positively respond to the recommendations of Legislative Budget and Audit, of course after implementation of those suggestions by the Legislature.

Recommendation No. 1

ASHA should perform a statewide survey of low and moderate income housing needs in Alaska.



Mr. Gerald L. Wilkerson

-2-

February 20, 1981

We agree with the need for housing surveys and the present inadequacy of existing information on housing needs. ASHA is presently working with the State Department of Labor and the Census Division to isolate the need for housing then prepare a prioritized five year construction allocation recommendation for HUD concurrence. Current data concentrates on available housing stock. In the event the capital construction funds are established and funded as per ASHA's proposed legislation in response to recommendation number 2, ASHA will be able to more aggressively perform a marketing plan statewide for the benefit of ASHA's program recipients and those program recipients of the regional housing authorities.

We agree with and have complied with the recommendation of a three year maintenance plan as evidenced by the letter from HUD clearing the findings.

Recommendation No. 2

ASHA should seek additional sources for funding of housing projects to ensure that federal allocations are not lost.

We agree with the recommendation to seek additional funding from sources other than the U.S. Department of Housing and Urban Development, particularly in view of the federal plans for budget cuts. In compliance with the recommendation, attached are two bills which would establish and fund the Senior Citizen Housing Development and Construction Fund and the Family and Handicapped Housing Development and Construction Fund. Creation and appropriation to these Funds will allow ASHA and the regional housing authorities to leverage federal funds in the construction of needed low and moderate income federally subsidized housing in Alaska.

Recommendation No. 3

The statutes governing ASHA should be revised.



Mr. Gerald L. Wilkerson

-3-

February 20, 1981

We agree with the recommendation that AS 18.55, ASHA's enabling legislation, should be revised. In compliance with the recommendation, attached is "An Act relating to housing authorities" which, if enacted, would accomplish the recommendation.

Recommendation No. 4

The Office of the Governor should appoint members to the board of directors of ASHA in accordance with statute and in a more timely manner.

The vacancy on the Board of Directors was filled October 13, 1980 by the appointment of Cynthia Aiken of Fairbanks.

Peat, Marwick, Mitchell & Co. Recommendation No. 3

ASHA should comply with HUD requirements to control land, structures and equipment.

ASHA does comply with HUD requirements to control land, structures and equipment with the exception of a current inventory of the Remote 200 programs. The Remote 200 program is in 10 villages throughout the state and the cost to conduct an annual inventory would be excessive. The total acquisition cost of the inventory items including construction equipment, dwelling equipment and non dwelling equipment is \$179,789.88. These items were purchased seven to ten years ago and are given a useful life of seven to eight years. The value at this time is minimal. ASHA has not replaced any appliances in the Remote 200 program as that is the responsibility of the home purchaser. ASHA has recently come to an agreement with HUD for a resolution of the inventory problem in the Remote 200 program, i.e., write down of those physical inventory items which are beyond their useful life.

We believe that the enclosed drafts of legislation are consistent with the recommendations of the Legislative Budget and Audit Committee's auditors and that the legislation, if enacted, will be a positive step for the greater production of housing within Alaska. With both the Senior Citizen Housing Development and Construction Fund and the Family and Handicapped Housing Development and Construction Fund, it is our intention to coordinate grants or loans



Mr. Gerald L. Wilkerson

-4-

February 20, 1981.

from the Funds with ASHA bonding powers. Particularly in the face of a wildly fluctuating bond market, a gap between available construction dollars and actual construction costs can force the delay or even cancellation of needed housing projects. Nationally established construction maximums do not reflect Alaska's cost. Consequently, otherwise worthy projects may not be built. It is further our intention to work closely with the regional housing authorities to assist them in their needs in the rural areas of the state as well as providing for the urban needs of Alaska's seniors, family and handicapped.

Sincerely,

ALASKA STATE HOUSING AUTHORITY

Roger Lang
Roger Lang
Chairman

RL:JMC:mrn

ANCHORAGE AREA OFFICE
334 WEST FIFTH AVENUE
ANCHORAGE, ALASKA 99501

RECEIVED
ASILA

DEC 12 '80

IN REPLY REFER TO

10.1HMA

REGION X

December 8, 1980

Mr. John B. Curtis
Executive Director
Alaska State Housing Authority
P.O. Box 80
Anchorage, Alaska 99510

Room	EA CC
Room	HM CC
Room	HC CC
File	TER 21

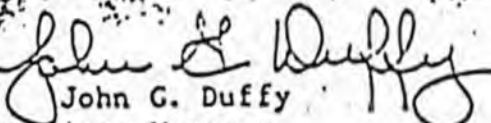
Dear Mr. Curtis:

Thank you for your November 7, 1980 letter in response to the findings contained in the Report on Audit for the period which ended March 31, 1980. Based on the corrective actions planned and taken, we have requested the concurrence of the Regional Office of Audit to clear all findings with the exception of Finding No. 3.

Finding No. 3 concerns the physical inventory of nonexpendable equipment in the Remote 200 program. We recognize that making a special trip to each village to complete a physical inventory would not be cost beneficial. However, as long as the value of this equipment remains on your equipment ledger, ASILA does have an interest in the equipment and an inventory and reconciliation is required. Other Regional Housing Authorities have found implementing a cyclic inventory method a more economical way to complete a physical inventory in remote areas. Under a cyclic system, equipment is inventoried throughout the year as annual inspections are completed and reconciliation completed at fiscal yearend based on the accumulated inventory information. We request you submit a plan to complete a physical inventory in conjunction with annual inspections on a cyclic basis.

Please call LaVerne Thacker or Donna Czech if you have any questions.

Sincerely,


John G. Duffy
Area Manager



March 9, 1981

The Honorable Mike Miller
Representative, District 4
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

Attn: Jeff Petrich

Dear Representative Miller:

Thank you for the opportunity to discuss with your staff and other interested parties the need for capital construction and development funds for senior citizen housing in Alaska on Friday, March 6, 1981.

During the meeting, several references were made to "Senator Sturgulewski's bills." Please let me clarify that House Bills 256, 257, 258, 259 and 260 were drafted in response to recommendations contained in the audit report of the Division of Legislative Audit. Senator Sturgulewski very considerately brought the bills to the Legislative Budget and Audit Committee and they were subsequently introduced (from ASHA's perspective) to act upon those recommendations contained within the audit report.

As Chairman Lang stated in his February 20, 1981 letter in response to the audit, "We believe the enclosed drafts of legislation are consistent with the recommendations of the Legislative Budget and Audit Committee's auditors and that the legislation if enacted, will be a positive step for the greater production of housing within Alaska."

A brief summary of some of the reasons a senior citizen housing fund could be beneficially used by ASHA are as follows:

1. ASHA has proven expertise in the development, construction and management of senior housing.
2. Under ASHA management, the funds can be leveraged in conjunction with our tax exempt bonding powers resulting in more net dollars actually in senior housing. }
3. Under ASHA management, our knowledge of federal housing fund sources will accelerate the utilization of a state development and construction fund and avoid the needless loss of federal funds.



The Honorable Mike Miller -2-

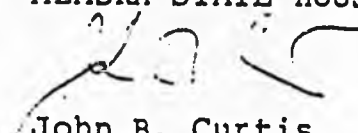
March 9, 1981

4. ASHA can provide assistance to regional housing authorities with a development and construction fund in conjunction with our tax exempt bonding powers.

Again, thank you for the opportunity to discuss these items, among others, with your staff on Friday. It is our hope to move forward with the positive package of bills which if enacted will greatly assist in meeting the needs for senior housing within Alaska.

Sincerely,

ALASKA STATE HOUSING AUTHORITY


John B. Curtis
Executive Director

JBC:mrn

cc: Board Members



March 9, 1981

The Honorable Jim Duncan
Speaker of the House of Representatives
Pouch V
Juneau, Alaska 99811

Attn: Pete Freer

Dear Representative Duncan:

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The Honorable Jim Duncan -2-

March 9, 1981

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Sincerely,

ALASKA STATE HOUSING AUTHORITY

A handwritten signature in dark ink, appearing to read "John B. Curtis", is written over the typed name.

John B. Curtis
Executive Director

JBC:mrm

cc: Board Members

NOTE REGARDING THE FOLLOWING FRAME ON MICROFILM:

COMPLETE DOCUMENT IS AVAILABLE IN ORIGINAL FILES
IN ALASKA STATE ARCHIVES. TITLE PAGE ONLY HAS
BEEN FILMED.

A PERFORMANCE REVIEW
OF THE
DEPARTMENT OF COMMERCE
AND ECONOMIC DEVELOPMENT
ALASKA STATE HOUSING AUTHORITY

December 12, 1980

Audit Control Number
08-21-1005-S

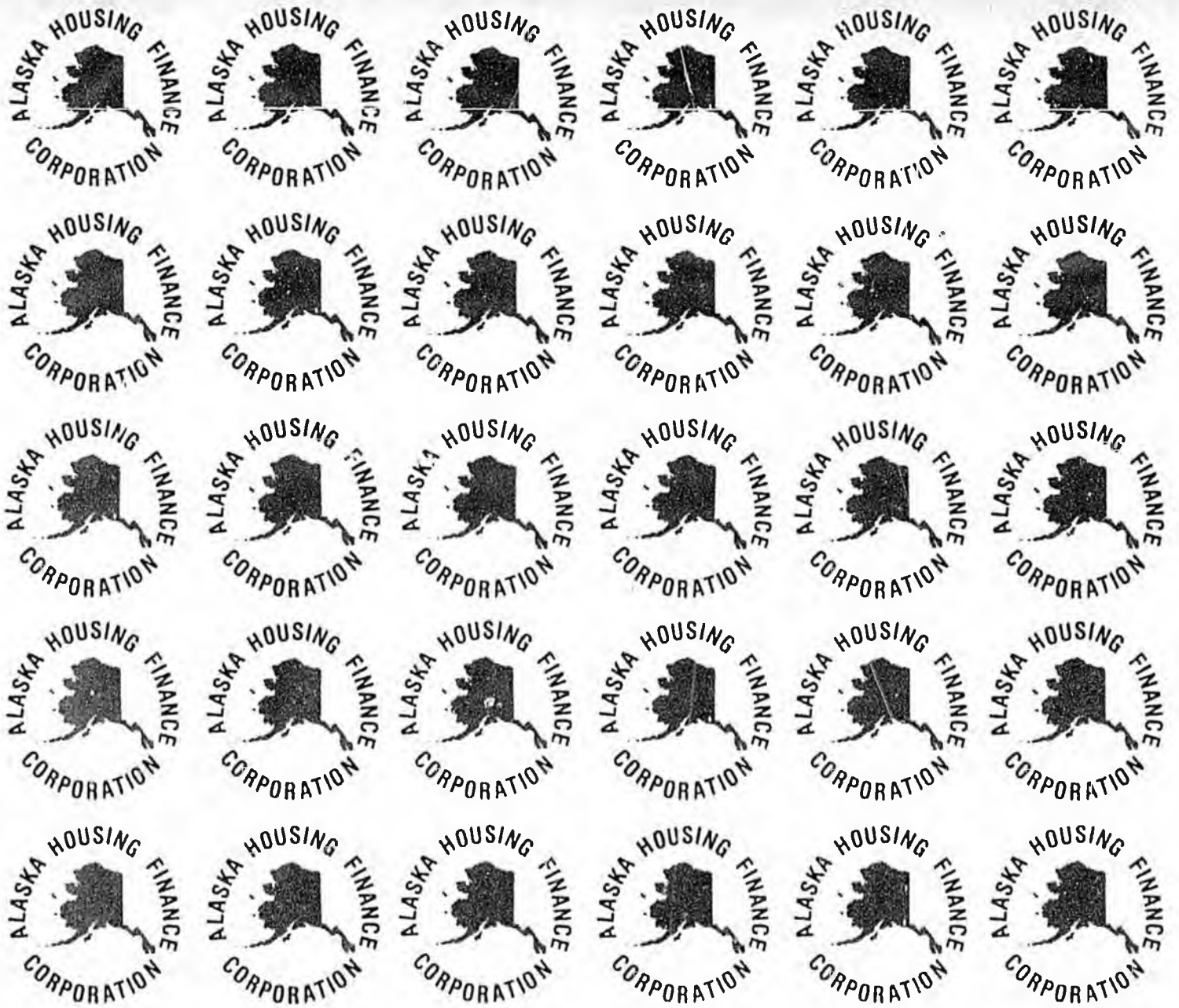
Commissioner, Department of Commerce
and Economic Development
Deputy Commissioner, Department of
Commerce and Economic Development

Charles R. Webber
Braxton Jeans

Board Members of the
Alaska State Housing Authority

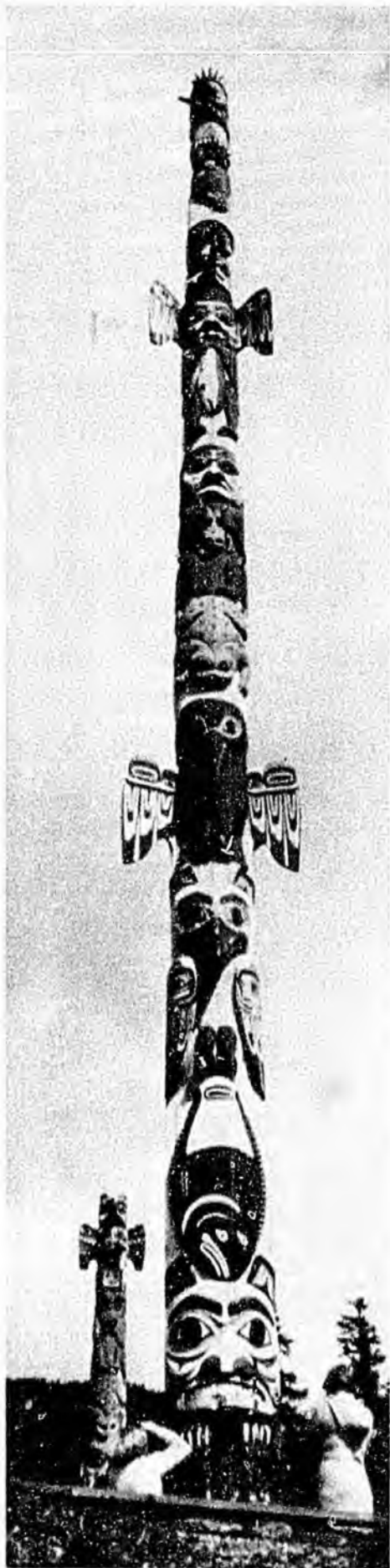
Chairman
Member
Member
Member
Member

Roger Lang
Joan Ray
Gale Kincaid
Charles R. Webber
Vacant



THROUGHOUT ALASKA; FOR ALL ALASKANS

**ALASKA HOUSING FINANCE CORPORATION
ANNUAL REPORT 1980**



THE HONORABLE JAY S. HAMMOND GOVERNOR OF THE STATE OF ALASKA

Dear Governor Hammond:

It is with pleasure that we present the Annual Report of Alaska Housing Finance Corporation (AHFC) for the fiscal year ending November 30, 1980.

AHFC is approaching the new decade with an expanded sense of purpose and a broadened scope which encompasses the housing needs of all Alaskans. Pursuant to the provisions of the legislation enacted in June of 1980, the Corporation is no longer restricted to purchasing only those loans made to low and moderate income families. Through the varied programs offered throughout the State, AHFC is now reaching into greater segments of the population to provide affordable housing and to create public optimism in the future of Alaska. However, with the passage of the Mortgage Subsidy Bond Tax Act (The Ullman Bill) by the U.S. Congress, which severely limits the ability of state housing finance agencies to issue tax-exempt bonds, the continued volume of financing programs offered through AHFC will be curtailed unless alternative methods of funding are developed and pursued.

Through November 30, 1980, Alaska Housing Finance Corporation's mortgage purchases have been funded through the issuance of \$868,725,000 in tax-exempt bonds and borrowings from the State of Alaska under note agreements totalling \$22,270,000. Additionally, the State of Alaska transferred \$236 million dollars worth of mortgages and \$105 million in cash to AHFC to provide the means for mortgage purchases at rates below the cost of the corporation's borrowing and to enable the issuance of \$460 million in bonds. Since its inception, in 1971, the Corporation has acquired, and still maintains in its portfolio, 15,879 loans with an outstanding balance at November 30, 1980 of \$986,441,000 which have an estimated market value, if the mort-

gages were to be sold at prevailing rates, of approximately \$621 million. This has no relation, however, to the property values securing the Corporation's interest in these loans.

In response to the needs of the communities served, AHFC implemented several new programs this year, as well as expanding those already existing. The Special Mortgage Loan Purchase Program, which increased the loan limits, removed income limitations, and allowed refinancing for home improvement, was initiated in July with priority given to those loans beyond the scope of the State's General Fund Emergency Loan Program earlier in the year. The Home Ownership Fund, which provides an additional subsidy for low and moderate income families, and the Pledged Account Mortgage, which is a graduated payment loan, became operational in December. Both the Mobile Home Program and the Rural Housing Programs (owner occupied and non-owner occupied) received greater emphasis with a resultant record increase in combined dollar volume and number of Alaskans served.

In submitting this report, we are pleased to assure you that the Corporation is financially sound, competently managed and prepared to continue the fulfillment of the mandate of the Legislature and yourself, without whose past and continued support the achievements indicated would not have been possible.

Franklin C. Roppel
Franklin C. Roppel
Chairman of the Board

Harry F. Goldbar
Harry F. Goldbar
Executive Director

ALASKA HOUSING FINANCE CORPORATION LOAN PROGRAMS

Pursuant to its Legislative authorization and direction, Alaska Housing Finance Corporation has established itself as a key component in the State's housing delivery system. In each of the Corporation's various programs, it exemplifies the twin objectives of public purpose and prudent lending practice by providing long term financing specifically tailored to the diverse needs of individual Alaskans throughout the State.

SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

The largest and most comprehensive program offered, which provides the basis of the majority of loans funded by AHFC, is the Special Mortgage Loan Purchase Program. The result of innovative thinking and close cooperation between the Corporation, the State Legislature and Administration, the Special Mortgage Loan Purchase Program was created during the 1980 session of the Alaska State Legislature. The State statutes under which AHFC operates were amended substantially to require certain organizational and procedural changes as well as expanding the powers of the Corporation. The statutes now allow refinancing loans for home improvement, purchase financing for owner-occupied single family and duplex residences without restrictive income limitations, and provide for loan to value ratios and loan limits not to exceed the maximum limits established for Alaska by the Federal National Mortgage Association. AHFC loans under this program are offered, regardless of geographic location, by 29 mortgage lending institutions throughout the state.

Under the 1980 legislation, the Corporation is required to fix the interest

rate charged on a mortgage loan purchased as follows:

- (i) the interest rate may not exceed 9% on the first \$90,000 of the mortgage loan if the loan is made to an eligible state veteran;
- (ii) the interest rate may not exceed 10% on the first \$90,000 of the mortgage loan if the loan is made to a person other than an eligible state veteran;
- (iii) the interest rate for the amount of the loan which exceeds \$90,000 shall equal the mortgage program cost to the Corporation attributable to that part of the loan.

In order to implement this program and to assure continued access to public funding, the Alaska Legislature on June 30, 1980 appropriated to AHFC \$105,000,000 in cash and \$236,000,000 in residential mortgage loans held by the State General Fund. Earnings on the appropriated mortgage loans and a portion of the cash are utilized to subsidize the difference between the legislatively mandated interest rate and the mortgage program cost to the Corporation.

From the inception of the program to Nov. 30, 1980, AHFC received 3673 applications with loan requests in excess of \$307,400,000 which it has approved for purchase. The Corporation is ex-

pecting an increase in volume under the program from \$500 million for the 12 month period ending June 30, 1981 to \$700 million during the subsequent 12 month period.

MOBILE HOME LOAN PURCHASE PROGRAM

In response to the significant role of housing provided by mobile homes in Alaska, Alaska Housing Finance Corporation was a pioneer of State housing finance agencies in implementing a mobile home finance program. Of particular concern were areas of the state where the lack of availability of building materials and short construction seasons make mobile homes a viable alternative to conventional housing. Through the use of a \$10,000,000 loan from the State of Alaska this program has provided a source of mobile home financing at a rate of 10.75%. The Mobile Home Loan Purchase Program also extends funding to locations where financing at any rate may not have been previously available.



RURAL HOUSING MORTGAGE PURCHASE PROGRAM

Developed in 1979, the Rural Housing Mortgage Purchase Program expands the availability of mortgage loan financing into remote and less developed areas of the State where private mortgage financing has been either unavailable, inconsistent or at prohibitive rates. Due to special problems associated with providing title and hazard insurance in certain remote areas, lending institutions have been unable to meet the home financing needs of the rural communities. In those instances where financing has been made available, the rates inherent with rural loans have been far above the levels which are affordable to persons of the prevalent income levels within such communities.

With the assistance of the State funded mortgage hazard insurance and mortgage title insurance accounts, AHFC is able to provide financing in those areas where the title to the land may still be subject to conveyance under the Native Claims Settlement Act or where commercial hazard insurance is effectively unavailable due to cost.

Originally funded through the sale of bonds to the State of Alaska, the Rural Housing Program is expected to double in volume during the 12 month period ending June 30, 1982. In order to continue this valuable program, the Corporation has requested a \$20 million appropriation from the State of Alaska. Through the active participation of the Regional Housing Authorities, the program's current funding will make possible rural housing financing of \$11.5 million.

Since a stable source of long term financing is now available, the local private lending institutions are more actively entering into construction lending for these areas. This should greatly increase the quality of housing available as well as increase the number of housing units on the market. Alaska Housing Finance Corporation is proud to be the catalyst in this growth of private financing in the State's more rural areas.

NON-OWNER OCCUPIED RURAL MORTGAGE PURCHASE PROGRAM

Responding to the need for safe, sanitary and decent rental housing in remote, underdeveloped or blighted areas of the State, the Corporation developed this aspect of the Rural Housing Program in 1979. This type of financing deviates from all others offered through AHFC in that owner occupancy is not a requirement, and that multiple rental units are its primary focus.

In offering the Non-owner Occupied Rural program, AHFC provides an impetus to the construction or rehabilitation of rental housing in those areas which have no road or rail access to Anchorage or Fairbanks, or which have a population of 4500 or less. Additionally this program provides increased residential units in areas of severe shortage. The continuation of this program into 1981 is dependent upon an additional appropriation from the legislature.

HOME OWNERSHIP ASSISTANCE PROGRAM

Funded by an initial appropriation of \$2.5 million in cash and \$50 million in mortgages from the State of Alaska, the Home Ownership Assistance Program exists solely to assist low and moderate income families in purchasing a home by subsidizing a portion of the monthly payment. Mortgages are purchased under the Home Ownership Assistance Program utilizing the same source of funding as the Special Mortgage Loan Purchase Program with an additional subsidy provided by the State of Alaska.

Because this is a special assistance program, income and asset limits as well as a purchase price ceiling have been established. Although not operational until late in 1980, it is anticipated that the Home Ownership Assistance Program will be utilized to the full extent of its funding. Through this program, a greater segment of the low to moderate income population will be afforded the means of home ownership, specifically those who had previously been unable to bridge the gap between

escalating cost of housing and less rapidly increasing income

With modifications, the Home Ownership Assistance Program should qualify under the provisions of the new Congressional legislation governing mortgages financed through the sale of tax-exempt bonds.

PLEGDED ACCOUNT MORTGAGE PROGRAM

Alaska Housing Finance Corporation implemented the Pledged Account Mortgage program as a means of offering a type of graduated payment mortgage plan to prospective borrowers. With a Pledged Account Mortgage, the borrower can utilize a portion of his savings to offset the mortgage payment in the early years of the loan. The mortgage payments gradually increase in smaller proportional increments than the borrower's expected increase in income.

This program, also not operational until late in 1980, is incorporated into and funded through the Special Mortgage Loan Purchase Program. Both the Home Ownership Assistance and Pledged Account Mortgage programs significantly broaden the homeownership potential of Alaskan's and their families.

CORPORATION GOALS AND PERFORMANCE

For a state loan program to have a real impact on the stability, prosperity and economic welfare of its residents, program continuity and public involvement must be insured. Toward this end, Alaska Housing Finance Corporation provides residential real estate financing to all areas of Alaska by operating as a secondary mortgage market for loans originated and serviced by private lending institutions. The commitment of AHFC is to provide a stable source of funding for credit-worthy, eligible borrowers at the lowest possible cost.

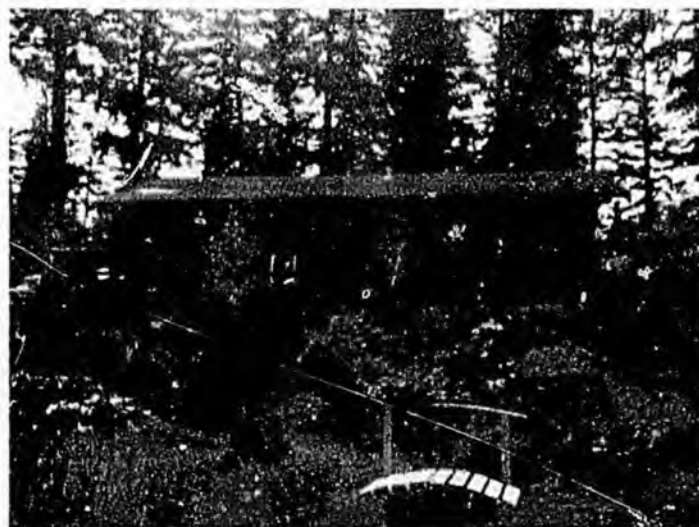
In response to its legislatively expanded purpose for the 12 month period ending June 30, 1981 and in recognition of its goals and objectives, the corporation initiated a \$516.5 million loan program utilizing bond revenues together with state loan and subsidy appropriations. Corporation performance toward its overall objectives is limited only to the extent of its ability to obtain capital and demand for mortgage loans.

MORTGAGE INVESTMENT, STATE APPROPRIATION AND FINANCING LEVELS

Loan Funds	State Appropriations		Financing Levels	
	Loan Subsidy	Mortgage Purchase	Bonds	State Loans
(In Millions)				
Proposed For 12 Months Ending June 30, 1982				
Special Mortgage Loan Purchase Program	\$ 700.0	\$ 239.0		\$ 550.0
Mobile Home Loan Purchase Program	40.0		\$ 40.0	
Rural Housing Mortgage Purchase Program	20.0		20.0	
Non-Owner Occupied Rural Mortgage Purchase Program	5.0		5.0	
Home Ownership Fund Subsidy		50.0		
	<u>\$ 765.0</u>	<u>\$ 289.0</u>	<u>\$ 65.0</u>	<u>\$ 550.0</u>

12 Months Ending June 30, 1981

Special Mortgage Loan Purchase Program	\$ 500.0	\$ 341.0		\$ 460.0
Mobile Home Loan Purchase Program	10.0			\$ 10.0
Rural Housing Mortgage Purchase Program	6.5		\$ 6.5	
Home Ownership Fund Subsidy		52.5		
	<u>\$ 516.5</u>	<u>\$ 393.5</u>	<u>\$ 6.5</u>	<u>\$ 460.0</u>



**FINANCIAL STATEMENTS
REPORT OF INDEPENDENT ACCOUNTANTS**

To The Board of Directors

Alaska Housing Finance Corporation

In our opinion, the accompanying balance sheets and the related statements of revenues, expenses and retained earnings and of changes in financial position, as set forth on pages 6 through 24, present fairly the financial position of Alaska Housing Finance Corporation at November 30, 1980 and 1979 and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse & Co.

Anchorage, Alaska
February 12, 1981

COMBINED BALANCE SHEET

	November 30,	
	1980	1979
	(In thousands)	
ASSETS		
Cash—		
Demand deposits	\$ 897	\$ 93
Savings accounts	689	305
Held in trust	9	17
	<u>1,595</u>	<u>415</u>
Investments—		
Certificates of deposit	119,360	93,611
U.S. Treasury obligations	94,714	36,145
Bank repurchase agreements	115,327	10,282
	<u>329,401</u>	<u>140,038</u>
First mortgage loans, net of discounts	980,410	495,281
Mortgage loans to be received	13,947	
Mobile home loans	5,098	168
Deed of trust note receivable from Alaska State Housing Authority	4,242	4,332
Accrued interest receivable	12,761	6,332
Bond issuance costs, net of amortization	1,378	1,031
Capital investment in State Mortgage Insurance Fund	1,000	1,000
Office equipment and improvements, net	107	25
Other receivables	918	287
Total Assets	<u>\$1,350,857</u>	<u>\$648,909</u>
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Bonds and notes payable, net of discounts—		
Mortgage bonds	\$ 840,667	\$582,291
Payable to the State of Alaska	24,413	20,088
Deposits	2,300	
Accrued interest payable	31,161	21,547
Deferred fee income	919	
Accrued expenses and other liabilities	936	435
Total Liabilities	<u>900,396</u>	<u>624,361</u>
FUND EQUITY		
Contributed capital	400,000	
Retained earnings, designated for purposes allowed within the respective funds	50,461	24,548
Total Fund Equity	<u>450,461</u>	<u>24,548</u>
Commitments		
Total Liabilities and Fund Equity	<u>\$1,350,857</u>	<u>\$648,909</u>

See accompanying notes to financial statements

COMBINED STATEMENT OF REVENUES, EXPENSES AND RETAINED EARNINGS

	Years Ended November 30,	
	<u>1980</u>	<u>1979</u>
	(In thousands)	
Revenues		
Interest Income—		
Mortgages and loans	\$57,176	\$33,540
Investments	<u>22,549</u>	<u>13,329</u>
	79,725	46,869
Loan fees and other	<u>1,378</u>	<u>1,031</u>
Total revenues	<u>81,103</u>	<u>47,900</u>
Operating Expenses		
Interest on notes and bonds	51,159	35,654
Mortgage service fees	2,653	1,495
General and administrative expenses	888	661
Legal, accounting and trustee fees	490	362
Loan losses		97
Total operating expenses	<u>55,190</u>	<u>38,269</u>
Net income	25,913	9,631
Retained earnings, beginning of year	24,548	14,917
Retained earnings, end of year	<u>\$50,461</u>	<u>\$24,548</u>

See accompanying notes to financial statements

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION

	Years Ended November 30,	
	1980	1979
	(In thousands)	
Sources of financial resources		
From operations—		
Net income	\$ 25,913	\$ 9,631
Add (deduct) items not requiring (providing) cash:		
Net amortization of discounts, premiums and bond issuance costs	440	150
Depreciation	16	2
(Increase) in accrued interest receivable	(6,429)	(2,796)
Increase in accrued interest payable	9,614	6,537
Net (decrease) in accrued expenses, prepaids and other receivables	(130)	(83)
Loan losses		97
Increase in deferred fee income	919	
Financial resources provided by operations	30,343	13,538
Mortgage and loan principal repayments	45,623	29,698
Net proceeds from sale of insured mortgage bonds	264,669	209,657
Net proceeds from State of Alaska notes	4,712	905
Contributions of capital from the State of Alaska	400,000	
Reduction in note receivable from Alaska State Housing Authority	90	
Proceeds from disposition of office equipment and improvements net of gain or loss	6	
	<u>\$745,443</u>	<u>\$253,798</u>
Uses of financial resources		
State Mortgage Insurance Fund		\$ 15
Increase in investments	\$189,363	34,909
Acquisition of mortgages and loans	549,404	189,490
Net increase in note receivable from Alaska State Housing Authority		432
Payment of housing mortgage and insured mortgage bonds	5,005	3,580
Payment of bond anticipation notes		25,000
Payment of State of Alaska notes	387	301
Purchase of office equipment and improvements	104	1
Increase in cash	1,180	70
	<u>\$745,443</u>	<u>\$253,798</u>

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

Years Ended November 30, 1980 and 1979

NOTE 1 AUTHORIZING LEGISLATION AND FUNDS

Authorizing Legislation

The Alaska Housing Finance Corporation (the Corporation) was created in 1971 by an act of the Alaska Legislature. The Corporation was established to assist in the financing, development, sale and rental of dwelling units for qualified veterans, for persons of low and moderate income and for persons in remote, underdeveloped or blighted areas of the State. Its purpose was expanded by the Legislature in 1980 to include mortgage lending without regard to the income of the borrower. Generally, the Corporation accomplishes its objectives by functioning as a secondary market for qualified real estate loans originated by financial institutions and native regional housing authorities.

The Corporation is authorized as approved by the Legislature to issue its own bonds, bond anticipation notes and other obligations in such principal amounts as in the opinion of the Corporation will be necessary to provide sufficient funds for carrying out its purpose. Generally, bond anticipation notes have been issued for the temporary accumulation of mortgage loans while long-term bonds have been issued for permanent mortgage financing. Amounts so issued shall not be deemed to constitute a debt of the State of Alaska.

Funds

The following describes the funds maintained by the Corporation, all of which conform with the authorizing legislation, legislative appropriations, and note and bond resolutions.

Corporation Operating Fund

The Corporation Operating Fund records the receipt of income not directly pledged to the repayment of specific notes and bonds or requiring separate accounting by Legislative appropriations. Operating expenses of the Corporation are initially recorded in this fund then charged to the various other funds.

Mortgage Program Note Fund

Established under resolutions adopted with the issuance of each note series, the Mortgage Program Note Fund accounts for the proceeds of bond anticipation notes and the related temporary financing of eligible housing.

Housing Mortgage Bond Fund

This fund was established under the General Housing Mortgage Bond Resolution to account for the proceeds from the sale of the bonds, the related debt service requirements of the bond indebtedness, mortgage loans made with bond proceeds, and allowable program expenses. The majority of mortgages purchased pursuant to the Resolution are insured by government agencies such as the Veterans Administration and the Federal Housing Administration.

Insured Mortgage Bond Fund

The Insured Mortgage Bond Fund was established pursuant to the General Insured Mortgage Program Bond Resolution to account for the proceeds from the sale of the bonds and the related debt service requirements of the bond indebtedness, mortgage loans made with bond proceeds, and allowable program expenses. In contrast with the Housing Mortgage Bond Fund, mortgages purchased and held under the Insured Program are primarily conventional in nature carrying private mortgage insurance and being also insured under a State Mortgage Insurance Fund (See Note 8).

Insured Rural Mortgage Bond Fund

The Insured Rural Mortgage Bond Fund was established under the General Insured Rural Mortgage Program Bond Resolution to account for the proceeds from the sale of the bonds and the related debt service requirements of the bond indebtedness, mortgage loans made with bond proceeds, and allowable program expenses. Mortgages purchased under this program provide financing for housing located in remote, underdeveloped or blighted areas of the State. The mortgages are to be conventional in nature carrying private mortgage insurance and being also insured under a State Mortgage Insurance Fund (See Note 8).

As of November 30, 1980 only one issue of Insured Rural Mortgage Bonds in the amount of \$5,600,000 had been sold, with the State of Alaska purchasing the entire issue.

For those mortgages financing property for which satisfactory mortgage title insurance and/or hazard insurance is not available from private insurance companies, a Rural Housing Title Insurance Fund and Rural Housing Hazard Insurance Fund have been created to provide the necessary insurance to protect the Corporation's interest in the property (See Note 8).

Housing Development Fund

This fund accounts for amounts borrowed from the State of Alaska pursuant to various agreements, mortgages purchased with the note proceeds, and the related debt service requirements.

Housing Development Notes in the aggregate amount of \$22,270,000 have been issued by the Corporation to the State of Alaska and the proceeds therefrom, as they are authorized to be released, have been or will be deposited in the Housing Development Fund for the purpose of providing mortgage loans in remote areas of the State and for financing other projects, including a 98-unit housing project in Juneau.

State Assisted Mortgage Fund

The State Assisted Mortgage Fund (the "SAM" Fund) provides a subsidy to certain borrowers allowing them to secure mortgages bearing legislatively mandated interest rates. This is accomplished by transferring sufficient assets to the fund which purchases the mortgages to increase its cash flow to that level necessary to meet the debt service of the fund and cover operating costs.

The SAM Fund is pledged through January, 1983 to a special mandatory redemption provision of the Insured Mortgage Program Bonds 1980 Second Series which allowed for their sale despite pending adverse federal tax legislation.

The SAM Fund was established by direct appropriations from the State of Alaska of \$105,000,000 in cash and \$236,000,000 in mortgage loans. The appropriation of mortgage loans allows for their reversion to the State on July 1, 1983 should they not be pledged or otherwise secured to the payment of bonds of the Corporation.

Home Ownership Fund

Capitalized by appropriations from the State of Alaska in the amount of \$2,500,000 in cash and \$50,000,000 in mortgage loans, this fund provides mortgage assistance payments on behalf of certain eligible borrowers. The appropriation of mortgage loans requires their reversion to the State on July 1, 1983 should they not be pledged or otherwise secured to the payment of bonds of the Corporation.

State Appropriated Loan Fund

This fund accounts for amounts appropriated from the State of Alaska for the purpose of making mortgage loans of the type specified in the appropriation. This fund is distinguished from the Housing Development Fund in that repayment to the State is not required.

An appropriation by the 1980 Legislature of \$6,500,000 enabling the Corporation to continue purchasing mortgages in rural areas of the State of Alaska represents total contributions received by the fund to date.

Fund Accounting

The financial activities of the Corporation, which are restricted by the Corporation's Bond Resolutions, requirements from the Alaska State Legislature, Note Resolutions, and Housing Development Fund Agreements, are recorded in various specific purpose funds and accounts as specified in such instruments or necessitated by appropriation requirements. Financial activities and resulting account balances which are not so restricted are recorded in the Corporation Operating Fund. The Corporation's funds are considered to be enterprise funds for financial reporting purposes.

Investments

Investments purchased for long term purposes are carried at amortized cost. Investments of a short term nature are carried at the lower of amortized cost or market.

Mortgage Loans

Mortgage loans are carried at their unpaid principal balance less net unamortized discount or premium.

Provision for Loan Losses

Provision for loan losses is determined from specific evaluation of delinquencies and charged directly against operations in the period that the loss exposure becomes known.

**NOTE 2
ACCOUNTING
POLICIES**

Amortization and Depreciation

Mortgage discounts and premiums are amortized over the life of the related mortgages on a method which approximates yield.

Discount, premium and issuance expenses on debt are deferred and amortized, on a method which approximates yield, over the terms of the related issue.

Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. Estimated useful lives are 5 to 20 years. Accumulated depreciation at November 30, 1980 and 1979 was approximately \$26,000 and \$11,000, respectively.

Accrual of Interest Receivable

Interest is accrued based upon the principal amount outstanding. However, interest is not accrued and no income is recognized on mortgages over four months in arrears or currently involved in foreclosure proceedings.

Commitment Fees

Commitment fees are received as blocks of funds are committed for specified periods of time to various lending institutions. These fees are deferred and recorded as income as individual loans are funded. Any fee relating to unfunded commitments is recorded as income on commitment expiration.

Allocation of Expenses Among Funds

The Corporation's administrative, operating, legal, accounting, and trustee fee expenses are accumulated in the Operating Fund. Expenses identifiable to a particular fund are directly charged while all other expenses are allocated based upon total assets of the fund. General operating expenses are not allocated, however, to the SAM Fund or Home Ownership fund due to their subsidy nature and source of capital.

**NOTE 3
UNAMORTIZED
DISCOUNT AND
PREMIUM ON
MORTGAGES**

The net unamortized discount and premium on mortgages outstanding at November 30, 1980 is comprised of the following:

Fund	Mortgage Principal Balance	Net Unamortized Discount (In thousands)	Net
Corporation Operating	\$ 5,501		\$ 5,501
Housing Mortgage Bond	95,578	\$ 922	94,656
Insured Mortgage Bond	606,747	148	606,599
Insured Rural Mortgage Bond	4,938		4,938
Housing Development	3,844		3,844
State Assisted Mortgage	226,010		226,010
Home Ownership	38,862		38,862
	<u>\$981,480</u>	<u>\$1,070</u>	<u>\$980,410</u>

The State of Alaska appropriated mortgage loans to the Corporation's SAM Fund and Home Ownership Fund in the amounts of \$236,000,000 and \$50,000,000, respectively. As of November 30, 1980 the accounting for the transfer of \$4,846,332 mortgages to the SAM Fund and \$9,101,148 of mortgages to the Home Ownership Fund had not been completed. The appropriation transferred the loans effective July 1, 1980. Accordingly, the Corporation has established accounts within the funds representing a receivable from the State of Alaska for mortgages to be transferred.

Mortgage loans appropriated from the State of Alaska to the Corporation's SAM Fund and Home Ownership Fund are required to be transferred back to the State on July 1, 1983 at their then unpaid principal balance if they have not been pledged or otherwise secured to the payment of bonds of the Corporation. Mortgage loans in the SAM Fund and Home Ownership Fund subject to such reversion had outstanding principal balances at November 30, 1980 and 1979 of \$226,010,393 and \$38,861,555 respectively.

The Corporation's obligations are not a debt of the State of Alaska and the State is not directly liable thereon. Obligations outstanding at November 30, 1980 and 1979 are as follows:

**NOTE 4
MORTGAGE
LOAN TRANSFER
FROM THE STATE
OF ALASKA**

**NOTE 5
BONDS AND
NOTES PAYABLE**

	Bonds Outstanding		
	Original Amount	November 30, 1980	November 30, 1979
	(In thousands)		
Housing Mortgage Program:			
1972 Series A, 5.4% to 5.8% due 1980-2002	\$ 13,500	\$ 12,125	\$ 12,375
1973 Series A, 5.5% to 6% due 1980-2002	13,000	11,765	12,010
1973 Series B, 5.8% to 7% due 1980-2003	36,000	33,215	33,805
1975 Series A, 7% to 8.75% due 1980-2005	35,000	33,455	33,890
1975 Series B, 6.5% to 7.75% due 1980-2005	12,000	11,460	11,610
Total Housing Mortgage Bonds at Par	<u>109,500</u>	<u>102,020</u>	<u>103,690</u>
Unamortized discount		(279)	(296)
Net Housing Mortgage Bonds		<u>101,741</u>	<u>103,394</u>
Insured Mortgage Program:			
1975 First Series, 7.9% to 9% due 1980-2005	5,000	4,850	4,895
1976 First Series, 6.5% to 8% due 1980-2006	20,000	19,465	19,660
1976 Second Series, 5.4% to 8% due 1980-2006	25,000	24,360	24,585
1977 First Series, 5.35% to 6.625% due 1980-2007	35,000	34,065	34,550
1977 Second Series, 5.20% to 6.50% due 1980-2007	48,000	46,770	47,405
1977 Third Series, 4.85% to 6.50% due 1980-2007	40,000	39,000	39,550
1978 First Series, 4.90% to 6.375% due 1980-2007	47,225	46,575	47,125
1978 Second Series, 5.25% to 7.5% due 1980-2008	55,000	54,350	55,000
1978 Third Series, 5.5% to 7.125% due 1980-2008	44,000	44,000	44,000
1979 First Series, 5.6% to 7.3% due 1980-2008	60,000	60,000	60,000
1979 Second Series, 5.3% to 7.125% due 1980-2009	105,000	105,000	105,000
1980 First Series, 6.75% to 8.75% due 1981-2009	39,400	39,400	
1980 Second Series, 5.25% to 9.20% due 1981-2010	230,000	230,000	
Total Insured Mortgage Bonds at Par	<u>753,625</u>	<u>747,835</u>	<u>481,770</u>
Unamortized discount		(14,509)	(8,473)
Net Insured Mortgage Bonds		<u>733,326</u>	<u>473,297</u>
Insured Rural Mortgage Program:			
1979 First Series, 7.5% due 1980-2009, issued without discount to the State of Alaska	5,600	5,600	5,600
Total Bonds Outstanding	<u>\$868,725</u>	<u>\$840,667</u>	<u>\$582,291</u>

The following sources are available and pledged for the payment of Housing Mortgage Bond principal and interest: (1) the proceeds derived from the sale of such bonds, (2) the repayments from all mortgage loans financed under the program net of service fees and operating expenses of the Corporation, (3) all monies and securities of the Reserve Fund held by the Trustee (\$5,391,000 and \$3,742,000 at November 30, 1980 and 1979, respectively), and (4) a Special Pledged Fund (approximately \$17,690,000 and \$19,581,000 at November 30, 1980 and 1979 respectively) consisting of first mortgage loans, permitted investments and cash held by the Commissioner of Revenue of the State of Alaska. The latter fund is not reflected in the accompanying financial statements.

The following sources are available and pledged for the payment of Insured Mortgage Bond principal and interest: (1) the repayments from all mortgage loans financed under the program net of service fees and operating expenses of the Corporation and (2) all monies and securities of the Capital Reserve Fund held by the Trustee amounting to \$75,349,000 and \$48,419,000 of principally U.S. Government obligations at November 30, 1980 and 1979, respectively. These investments are long term and are intended to be held to maturity and, therefore, will be fully realized (market value at November 30, 1980 approximates \$59,300,000). This latter fund is required to be maintained at an amount equal to 10% of the outstanding balance of Insured Mortgage Bonds. Additionally, all assets of the State Assisted Mortgage Fund are pledged as a source of funding for the Corporation's special mandatory redemption obligation in the event that interest on the 1980 Second Series Bonds becomes taxable pursuant to legislation passed by the 97th Congress.

The following sources are available and pledged for the payment of Insured Rural Mortgage Bond principal and interest: (1) the repayment from all mortgage loans financed under the program net of service fees and operating expenses of the Corporation, (2) all monies and securities of the Rural Capital Reserve Fund held by the Trustee amounting to \$567,000 and \$562,000 of principally U.S. Government obligations at November 30, 1980 and 1979, respectively. These investments are long term and are intended to be held to maturity and, therefore, will be fully realized (market value at November 30, 1980 approximates \$485,000). The Rural Capital Reserve Fund is required to be maintained at an amount equal to 10% of the outstanding balance of Insured Rural Mortgage Bonds.

The principal payments related to all bond indebtedness for the periods indicated are as follows.

	Insured Mortgage Program	Insured Rural Mortgage Program	Housing Mortgage Program	Total
	(In thousands)			
Seven months ending June 30, 1981	\$ 5,900	\$25	\$ 1,790	\$ 7,715
Year ending June 30, 1982	8,670	50	1,925	10,645
Year ending June 30, 1983	9,210	55	2,060	11,325
Year ending June 30, 1984	9,840	60	2,210	12,110
Year ending June 30, 1985	10,370	65	2,360	12,795

The bonds are subject to certain early redemption provisions at the option of the Corporation.

As part of the Corporation's Housing Development Fund programs, it entered into agreements with the State of Alaska (the "State") and Alaska State Housing Authority ("ASHA"), whereby the Corporation borrowed \$4,420,000 from the State for a term of 37 years at an annual interest rate of 3.47% and, concurrently, these funds were loaned to ASHA for a term of 37 years at a rate of 3.47% under the terms of a deed of trust note secured by an apartment building located in Juneau, Alaska.

The terms of the note payable to the State and the deed of trust note receivable from ASHA are identical and require annual payments of \$240,932 each March 1, through 2008. The remaining unpaid principal and interest is due and payable March 1, 2009, the outstanding balance of the note payable and the related receivable from ASHA is \$4,242,000 and \$4,332,000 at November 30, 1980 and 1979, respectively.

Additionally, under the Housing Development Fund the Corporation has notes payable to the State of Alaska with balances outstanding as follows:

	Notes Outstanding	
	November 30, 1980	November 30, 1979
	(In thousands)	
Housing Development Fund Notes, 6%	\$2,610	\$2,731
Housing Development Fund Notes, 8.5%	1,370	385
Housing Development Fund Note, 9.5%	3,722	
	<u>\$7,702</u>	<u>\$3,116</u>

NOTE 6 NOTES PAYABLE TO THE STATE OF ALASKA

Principal reductions are required on these notes in an amount equal to the principal portion of the payments on the mortgage loans assigned as security for the notes.

The 6% Housing Development Fund Notes mature November 1, 2014 and are renewable at the option of the Commissioner of Revenue of the State of Alaska.

The proceeds of the 8.5% Housing Development Fund Notes are paid to the Corporation as required to purchase qualifying mortgage loans. At November 30, 1980, approximately \$1,226,000 of note proceeds remained to be drawn by the Corporation.

The 9.5% Housing Development Fund Note is paid to the Corporation as required to purchase qualifying mobile home loans. At November 30, 1980, approximately \$6,276,000 of note proceeds remained to be drawn by the Corporation.

Under the Insured Mortgage Bond Program, the Corporation is required to maintain a Capital Reserve Fund equal to 10% of the outstanding balance of Insured Mortgage Bonds. In order to fulfill a portion of the requirement, the Corporation borrowed \$12,800,000 from the State with outstanding balances as follows:

Balances at November 30, 1980:

1975 First Series	\$ 485,000
1977 First Series	3,406,500
1977 Second Series	4,677,000
1977 Third Series	3,900,000
Total	<u>\$12,468,500</u>

The interest rate on the loans is equal to earnings on the proceeds of such loans deposited in the Capital Reserve fund with principal reductions pro-rata to those required for the Insured Mortgage Bonds relating to such loans. Principal payments required on the above notes are as follows:

Seven months ending June 30, 1981	\$ 184,000
Year ending June 30, 1982	197,000
Year ending June 30, 1983	208,500
Year ending June 30, 1984	225,000
Year ending June 30, 1985	240,000
	1,054,500
Thereafter	11,414,000
	<u>\$12,468,500</u>

**NOTE 7
CONTRIBUTED
CAPITAL**

Contributions to capital during the year ended November 30, 1980 were as follows:

	Insured Mortgage Bond Fund	State Assisted Mortgage Fund	Home Ownership Fund	State Appropriated Loan Fund	Combined
	(In thousands)				
Contributions from the State of Alaska		\$341,000	\$52,500	\$6,500	\$400,000
Transfer representing State loan subsidy	\$6,155	(6,155)			
Balance - November 30, 1980	<u>\$6,155</u>	<u>\$334,845</u>	<u>\$52,500</u>	<u>\$6,500</u>	<u>\$400,000</u>

**NOTE 8
INSURANCE
FUNDS**

In connection with the establishment of the Insured Mortgage and Insured Rural Mortgage Programs described in Note 1, insurance funds of the State of Alaska have been created for the exclusive purpose of insuring the acquired mortgages and the Corporation's interest in the related property. These are special funds of the State with certain rights, duties, powers, responsibilities and obligations being delegated to the Corporation pursuant to the various insurance agreements with the State. These funds are not included in the Corporation's financial statements, except for the capital investment in the State Mortgage Insurance Fund.

None of the Insurance Funds have recorded any provision for loan losses since no losses have presently been experienced and an inadequate history exists within the State to form a credible basis for future loss projections. However, it is the opinion of management of the Corporation that such losses, if any, will be minimal in view of the traditional economic strength of the Alaska housing market and the loan-to-value criteria described in the following paragraphs which must be met by eligible loans in the Insured Mortgage and Insured Rural Mortgage Programs.

State Mortgage Insurance Fund - Insured Mortgage Program Account

This account provides insurance against losses suffered by the Corporation on obligations acquired under the Insured Mortgage Program. Mortgage Loans which may be insured by the account must either have a loan-to-value ratio which does not exceed 80% or be the subject of insurance or guarantee by the Federal Housing Administration, Veterans Administration or other federal agency or by private mortgage insurance to the extent that such ratio is greater than 80%. The capital of the account is required to be maintained at an amount equal to the greater of 2% of the unpaid principal amount of all acquired mortgages or a percentage which the Corporation and the State agree is actuarially sound for operation of the account. The initial capital requirements associated with 1975 through 1977 First Series Bonds were partially funded by contributions from the Corporation Operating Fund. The Corporation considered these initial contributions of \$600,000 to be permanent costs of initiating the program and charged such amounts against operations; subsequent contributions of \$1,000,000 have been capitalized since the ongoing nature of the program is expected to produce a probable likelihood of return. Such return is, however, limited to amounts in excess of the capital requirement described previously and contingent upon that requirement having been continuously met for two consecutive fiscal years preceding the withdrawal.

The account is held in trust by a commercial lending institution pursuant to a custody agreement entered into by the State of Alaska and administered by the management of the Corporation. Generally, the account's activities through November 30, 1980 have been limited to receipt of capital contributions, premiums and interest on investments. A premium charge to the mortgagor, equal to 1/2% of the principal amount of each conventional mortgage loan financed under the program, was discontinued January 24, 1977.

State Mortgage Insurance Fund - Insured Rural Mortgage Program Account

The State of Alaska has made contributions totalling \$825,000 establishing an Insured Rural Mortgage Program Account within the State Mortgage Insurance Fund. The capital of the account is required to be maintained at an amount equal to 2% of the unpaid principal amount of all acquired mortgages or a percentage which the Corporation and the State agree is actuarially sound for operation of the Fund. The Commissioner of Revenue for the State of Alaska holds this account at November 30, 1980.

State Mortgage Insurance Fund - Summary Financial Statements

A summary of the Fund's financial statements for the years ending November 30, 1980, and 1979 follows:

	November 30, 1980		November 30, 1979
	Insured Rural Mortgage Program Account	Insured Mortgage Program Account	Insured Mortgage Program Account
Assets:			
Cash, short term investments and accrued interest	\$825,000	\$15,925,396	\$10,049,778
Liabilities:			
Deferred premiums		114,133	139,068
Capital:			
Contributions from—			
State of Alaska	825,000	11,805,000	7,125,000
Alaska Housing Finance Corporation		1,600,000	1,600,000
Retained earnings		2,406,263	1,185,710
	<u>\$825,000</u>	<u>\$15,925,396</u>	<u>\$10,049,778</u>
Revenues:			
Interest on investments		\$1,195,863	\$ 691,912
Earned premiums		24,935	24,935
		<u>1,220,798</u>	<u>716,847</u>
Expenses		245	154
Net Income	\$ -0-	<u>\$1,220,553</u>	<u>\$ 716,693</u>

Rural Housing Title and Hazard Insurance Funds - Insured Rural Mortgage Program

These funds provide the necessary title and hazard insurance to protect the Corporation's interest in the property securing obligations acquired under the Insured Rural Mortgage Program when such insurance is not available from private companies on reasonable terms. The funds are required to be maintained in an amount not less than 25% of the principal amount of the acquired obligations for which such insurance is provided. The State of Alaska has made contributions of \$250,000 to the Rural Housing Hazard Insurance Fund and \$380,000 to the Rural Housing Title Insurance Fund. These contributions were held by the State of Alaska, Department of Revenue at November 30, 1980 and are expected to be transferred to a trust account to be established by the Corporation. Upon transfer to the trust account, the contributions will be recorded as contributed capital from the State of Alaska in the Insured Rural Mortgage Bond Fund.

The Corporation has adopted a short seven month reporting period from December 1, 1980 through June 30, 1981 with fiscal years ending June 30, beginning in 1982 and each year thereafter. This change from a November 30 fiscal year end was made to provide a fiscal reporting period for the Corporation consistent with that of the State of Alaska.

At November 30, 1980 the Corporation had outstanding commitments to purchase first mortgage loans of approximately \$101,304,000.

The Corporation leases its office facilities and certain equipment for periods expiring between January, 1981 and May, 1985 with aggregate annual rental payments as set forth below:

Seven months ending June 30, 1981	\$ 93,216
Year ending June 30, 1982	235,817
Year ending June 30, 1983	235,817
Year ending June 30, 1984	235,817
Year ending June 30, 1985	235,817

Additional Financings

During December, 1980 the Corporation issued \$230,000,000, 1980 Third Series, Insured Mortgage Bonds. In anticipation of this bond issuance, the Corporation received a \$2,300,000 good faith deposit from the bond underwriter during November, 1980. This deposit is reflected in the accounts of the Insured Mortgage Bond Fund at November 30, 1980. The 1980 Third Series Bonds are subject to special mandatory redemption at 100% plus accrued interest following the enactment of any federal legislation by the 97th Congress of the United States which subjects interest on the Bonds to federal income tax. Funds for any required special redemption are anticipated to be available from liquidation of the 1980 Third Series portfolio and the assets of the State Assisted Mortgage Fund. The 1980 Third Series Bonds will not be redeemed in the event legislation retroactively subjecting the interest on the 1980 Third Series Bonds to federal income tax passes the 98th Congress or a subsequent Congress.

The Corporation issued \$4,400,000 1980 First Series Insured Rural Mortgage Bonds during December, 1980 with the State of Alaska purchasing the entire issue.

**NOTE 9
FISCAL YEAR
CHANGE**

**NOTE 10
COMMITMENTS**

**NOTE 11
EVENTS
SUBSEQUENT TO
NOVEMBER 30,
1980**

COMBINING BALANCE SHEET

November 30, 1980

Corporation Operating Fund	Housing Mortgage Bond Fund	Insured Mortgage Bond Fund	Insured Rural Mortgage Bond Fund	Housing Develop- ment Fund	State Assisted Mortgage Fund	Home Ownership Fund	State Appro- priated Loan Fund	Combined	
(In thousands)									
ASSETS									
Cash—									
Demand deposits	\$ 23	\$ 112	\$ 425	\$ 2	\$ 3	\$ 235	\$ 97	\$ 897	
Savings accounts	594				95			689	
Held in trust			2	6			1	9	
	<u>617</u>	<u>112</u>	<u>427</u>	<u>8</u>	<u>98</u>	<u>235</u>	<u>98</u>	<u>1,595</u>	
Investments—									
Certificates of deposit	2,099	3,363	54,819	25	200	52,354	\$6,500	119,360	
U.S. Treasury obligations		155	77,771	734		16,054		94,714	
Bank repurchase agreements	976	14,316	51,518	242	39	43,062	5,174	115,327	
	<u>3,075</u>	<u>17,834</u>	<u>184,108</u>	<u>1,001</u>	<u>239</u>	<u>111,470</u>	<u>5,174</u>	<u>329,401</u>	
First mortgage loans, net of discounts									
Mortgage loans to be received	5,501	94,656	606,599	4,938	3,844	226,010	38,862	980,410	
Mobile home loans	1,379				3,719	4,846	9,101	13,947	
Deed of trust note receivable from Alaska State Housing Authority					4,242			4,242	
Accrued interest receivable	99	868	6,879	48	174	4,269	413	12,761	
Bond issuance costs, net of amortization		311	1,055	12				1,378	
Capital investment in State Mortgage Insurance Fund	1,000							1,000	
Office equipment and improvements, net	107							107	
Other receivables	392	67	256	1	2	142	58	918	
Total Assets	<u>\$12,170</u>	<u>\$113,848</u>	<u>\$799,324</u>	<u>\$6,008</u>	<u>\$12,318</u>	<u>\$346,972</u>	<u>\$53,706</u>	<u>\$6,511</u>	<u>\$1,350,857</u>
LIABILITIES AND FUND EQUITY									
Liabilities									
Bonds and notes payable, net of discounts —									
Mortgage bonds payable to the State of Alaska		\$101,741	\$733,326	\$5,600				\$ 840,667	
Deposits			12,469		511,944			24,413	
Accrued interest payable		3,393	27,376	210	182			2,300	
Deferred fee income	\$ 919							31,161	
Accrued expenses and other liabilities	162	91	462	16	19	\$ 158	\$ 28	919	
Total Liabilities	<u>1,081</u>	<u>105,225</u>	<u>775,933</u>	<u>5,826</u>	<u>12,145</u>	<u>158</u>	<u>28</u>	<u>900,396</u>	
Fund Equity									
Contributed Capital—									
Contributions from State of Alaska during the period						341,000	52,500	\$6,500	400,000
Transfer representing State loan subsidy			6,155		(6,155)				
			6,155		334,845	52,500	6,500	400,000	
Retained earnings, designated for purposes allowed within the respective funds									
	11,089	8,623	17,236	182	173	11,969	1,178	11	50,461
Total Fund Equity	<u>11,089</u>	<u>8,623</u>	<u>23,391</u>	<u>182</u>	<u>173</u>	<u>346,014</u>	<u>53,678</u>	<u>6,511</u>	<u>450,461</u>
Commitments									
Total Liabilities and Fund Equity	<u>\$12,170</u>	<u>\$113,848</u>	<u>\$799,324</u>	<u>\$6,008</u>	<u>\$12,318</u>	<u>\$346,972</u>	<u>\$53,706</u>	<u>\$6,511</u>	<u>\$1,350,857</u>

See accompanying notes to financial statements.

COMBINING STATEMENT OF REVENUES, EXPENSES AND RETAINED EARNINGS

Year Ended November 30, 1980

	Corporation Operating Fund	Housing Mortgage Bond Fund	Insured Mortgage Bond Fund	Insured Rural Mortgage Bond Fund	Housing Develop- ment Fund	State Assisted Mortgage Fund	Home Ownership Fund	State Appro- priated Loan Fund	Combined
(In thousands)									
Revenues									
Interest Income—									
Mortgages and Loans	\$ 533	\$8,180	\$38,225	\$143	\$414	\$ 8,442	\$1,239		\$57,176
Investments	291	1,262	16,453	469	28	4,002	33	\$11	22,549
	<u>824</u>	<u>9,442</u>	<u>54,678</u>	<u>612</u>	<u>442</u>	<u>12,444</u>	<u>1,272</u>	<u>11</u>	<u>79,725</u>
Loan fees and other	1,378								1,378
Total revenues	<u>2,202</u>	<u>9,442</u>	<u>54,678</u>	<u>612</u>	<u>442</u>	<u>12,444</u>	<u>1,272</u>	<u>11</u>	<u>81,103</u>
Operating Expenses									
Interest on notes and bonds		6,823	43,529	420	387				51,159
Mortgage service fees	22	365	1,671	7	19	475	94		2,653
General and administrative expenses	888								888
Legal, accounting and trustee fees	490								490
Interfund operating charge (credit)	(1,354)	216	1,110	14	14				
Total operating expenses	<u>46</u>	<u>7,404</u>	<u>46,310</u>	<u>441</u>	<u>420</u>	<u>475</u>	<u>94</u>		<u>55,190</u>
Net income	<u>2,156</u>	<u>2,038</u>	<u>8,368</u>	<u>171</u>	<u>22</u>	<u>11,969</u>	<u>1,178</u>	<u>11</u>	<u>25,913</u>
Retained earnings, beginning of year	8,933	6,585	8,868	11	151				24,548
Retained earnings, end of year	<u>\$11,089</u>	<u>\$8,623</u>	<u>17,236</u>	<u>\$182</u>	<u>\$173</u>	<u>\$11,969</u>	<u>\$1,178</u>	<u>\$11</u>	<u>\$50,461</u>

See accompanying notes to financial statements.

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended November 30, 1980

	Corporation Operating Fund	Housing Mortgage Bond Fund	Insured Mortgage Bond Fund	Insured Rural Mortgage Bond Fund	Housing Develop- ment Fund	State Assisted Mortgage Fund	Home Ownership Fund	State Appro- priated Loan Fund	Combined
(In thousands)									
Sources of financial resources									
From operations--									
Net income	\$2,156	\$ 2,038	\$ 8,368	\$171	\$ 22	\$ 11,969	\$ 1,178	\$ 11	\$ 25,913
Add (deduct) items not re- quiring (providing) cash									
Net amortization of dis- counts, premiums and bond issuance costs		(158)	597	1					440
Depreciation	16								16
(Increase) decrease in ac- crued interest receivable	206	83	(1,967)	(21)	(37)	(4,269)	(413)	(11)	(6,429)
Increase (decrease) in ac- crued interest payable		(59)	9,532	105	36				9,614
Net increase (decrease) in accrued expenses, pre- pays and other receivables	(87)	(39)	(8)	2	16	16	(30)		(130)
Increase in deferred fee income	919								919
Financial resources pro- vided by operations	3,210	1,865	16,522	258	37	7,716	735		30,343
Transfer of subsidy from (to) other funds			6,155			(6,155)			
Mortgages (purchased) sold to other funds			(156,981)			156,981			
Mortgage and loan principal repayments	3,730	9,975	24,519	86	132	5,144	2,037		45,623
Net proceeds from sale of insured mortgage bonds			264,669						264,669
Net proceeds from State of Alaska notes					4,712				4,712
Contribution of capital from the State of Alaska						341,000	52,500	6,500	400,000
Reduction in note receivable from Alaska State Housing Authority					90				90
Proceeds from disposition of office equipment and improvements net of gain or loss	6								6
	<u>\$6,946</u>	<u>\$11,840</u>	<u>\$154,884</u>	<u>\$344</u>	<u>\$4,971</u>	<u>\$504,686</u>	<u>\$55,272</u>	<u>\$6,500</u>	<u>\$745,443</u>
Uses of financial resources									
Increase (decrease) in investments	\$(3,561)	\$ 6,246	\$ 68,198	\$(4,683)	\$ 19	\$111,470	\$ 5,174	\$6,500	\$189,363
Acquisition of mortgages and loans	10,086	3,827	82,808	5,024	4,678	392,981	50,000		549,404
Payment of housing mort- gage and insured mort- gage bonds		1,670	3,335						5,005
Payment of State of Alaska notes			171		216				387
Purchase of office equipment and improvements	104								104
Increase in cash	317	97	372	3	58	235	98		1,180
	<u>\$6,946</u>	<u>\$11,840</u>	<u>\$154,884</u>	<u>\$344</u>	<u>\$4,971</u>	<u>\$504,686</u>	<u>\$55,272</u>	<u>\$6,500</u>	<u>\$745,443</u>

See accompanying notes to financial statements

COMBINING BALANCE SHEET

November 30, 1979

	Corporation Operating Fund	Housing Mortgage Bond Fund	Insured Mortgage Bond Fund	Insured Rural Mortgage Bond Fund	Housing Develop- ment Fund	Combined
	(In thousands)					
ASSETS						
Cash—						
Demand deposits	\$ 35	\$ 15	\$ 43			\$ 93
Savings accounts	265				\$ 40	305
Held in trust			12	\$ 5		17
	<u>300</u>	<u>15</u>	<u>55</u>	<u>5</u>	<u>40</u>	<u>415</u>
Investments—						
Certificates of deposit	6,634	10,701	76,076		200	93,611
U.S. Treasury obligations			35,501	644		36,145
Bank repurchase agreements	2	867	4,333	5,040	20	10,282
	<u>6,636</u>	<u>11,588</u>	<u>115,910</u>	<u>5,684</u>	<u>220</u>	<u>140,038</u>
First mortgage loans, net of discounts ..	388	100,608	391,300		2,985	495,281
Home improvement loans	136				32	168
Deed of trust note receivable from Alaska State Housing Authority					4,332	4,332
Accrued interest receivable	305	951	4,912	27	137	6,332
Bond issuance costs, net of amortization		332	686	13		1,031
Capital investment in State Mortgage Insurance Fund	1,000					1,000
Office equipment and improvements, net	25					25
Other receivables	287					287
Total Assets	<u>\$9,077</u>	<u>\$113,494</u>	<u>\$512,863</u>	<u>\$5,729</u>	<u>\$7,746</u>	<u>\$648,909</u>
LIABILITIES AND FUND EQUITY						
Liabilities						
Bonds and notes payable, net of discounts—						
Mortgage bonds		\$103,394	\$473,297	\$5,600		\$582,291
Payable to the State of Alaska			12,640		\$7,448	20,088
Accrued interest payable		3,452	17,844	105	146	21,547
Accrued expenses and other liabilities ..	\$ 144	63	14	13	1	435
Total Liabilities	<u>144</u>	<u>106,909</u>	<u>503,995</u>	<u>5,718</u>	<u>7,595</u>	<u>624,361</u>
Fund Equity						
Retained earnings, designated for purposes allowed within the respective funds	8,933	6,585	8,868	11	151	24,548
Commitments						
Total Liabilities and Fund Equity	<u>\$9,077</u>	<u>\$113,494</u>	<u>\$512,863</u>	<u>\$5,729</u>	<u>\$7,746</u>	<u>\$648,909</u>

See accompanying notes to financial statements

COMBINING STATEMENT OF REVENUES, EXPENSES AND RETAINED EARNINGS

Year Ended November 30, 1979

	Corporation Operating Fund	Mortgage Program Note Fund	Housing Mortgage Bond Fund	Insured Mortgage Bond Fund	Insured Rural Mortgage Bond Fund	Housing Develop- ment Fund	Combined
(In thousands)							
Revenues							
Interest Income—							
Mortgages	\$ 24	\$264	\$8,376	\$24,528		\$348	\$33,540
Investments	621	439	799	11,420	\$27	23	13,329
	<u>645</u>	<u>703</u>	<u>9,175</u>	<u>35,948</u>	<u>27</u>	<u>371</u>	<u>46,869</u>
Loan fees and other . . .	1,031						1,031
Total revenues	<u>1,676</u>	<u>703</u>	<u>9,175</u>	<u>35,948</u>	<u>27</u>	<u>371</u>	<u>47,900</u>
Operating Expenses							
Interest on notes and bonds		333	6,944	28,032	16	329	35,654
Mortgage service fees . .	1	12	375	1,100		7	1,495
General and adminis- trative expenses	661						661
Legal, accounting and trustee fees	362						362
Loan losses	57		20			20	97
Interfund operating charge (credit)	(897)		224	673			
Total operating expenses	<u>184</u>	<u>345</u>	<u>7,563</u>	<u>29,805</u>	<u>16</u>	<u>356</u>	<u>38,269</u>
Net Income	1,492	358	1,612	6,143	11	15	9,631
Retained earnings, begin- ning of year	6,501	582	4,971	2,725		136	14,917
Transfer of net assets appli- cable to matured bond anticipation notes to the Corporation Operating Fund	940	(940)					
Retained earnings, end of year	<u>\$8,933</u>	<u>\$ 0</u>	<u>\$6,585</u>	<u>\$8,868</u>	<u>\$11</u>	<u>\$151</u>	<u>\$24,548</u>

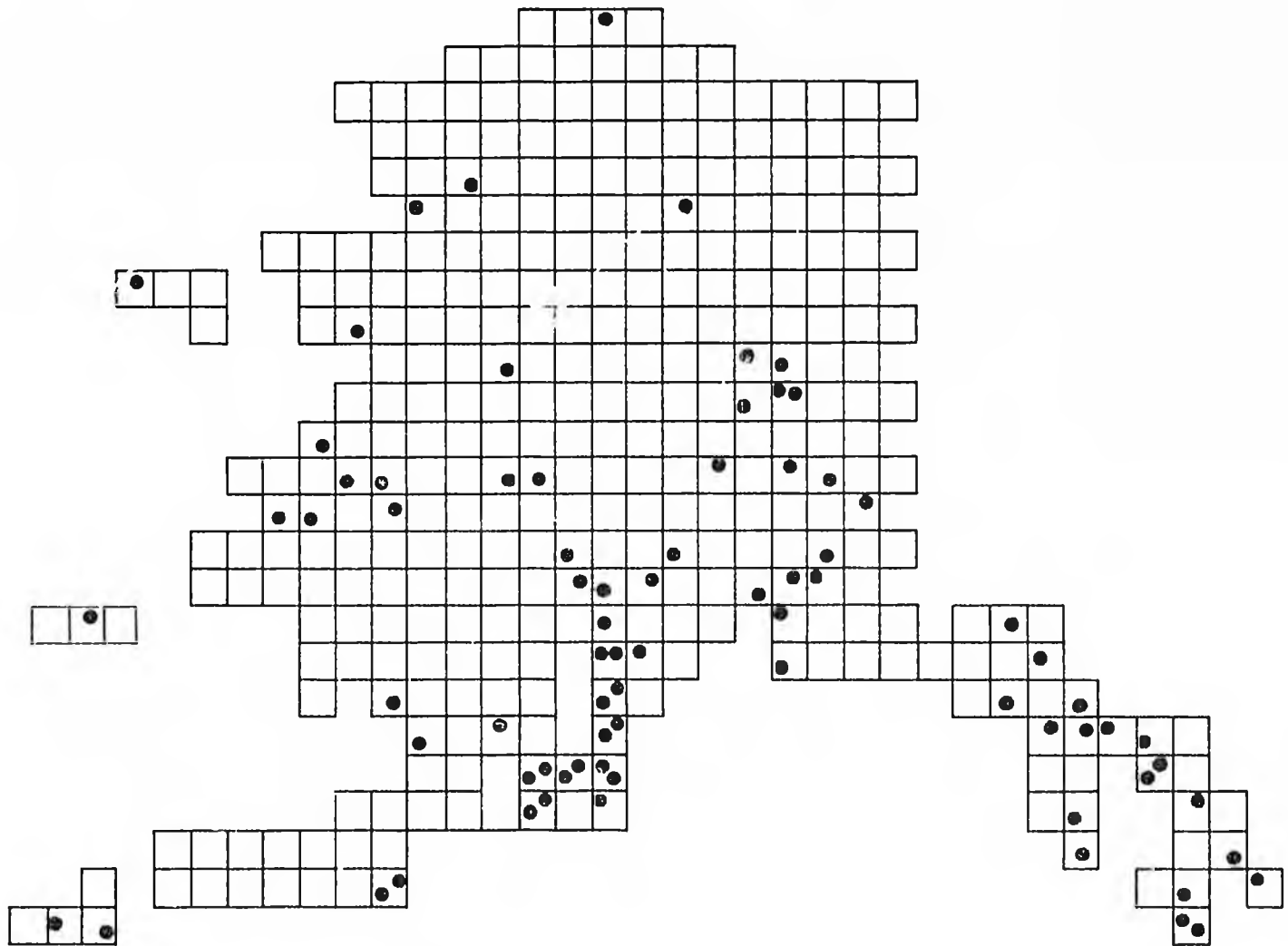
See accompanying notes to financial statements

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year Ended November 30, 1979						Combined
	Corporation Operating Fund	Mortgage Program Note Fund	Housing Mortgage Bond Fund	Insured Mortgage Bond Fund	Insured Rural Mortgage Bond Fund	Housing Develop- ment Fund	
	(\$ in thousands)						
Sources of financial resources							
From operations—							
Net income	\$1,932	\$ 358	\$ 1,612	\$ 6,143	\$ 11	\$ 15	\$ 9,631
Add (deduct) items not requiring (providing) cash							
Net amortization of discounts, premiums and bond issuance costs			(210)	360			150
Depreciation	2						2
(Increase) decrease in accrued interest receivable	(164)	131	(76)	(2,569)	(27)	(91)	(2,796)
Increase (decrease) in accrued interest payable		(817)	(58)	7,218	105	89	6,537
Net increase (decrease) in accrued expenses, prepaids and other receivables	(261)	(2)	28	139	13		(83)
Loan losses	57		20			20	97
Financial resources provided (used) by operations	1,126	(330)	1,316	11,291	102	33	13,538
Transfer from (to) other funds	940	(940)					
Mortgages (purchased) sold to other funds		21,035	(2,857)	(18,178)			
Mortgage principal repayments	13	17	11,193	18,412		63	29,698
Net proceeds from sale of bonds				204,070	5,587		209,657
Net proceeds from State of Alaska notes						905	905
	<u>\$2,079</u>	<u>\$19,782</u>	<u>\$9,652</u>	<u>\$215,595</u>	<u>\$5,689</u>	<u>\$1,001</u>	<u>\$253,798</u>
Uses of financial resources							
State Mortgage Insurance Fund	\$ 15						\$ 15
Increase (decrease) in investments	1,553	\$(20,311)	\$ 685	\$ 47,283	\$5,684	\$ 15	34,909
Purchase of first mortgage loans	389	15,094	7,445	166,178		384	189,490
Net increase in note receivable from Alaska State Housing Authority						432	432
Payment of housing mortgage and insured mortgage bonds			1,550	2,030			3,580
Payment of bond anticipation notes		25,000					25,000
Payment of State of Alaska notes				154		147	301
Office equipment and improvements	1						1
Increase (decrease) in cash	121	(1)	(28)	(50)	5	23	70
	<u>\$2,079</u>	<u>\$19,782</u>	<u>\$9,652</u>	<u>\$215,595</u>	<u>\$5,689</u>	<u>\$1,001</u>	<u>\$253,798</u>

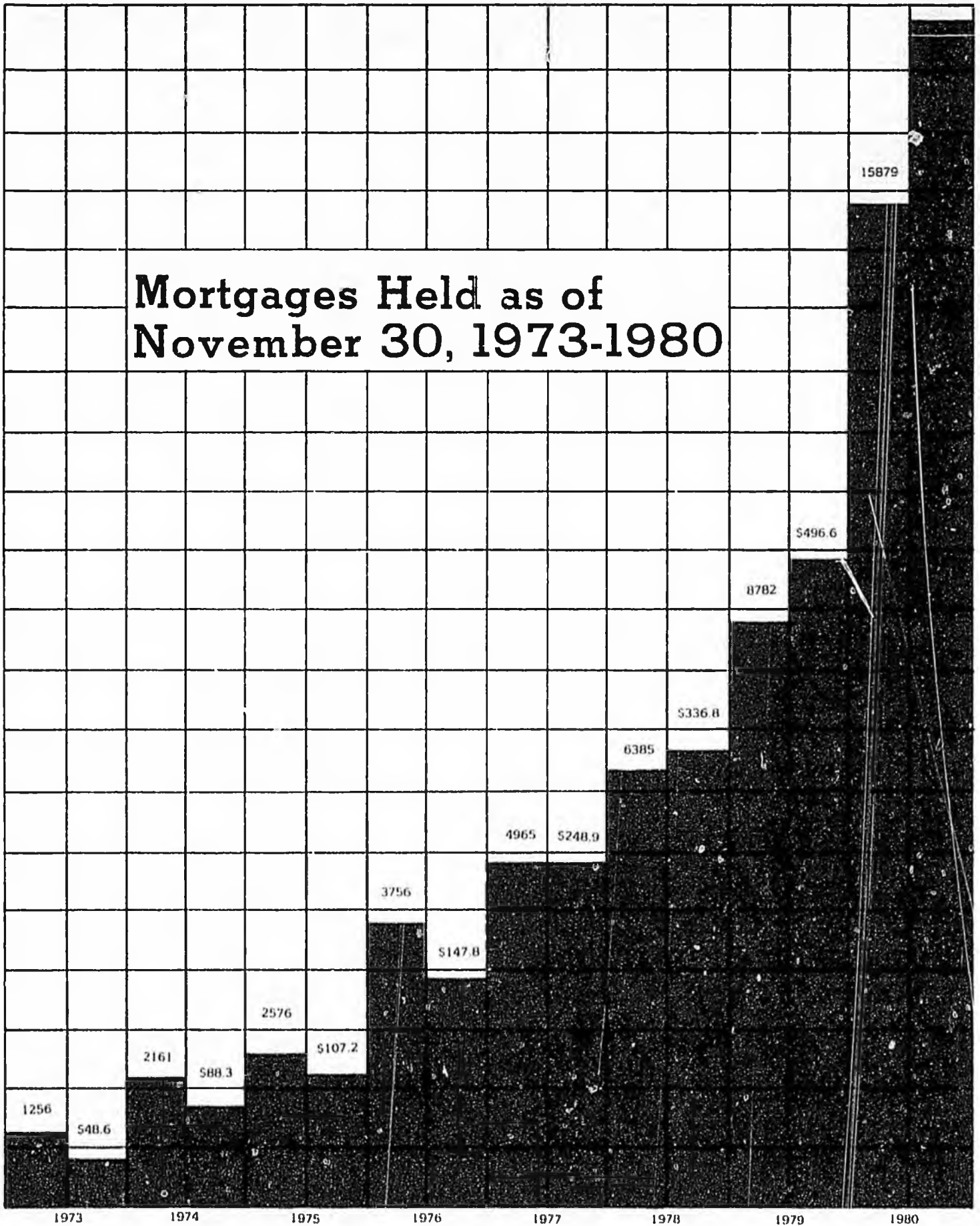
See accompanying notes to financial statements

COMMUNITIES CURRENTLY SERVED BY AHFC



- | | | | | |
|----------------|------------|------------------|-----------------|-----------|
| Anchorage | Estar | Kasllof | North Pole | Seldotna |
| Anchor Point | Fairbanks | Kani | Nunapitchuk | Sterling |
| Aniak | Ft. Yukon | Katchikan | Ouzinkie | Sutton |
| Auke Bay | Gakona | Kiana | Palmer | Talkeetna |
| Barrow | Galena | Klawak | Pelican | Tanana |
| Bethel | Gamhell | Kodiak | Petersburg | Tatitlek |
| Chitina | Girdwood | Kotzebue | Port Alexander | Tok |
| Chugiak | Glennallen | Netlakatla | Russian Mission | Unalaska |
| Cooper Landing | Haines | McGrath | St. Marys | Usibellie |
| Copper Center | Healy | Moose Pass | St. Paul Island | Valdez |
| Cardova | Homer | Mountain Village | Sand Point | Ward Cove |
| Craig | Hoonah | Naknek | Seldovia | Wasilla |
| Delta Junction | Hydaburg | Nenana | Seward | Willow |
| Dillingham | Iliamna | Nikolai | Sitka | Wrangell |
| Douglas | Indian | Ninlichik | Skagway | |
| Engle River | Juneau | Nome | Skwentna | |

Mortgages Held as of November 30, 1973-1980



Showing number of loans and value of loans in millions of dollars.

CROSSROADS

The close of the decade of the '70's represents the end of an era for Alaska Housing Finance Corporation. The Corporation was initially formed to assist low to moderate income Alaskans in home ownership through the purchase of mortgage loans originated by private lending institutions, with funding for this purpose coming from the sale of tax-exempt bonds. Over the years, AHFC has responded to the changing social and economic realities of Alaska by establishing additional programs to better respond to its legislative precepts. Typical of this is the Corporation's current close relationship with the Regional Housing Authorities in order to more directly serve the rural communities of the State.

The future funding of AHFC pro-

grams is no longer entirely possible through tax-exempt bonding, and the future market viability of taxable bonds is unknown. At this point, the State of Alaska has been brought into a partnership with AHFC to augment bond sales as a source of funding for the Corporation's programs. Although AHFC may continue to serve Alaskans within the limitations imposed by recent Federal legislation in conjunction with the current State assisted funding, such an approach would severely curtail the major portion of the Corporation's present and projected programs. It is against this backdrop that the future role of the State of Alaska in the housing industry must be examined, and the difficult questions asked and answered.

Although a general economic upturn

is foreseen for the early 1980's, should the State of Alaska, through the Legislature, continue to fund the stabilization as it did in the last half of 1980, or leave the housing industry to drift in the hope for improved economic conditions? Can Alaska afford to subsidize this portion of the needs of its residents, or can Alaska afford not to leave behind the boom or bust economy which has plagued the State for decades? These are foremost among the questions which must be addressed by the Corporation, the Legislature and, indeed, all Alaskans as we confront the challenges and choices of the coming decade.

BOARD OF DIRECTORS

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APPROVED SELLER/SERVICERS

Alaska Bank of Commerce
Pouch 7012
Anchorage, Alaska 99510

Alaska Federal Savings & Loan Assoc.
P.O. Box 1828
Juneau, Alaska 99801

Alaska Mutual Bank
P.O. Box 1120
Anchorage, Alaska 99510

Alaska National Bank Of The North
Pouch 7-010
Anchorage, Alaska 99510

Alaska Pacific Bank
P.O. Box 420
Anchorage, Alaska 99510

Alaska School Employees Federal
Credit Union
3500 Eide Street
Anchorage, Alaska 99503

Alaska Statebank
310 E. Northern Lights Blvd.
Anchorage, Alaska 99503

Alaska Teamsters Federal Credit Union
1200 Airport Hts., Suite 430
Anchorage, Alaska 99504

Alaska USA Fed. Credit Union
777 Juneau Street
Anchorage, Alaska 99501

AMFAC Mortgage Corp.
401 E. Northern Lights Blvd.
Suite 212
Anchorage, Alaska 99503

Arctic First Federal Savings & Loan
P.O. Box 709
Fairbanks, Alaska 99707

First Alaskan Mortgage & Escrow
207 E. Northern Lights
Suite 120
Anchorage, Alaska 99503

First Federal Savings & Loan
P.O. Box 4-2200
Anchorage, Alaska 99509

First National Bank of Anchorage
P.O. Box 720
Anchorage, Alaska 99510

First National Bank of Fairbanks
P.O. Box 73758
Fairbanks, Alaska 99701

First National Bank of Ketchikan
P.O. Box 5100
Ketchikan, Alaska 99901

Home Federal Savings & Loan
Pouch 7008
Anchorage, Alaska 99510

Lomas & Nettleton
4449 Business Park Blvd.
Anchorage, Alaska 99503

Mt. McKinley Mutual Savings Bank
P.O. Box 73880
Fairbanks, Alaska 99701

National Bank of Alaska
Pouch 7-025
Anchorage, Alaska 99510

Peninsular Savings & Loan Association
Pouch 1000
Soldotna, Alaska 99669

Peoples Bank & Trust
Pouch 7007
Anchorage, Alaska 99510

Rainier Mortgage Co.
P.O. Box 1200
Anchorage, Alaska 99510

Security National Bank
Pouch 7-777
Anchorage, Alaska 99510

Security Pacific Mortgage
Denali Tower Building
2550 Denali St., Suite 1515
Anchorage, Alaska 99503

Spokane Mortgage
3201 "C" St., Suite 250
Anchorage, Alaska 99503

The BM Behrends Bank
P.O. Box 1367
Juneau, Alaska 99802

United Bank Alaska
Pouch 7-059
Anchorage, Alaska 99510

Managing Underwriters

Dean Witter Reynolds Inc.
Merrill Lynch White Weld Capital Markets Group
Merrill Lynch, Pierce, Fenner & Smith Incorporated
E.F. Hutton & Co.
Kidder, Peabody & Co.
Incorporated

Independent Certified Public Accountants

Price Waterhouse & Co./Anchorage

Bond Counsel

Wohlforth & Flint/Anchorage

Trustee

Bank of America NTSA/San Francisco

ALASKA HOUSING FINANCE CORPORATION

235 East 8th Avenue, Anchorage, Alaska
P.O. Box 1020, Anchorage, Alaska 99510

ALASKA SENIOR CITIZEN HOUSING DEVELOPMENT FUND

STATE OF ALASKA
DEPARTMENT OF COMMUNITY
AND REGIONAL AFFAIRS
DIVISION OF COMMUNITY PLANNING

225 Cordova, Building B
Anchorage, Alaska 99501



STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

PO BOX B
JUNEAU, ALASKA 99801

The Department of Community and Regional Affairs is pleased to provide you with this Program Description of the Alaska Senior Citizen Housing Development Fund.

Generated from a need recognized by the Alaska Legislature and funded through the sale of general obligation bonds, the program is designed to assist communities with the development of decent, safe, and sanitary housing for senior citizens.

This Program Description booklet represents the concept of a Senior Citizen Housing Development Program as planned, monitored, and analyzed with respect to identified needs and adherence to legislative intent. The Department encourages your review of this document and will provide additional information of the program as requested.

Sincerely,

Lee McAnerney

Lee McAnerney
Commissioner

SENIOR CITIZENS
HOUSING
DEVELOPMENT
PROGRAM

PROGRAM
DESCRIPTION

STATE OF ALASKA
DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
DIVISION OF COMMUNITY PLANNING

225 Cordova Street, Building B
Anchorage, Alaska 99501
(907) 279-8636

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- C. 19 AAC 85.010-19 AAC 85.130

1. INTRODUCTION

There are presently at least four major personal factors common to the elderly that individually or collectively, either directly or indirectly, affect the development of suitable housing for the senior citizen residents of Alaska. These basic factors are

limited income and assets;
physical capacity;
limited mobility; and
loss of social outlets.

Other non-personal factors influencing a community's capability to provide housing for the elderly are: (1) adequacy of available housing to meet the needs of the elderly; and (2) shortage of any kind of housing on a community wide basis.

Taken together, these factors combine to form the principal problem confronting the low to moderate income elderly household, "affordability of suitable housing."

The Senior Citizens Housing Development Program has been created by the Legislature and people of Alaska to overcome this specific problem.

PURPOSE OF THE SENIOR CITIZENS HOUSING DEVELOPMENT PROGRAM

The purpose of the Senior Citizens Housing Development Program is to assist communities with funding to provide decent, safe, and sanitary housing, available at low or moderate costs, for its senior citizens.

The State of Alaska has made funds available through this program for senior citizen housing from the sale of general obligation bonds. Grants or loans may be made to municipalities and eligible public and non-profit corporations for the development of new senior citizen housing or for rehabilitation of existing senior citizen housing in need of modernization, weatherization, or repair.

The Senior Citizens Housing Development Fund (Fund) is intended to be used to construct or rehabilitate dwellings for persons sixty (60) years of age or older, who are capable of independent and unassisted living. In the case of families, only one of the family members need be sixty years of age or older to qualify for funding from this housing program.

3. BACKGROUND OF THE PROGRAM

A. Legislation and General Obligation Bonds

The Alaska Legislature addressed the problem of inadequate housing for senior citizens by adopting legislation which established a program to improve housing for the elderly. This program, Senior Citizens Housing Development Program, is administered by the Department of Community and Regional Affairs.

Chapter 100 of Title 18 begins with the following: "Declaration of purposes. There exists within the state a serious shortage of decent, safe and sanitary residential housing available at low or moderate prices or rentals to persons of lower and moderate income. There also exists in the state organizations whose purposes are to provide the kinds of housing needed to alleviate this shortage. Development work to provide such housing involves substantial expense which is often beyond the resources of the organizations. (10 ch 151 SLA 1975)"

The program was inactive until the 1976 Legislature amended Title 18 by adopting legislation

establishing a new State loan and grant program to improve housing for senior citizens and authorizing a \$7.5 million bond referendum to fund the program (Chapters 238 - 239, SLA 1976). The bond proposition was approved at the November 1976 general election. AS 18.100, as amended, is attached as Appendix A.

B. Actions of the Department of Community and Regional Affairs

The Department of Community and Regional Affairs (Department) was charged with the development of regulations to implement the legislation and the development of a system to administer the Fund. Accordingly, the Department contracted with an independent housing consultant to develop a study of alternative means of providing better housing for Alaska's senior citizens. The study provided information about strategies for combining State with federal and private funds to make the most effective use of State funds.

The financing options explored in the study were other State, federal, and private programs with financial resources that could be used in conjunction with the State bond funds. The possi-

bilities and limitations of each program were explored and described in terms of the following:

1. Extent of funds potentially available
2. Cost of money (interest) and potential effect on repayment by elderly persons
3. Administrative complexity of obtaining financing commitments and program administration
4. Constraints on program flexibility

A survey taken indicated preferences in housing to be as varied as the numerous communities which expressed an interest in the Program. The need for flexibility in using the contents of the Fund is underscored and supported by the study.

In addition to the consultant's study, a Senior Citizen Housing Advisory Committee was appointed by the Commissioner of the Department of Community and Regional Affairs to advise the Department in the development of administrative regulations for the Program. The committee, consisting of representatives from both urban and rural Alaska, developed the regulations, 19 AAC 85.010-19 AAC 85.130, which are attached as Appendix C.

The program regulations pertaining to the disbursement of public funds were developed after statewide hearings had been conducted and are structured so as to comply with the Administrative Procedures Act (AS 44.62).

The intent of the regulations is to provide flexibility in meeting a wide range of local preferences of the cities, housing authorities, and non-profit organizations which are eligible sponsors. Also, they provide a reasonable amount of accountability and control of funds to insure that public funds are utilized both efficiently and effectively.

Consultation with the Department of Law resulted in an Attorney General's opinion that, "Under the applicable law, no grants may be made from the proceeds of a bond issue other than to a municipality. AS 18.100.070(a). Additionally, no grant (or binding commitment to make a grant) may be made unless and until the provisions of subsections (b), (c), and (d) of AS 18.100.070 have been complied with...." These subsections contain the requirement to demonstrate the need for senior citizen housing, the feasibility of a proposed

project, and the adequacy of the management plan which demonstrates the ability of a proposed grant recipient to sustain the project from construction/renovation through operation. Additionally, all projects are also to be administered in accordance with the public facilities procurement policies developed under the authority of AS 35.10.060-35.10.200 (Appendix B).

C. Local Self Determination

The Administration, the Legislature, and the Department are committed to the principal of local self determination in the Senior Citizens Housing Development Program. The intent of the enabling legislation is to encourage local capabilities and initiative in the development of solutions to local housing needs; whereas, the Department's intent is to rely on local initiative and organizational resources for the solution of local housing needs. The Department will assist, enable, and counsel, but it will not directly manage any senior citizen housing project.

The approach to senior citizen housing development embodied in the legislation is to directly engage the capabilities of local communities and other housing sponsors in the development and

management of senior citizen housing facilities, while keeping the direct involvement of State agencies in these projects to the minimum consistent with the law. In these matters, which are primarily local in character, a general philosophy of maximum local self determination and self management seems most appropriate.

To insure that local initiative and organizational resources are used to the maximum degree, the administrative overhead for the Senior Citizens Housing Development Program has been funded at a low level with minimum staff.

4. PROGRAM STRATEGIES

The Department recognized the existence of a statewide need well in excess of the Fund's capability to provide housing for the elderly. There is an urgent need for such housing, in many forms, throughout Alaska, including locations in many of the smaller rural communities. Economic studies by the U.S. Department of Housing and Urban Development have indicated that this need is in excess of one thousand residential units.

The need for elderly housing is so widespread and obvious that spending the contents of the Senior Citizens

Housing Development Fund on extensive documentation of this so highly visible problem would not prove productive. The Department has also taken the position that devoting resources to developing allocation plans based on geography, population, type of sponsor, or any other classification would be administratively burdensome, and would detract from the philosophy of maximum local self determination. It was also perceived that allocation plans could create artificial barriers to information flow, resulting in considerable delay in the award of grants or loans, and eventually, an adverse effect on the value of these funds because of inflation. To date the Department has been able to award grant funds to all municipal sponsors, with documented needs, who have provided proof of management capability without relying on extensive outside documentation or any allocation plans.

The primary strategies which have enabled this to occur are based upon the premise that there are numerous untapped sources of development capital which can be used to meet senior citizen housing needs, when certain levels of community assets are made available. In the past, matching fund requirements, documentation development, site acquisition, or other barriers have existed as conditions of applying for these funds. Many of Alaska's

small cities have been unable to participate because of their limited available resources. For example: Although federal housing assistance programs allow development planning and design costs to be incorporated into the primary loan needed to fund the project; this does not benefit the small communities which lack the financial resources to hire development/design specialists to prepare the necessary documentation to acquire these federal funds, because those costs are only reimbursed after the fact from loan proceeds.

It is the objective of the State of Alaska to use its financial resources as a lever for extending the already existing federal, local, and private non-profit corporate funding sources to that segment of the elderly population that can not now gain access to them. The policy is that proceeds from special bond sales, such as the Senior Citizens Housing Bonds, shall be used to create an effective market arena where funds from the federal, State, local, and private sector mix in various formulas to provide the housing needed by the elderly.

The Senior Citizens Housing Development Program is designed to permit two types of grants or loans to qualifying sponsors to overcome the financial barrier

of project initiation and development costs. The two types of funding are

Facilitating Grants/Loans, and
Seed Money Grants/Loans.

Seed money funding does not preclude additional facilitating funding as part of the basic fund distribution or at some later date. These two types of funding are described in detail in the section which follows.

A. Facilitating Grants/Loans

A major obstacle to the construction, rehabilitation, and purchase of housing for the low and moderate income elderly is the inadequate supply of loan capital at reasonable costs (interest rates). In addition, most of the low interest federal home loan programs have funding units which will not meet the costs of providing even minimally adequate housing in the rural areas of Alaska. The gap between the levels of funding allowed and the cost of building adequate housing is beyond the resources of most sponsors of elderly housing programs.

Another problem confronting the community, which may have the initial funds necessary to meet the gap between federal funding levels and those needed to initiate construction of housing for the elderly, is cost acceleration during the construction and finishing phases of a project. Cost acceleration can push the total final cost beyond the limits of both the federal funding program and the ability of the individual community to absorb the additional costs. In each case the funds availability gap serves to block the provision of needed housing.

Numerous federal financing programs exist specifically for the development of elderly housing. Grants/loans can be provided from the Senior Citizens Housing Development Program when such funds are necessary to establish the feasibility of a project which will be principally funded from other sources.

In summary, facilitating funding can be seen as gap-filling. It is necessary that this gap-filling approach be used rather than total direct State funding of projects. It takes only some simple arithmetic to calculate that the \$7.5 million available from the Fund would only build

approximately 150 units of housing, at the current average cost of \$60,000 per unit. However, if the leverage approach is employed, four or even five times as many units of adequate housing can be completed by mixing the available federal, State, and private funds with grants or loans from the Fund.

B. Seed Money Grants/Loans

Facilitating funding is primarily an in-process funding method. It is oriented toward the community which has some, although possibly limited, capability to begin a housing program with their own resources. The community has the capability to do the initial survey, needs assessment, and basic development planning on their own, but requires assistance to close the funds availability gap.

However, many municipalities in Alaska do not have these capabilities. This is particularly true of the newer cities in the interior or western Alaska. In these smaller cities there may be no current planning or development expertise. It is precisely to these cities that the seed money

funding program is directed. It is designed to provide "up-front" money to meet the costs of preliminary work to conduct the needs assessment, establish project feasibility, site selection and control, develop preliminary designs, and develop budget estimates in order to obtain financing commitments for the project.

It must be noted that there are restrictions on the uses and amount of seed money which can be made available to any single project. Seed money funds are only available for purposes and in amounts that can be included in a development cost budget submitted to a federal agency for approval. The sponsoring organization must adopt and submit a budget for the use of the seed money funds to the Department.

The maximum amount which can be authorized is limited to no more than 3 percent of the estimated total development cost or \$1,500 per authorized unit, as indicated by the determination of need certificate issued by the Department, whichever is less.

The Department has discretionary authority provided in the regulations (19 AAC 85.090) to

defer the need, feasibility, and management plan reviews. This deferment provision is normally exercised when virtually identical need, feasibility, and management considerations will be a prerequisite of federal participation in a project. The Department will defer those portions of the total requirement of the regulations to avoid unnecessary confusion, duplication of effort, and unneeded delays and costs. Typically, this deferment option is exercised for the feasibility analysis and management plan when the application by the sponsor is for the purpose of preparing an application for a financing commitment from a federal agency such as Farmers Home Administration or the Department of Housing and Urban Development.

Again, it should be stressed, that an application for a seed money grant or loan does not prevent the sponsoring organization from applying for facilitating grants or loans at a later step in the project development. However, it must be made clear that any portion of the application sequence which was deferred in the seed money grant/loan process would have to be completed before a facilitating grant/loan could be approved.

Facilitating grants/ loans are an investment in the actual construction cost of the project and as such, full documentation must be provided as specified in the regulations.

5. STEPS IN THE PROPOSAL/FUNDING PROCESS

The legislation and regulations concerning submission of applications for funding under the Senior Citizens Housing Development Program define seven clearly identified steps in the process. These steps are as follows:

1. Organizing and assessment
2. Determining funding options
3. Developing facility planning analysis
4. Preparing feasibility demonstration
5. Preparing management plan
6. Performing total development cost analysis
7. Negotiation and finalization of agreements

In addition, total project execution includes construction and occupancy/operation steps. Evaluation and audit procedures apply during every step described above. These are not discussed in this guide, but sponsoring agencies should be aware that reviews and audits of procedures and expenditures are an acknowledged and necessary part of the total project process.

The first step in the proposal/funding process is the recognition that the community may have an elderly housing problem. All that is needed by the sponsoring agency is the recognition of the possibility and an acceptance of the need to inquire about that possibility, by completing a community housing profile. After recognition of a possible problem, the sponsoring agency must organize to investigate the need.

The Department seeks maximum community participation in the development of projects from the Senior Citizens Housing Development Program. Accordingly, the Department requires that a sponsoring organization appoint a 5 to 7 member Senior Citizen Steering Committee to serve in an active advisory relationship with the Department and the sponsor. (See 19 AAC 85.020(5) and 19 AAC 85.030(a)(4).)

This committee should be made up of potential senior citizen housing residents, representatives of local senior citizen organizations, and other interested persons in the community. The committee will remain functioning throughout the entire project, and will serve as a link between the sponsor, the Department, and the community. The first job of this committee, with the assistance of the sponsor, will be to prepare

the necessary documentation to validate the need for a senior citizen housing project in the community.

Validation of the need for the project includes making a survey of the community's existing resources and a survey of the potential residents of a senior citizen housing project, to determine their needs and desires. The Department has prepared survey forms which must be used to accomplish these tasks. The forms, and detailed instructions for their use, can be found in the Application Procedures Guide, which is available from the Department upon request.

Upon completion of the surveys, the results are forwarded to the Department for review. Based upon verification of the information supplied by the potential sponsor, the Department will then issue a Determination of Need Certificate. This certificate will indicate the number of senior citizen housing units which the Department will support for funding from the Senior Citizens Housing Development Program.

Following the need certification, the second step in the application process begins. The sponsor and the Senior Citizen Steering Committee must make two decisions, which are probably the most important decisions in the

entire project. The first decision is what type of primary financial assistance will be solicited to fund the senior citizen housing project; second, is what type of additional funding will be requested from the Department of Community and Regional Affairs.

The first decision is complicated, and necessarily involves the review of several available federal programs. The second decision is dependent upon the community's and sponsor's review of its own internal resources and the current status of federal funds.

Basically, seed money grants/loans should be requested if the sponsor does not have the resources to obtain preliminary application approval from the funding agency. Facilitating funds should be requested when the source and extent of primary funding is known, and supplementary financing is needed to make the project economically feasible.

The third step in the development process is the facility planning analysis. This is a shared-responsibility phase of the project. The sponsoring agency must develop, or have developed, basic preliminary designs for the senior citizen housing facilities. In addition, the design specifications and preliminary cost estimates for the total project must be computed.

These designs, specifications, and cost estimates will be forwarded to the Department, which will then prepare a life cycle cost analysis in coordination with the Department of Transportation and Public Facilities. The life cycle cost analysis takes into consideration the many factors which will impact on the total costs of constructing, operating, and maintaining the proposed facility during its useful life. The results of the analysis are made available to the sponsor at a time in the facility planning process when design changes can be easily made. This will then allow the sponsor to make design changes which will minimize the total life cycle cost of the facility, not just the construction costs.

Facility planning analysis also involves a review of the regulatory design standards which apply to the construction of public facilities, a review of the regulatory permits and approvals required, construction site transportation and supply constraints, and labor force needs and availability in the community where the project is to be constructed.

In summary, the facility planning analysis comprises a preliminary review of the proposed project to insure that the most cost-effective design is being developed,

and that all regulatory, code, logistic, and labor factors are properly anticipated in the cost estimation process.

The fourth step of the application process involves preparation of a project feasibility demonstration. This is probably the most important step in the application procedure. It is in this step that the sponsor documents the information which indicates that the proposed project can be operated in a sound business-like manner, with adequate management for the future. The feasibility demonstration includes the following:

1. A complete narrative and technical description of the proposed project, including incorporated special design features, plat plan, detailed preliminary structural plans and specifications
2. Description and justification for facilities to be financed
3. Identification of sources of funding, including amounts, and a description of the terms of the financing programs
4. Evidence of control of the site (option, deed, etc.)

5. Detailed construction cost breakdowns
6. Management expense profile
7. A copy of a yearly rent-up budget
8. Detailed operating budget
9. Evidence of legal capacity if sponsor is not a municipality.

As can be seen, the feasibility demonstration is a detailed document. If properly and accurately prepared, it is the key to receiving favorable reaction to the sponsor's request for project funding.

The fifth step in the application process is the development of a management plan. This step is only required if the project will include more than four individual housing units. It is primarily an outline of the management procedures which will apply to the completed project. The management plan is subject to approval by the Department of Community and Regional Affairs, which can request that the sponsor make changes prior to final approval of the plan. It must include the following:

1. The role of the applicant in management of

the facilities

2. A procedural plan for preventive maintenance
3. A description of the accounting and bookkeeping procedures to be used
4. Procedures for determining payments, and their collections
5. Rules governing selection of occupants and other occupancy procedures
6. An outline of social services which will be made available to residents within the project

The sixth step in the application process is submission of the name of the successful bidder for development of the project, and a detailed breakdown of the total development cost of the project. These development costs include all items which are to be paid from the proceeds of the primary financing application, including land, rights-of-way, design, permits and fees, building construction, architectural and legal fees, and site improvements. The cost breakdown should also show items which would not be included in

primary financing, such as any furnishings and special equipment to be supplied. These last items should be listed separately from structural development costs.

The seventh and final step in the application process is the negotiation and finalization of any agreements which are necessary to enable the project to proceed as planned. These include the agreements between

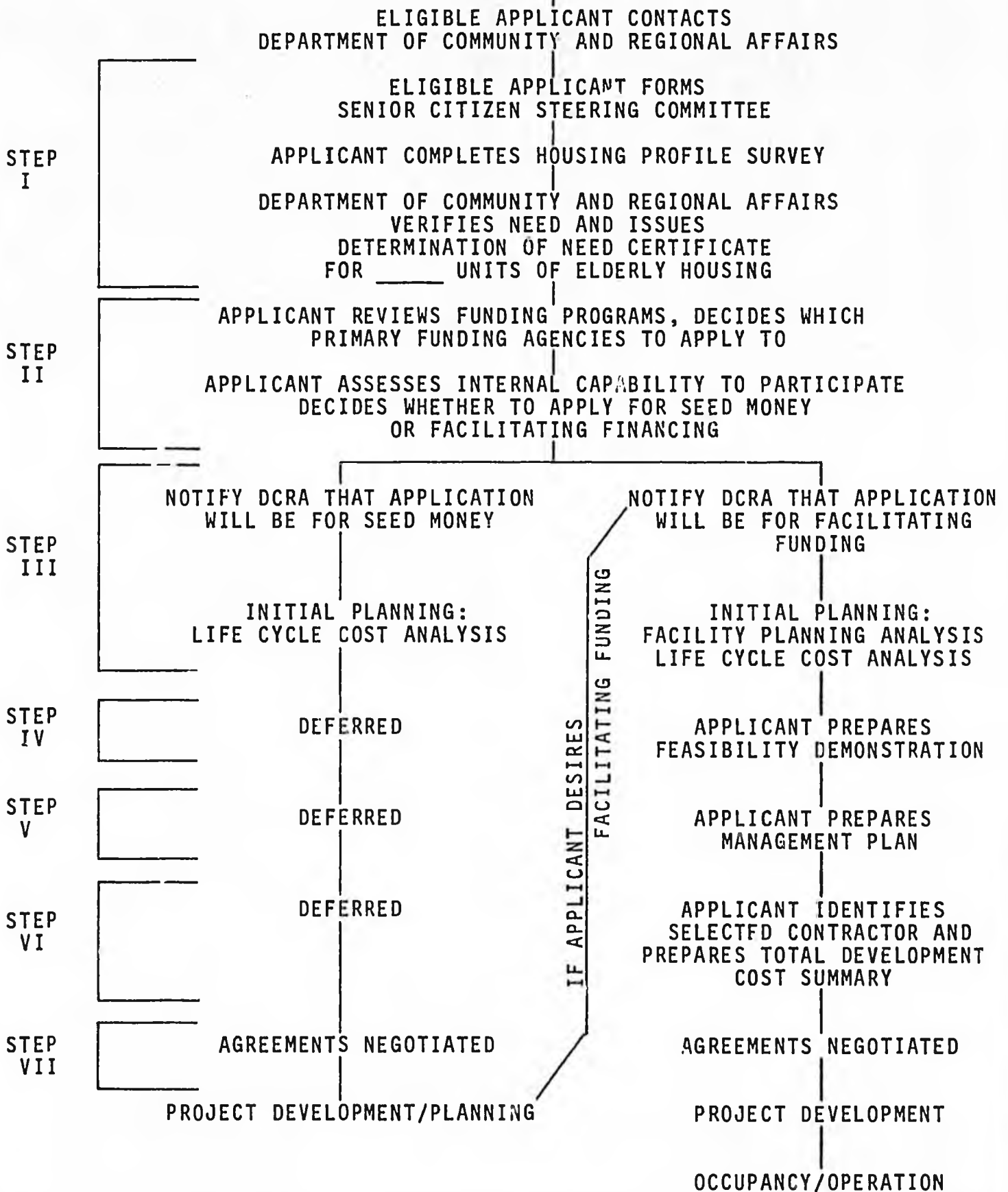
1. the sponsor and the primary financing agency,
2. the sponsor and the Department, and
3. the sponsor and any development management agent, such as a housing authority, which the sponsor has decided to hire to develop or manage the completed project.

This may seem like a complicated and difficult procedure, but a review of the steps in the process, starting at page 16, will show that the process has been designed to guide the sponsoring organization through all of the planning, development, and documentation steps necessary to insure compliance with existing regulations and procedures. It will also assist in facilitating the gathering of information and decision making, but most importantly, in documenting a plan for

successful development and management of housing projects for Alaska's senior citizens.

A diagram of the entire application process follows on the next page. This diagram can serve the sponsor as a process chart or checkoff chart, if the municipality or organization chooses to apply for assistance from the Senior Citizens Housing Development Program.

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS (DCRA)
 SENIOR CITIZENS HOUSING DEVELOPMENT PROGRAM
 PROCESSING STEPS



A P P E N D I X A

AS 18.100 (As Amended)

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

* Section 1. AS 18.100 is amended by adding a new section to read:

Sec. 18.100.070. SENIOR CITIZEN HOUSING DEVELOPMENT.

(a) There is created within the Department of Community and Regional Affairs a senior citizens housing development fund. Subject to direct appropriation or through proceeds of a bonding issue the department shall make grants or loans to municipalities or to corporations eligible for loans under sec. 50 of this chapter for the purpose of developing senior citizen housing. A grant from the proceeds of a bond issue may be made only to municipalities.

(b) Application for a grant or loan number (a) of this section shall be in the form prescribed by the department. The application shall demonstrate the need for senior citizen housing in the area to be served, the feasibility of the proposed project, and an adequate management plan which shall demonstrate the ability of the eligible recipient to sustain the proposed project.

(c) All projects under this section shall be in accordance with facility procurement policies developed under AS 35.10.060 - 35.10.200 and are public facilities under those sections.

(d) The department shall promulgate regulations to carry out the purposes of this section. The provisions of the Administrative Procedure Act (AS 44.62) apply to regulations adopted under this section.

A P P E N D I X B

AS 35.10.060-35.10.200

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

Sec. 35.10.060. INSPECTION AND TESTING OF MATERIALS. The department may inspect and test materials, supplies, equipment and machinery used by a contractor constructing or maintaining public works, and may develop methods and procedures for inspection and testing. (§ 4 art III title III ch 152 SLA 1957)

Sec. 35.10.070. RESEARCH ON PUBLIC WORKS. The department may gather, investigate and compile information concerning the use, construction and maintenance of public works, the practices and methods of efficient organization, financing and such other information, data and statistics of the state and the extent of natural resources of building materials in the state. The department shall disseminate this information, together with recommendations it considers advisable. (§ 6 art III title III ch 152 SLA 1957)

Sec. 35.01.080. STATEMENT OF WORK AUTHORIZED, COMPLETION SCHEDULE, AND RECOMMENDATIONS. Not later than February 1 of each year, the department shall prepare a statement showing the public works authorized within the past six-year period and the completion schedule as of that date, together with recommendations regarding the need for additional public works construction, if any. (§ 7 art III title III ch 152 SLA 1957)

ARTICLE 2. BOAT HARBOR, DIKE, JETTY, AND BREAKWATER FACILITIES.

Section

- 90. APPLICATION FOR FEDERAL FUNDS
- 100. DETERMINING NEED AND PRIORITY OF PROJECTS
- 110. CONTRACTING WITH COMMUNITIES FOR LOCAL PARTICIPATION
- 120. LEASING MARINE OR HARBOR FACILITIES

Sec. 35.10.090. APPLICATION FOR FEDERAL FUNDS. The department shall apply in the name of the state, as applicant, to the appropriate federal agency for the construction or assistance in the construction of boat harbor, dike, jetty or breakwater harbor facilities where the facilities are necessary, feasible and appropriate to the local economy. (§ 1 art IV title III ch 152 SLA 1957)

Sec. 35.10.100. DETERMINING NEED AND PRIORITY OF PROJECTS. The department shall prepare the preliminary determination of need for each such project and its feasibility and appropriateness through representations and data submitted to it by the residents of each community desiring a project, and from other information available to it. The department shall approve and make the final determination of those projects, and their order or priority for which application is made. (§ 2 art IV title III ch 152 SLA 1957)

Sec. 35.10.110. CONTRACTING WITH COMMUNITIES FOR LOCAL PARTICIPATION. The department may contract with a community for the participation of the community either in the financing of projects or, instead of local financial participation, to contract with the community for its installing necessary piling, floats, and related equipment and facilities whether at the community's direct expense or through local volunteer labor, after completion of the basic boat harbor, dike, jetty, or breakwater facilities. (§ 3 art IV title III ch 152 SLA 1957)

Sec. 35.10.120. LEASING MARINE OR HARBOR FACILITIES. The department may lease for a period up to 50 years or may sell for a nominal sum to an incorporated city, public utility district, or other incorporated area marine or harbor facilities constructed or rebuilt with territorial funds or state funds or with territorial or state and federal matching funds. The intent of this section is to allow cities, public utility districts, and other incorporated areas to lease or purchase marine or harbor facilities so that they may enforce municipal ordinances on them and legally assess fees to meet maintenance costs. (§ 1 ch 162 SLA 1955)

REVISOR'S NOTE. -- All other sections in this title have a common source, ch 142 SLA 1957. This section is all of ch 162 SLA 1955)

ARTICLE 3. FINANCIAL PROVISIONS.

Section

- 130. CONSTRUCTION WITHIN APPROPRIATIONS AND LIMITS IMPOSED BY LEGISLATURE
- 135. PUBLIC FACILITY PLANNING FUND

Sec. 35.10.130. CONSTRUCTION WITH APPROPRIATIONS AND LIMITS IMPOSED BY LEGISLATURE. Each public work shall be constructed in a completed manner within the appropriation and limits imposed by the legislature. (§ 1 art V title III ch 152 SLA 1957)

Sec. 35.10.135. PUBLIC FACILITY PLANNING FUND. There is established within the Department of Administration, Division of Budget and Management a public facility planning fund. The fund is a capital fund and consists of (1) money appropriated by the legislature, (2) money reimbursed to it from the proceeds of the sales of general obligation bonds and revenue bonds issued for projects and (3) money reimbursed to it from appropriations for any projects; for which money from the fund has been spent. The fund is available for expenditure, on a reimbursable basis, only for the purposes of providing working capital for facility

program planning and for facility procurement planning as specified in this chapter. All expenditures from the fund are subject to an independent audit which shall be made annually and reported to the governor and the legislature. (§ 1 ch 57 SLA 1973; am § 1 ch 58 SLA 1976)

EFFECT OF AMENDMENT. -- The 1976 amendment rewrote this section.

EDITOR'S NOTE. -- Section 3, ch. 58, SLA 1976, provides: "The fund balances remaining in the state operated schools advance planning revolving fund established in sec. 18, ch. 147, SLA 1974 and in the Department of Public Works public facility procurement planning fund established in sec. 2, ch. 216, SLA 1975 and in the state capital improvement advance planning fund established in sec. 1, ch. 57, SLA 1973 are transferred as of the effective date of the Act to the public facility planning fund established in sec. 1 of the Act."

LEGISLATIVE COMMITTEE REPORT. -- For report on ch. 58, SLA 1976 (CSHB 624 am S), see 1976 House Journal, p. 557.

ARTICLE 4. PROHIBITIONS AND PENALTIES.

Section

- 140. DAMAGE OR DESTRUCTION OF PUBLIC WORKS
- 150. PENALTY

Sec. 35.10.140. DAMAGE OR DESTRUCTION OF PUBLIC WORKS. A person shall not wilfully damage, destroy, deface or injure any public work constructed or under construction. (§ 1 art II title IV ch 152 SLA 1957)

Sec. 35.10.150. PENALTY. A person who violates § 140 of this chapter is guilty of a misdemeanor and upon conviction is punishable by a fine of not less than \$10 nor more than \$500, or by imprisonment in jail for not more than one year or by both. (§ 2 art II title IV ch 152 SLA 1957)

ARTICLE 5. PUBLIC FACILITY PROCUREMENT POLICY.

Section

- 160. FINDINGS AND PURPOSE
- 170. DUTIES OF DEPARTMENT
- 180. PHYSICAL FACILITY PROCUREMENT AND PLANNING POLICIES
- 190. COORDINATION BY DEPARTMENT
- 200. DEFINITIONS

EDITOR'S NOTE. -- Section 2, ch. 216, SLA 1975, provides: "There is within the Department of Public Works a public

faciltiy procurement planning fund. The fund is a working capital reserve fund and consists of money appropriated by the legislature for the purpose of providing procurement planning working capital and is available on a reimbursable basis for procurement planning. The fund shall be used by the commissioner to develop facility procurement planning methodologies for submission for review by the legislature by January 1, 1976. The commissioner shall prepare a report delineating the various procurement policies which shall govern the expendiutres of capital funds by the state and shall delineate the amounts of preplanning funds necessary for the implementation of these policies."

Sec. 35.10.160. FINDINGS AND PURPOSE. The legislature finds that since the needs of the state for physical facilities of all kinds are diverse the planning, design and construction of public facilities should be executed in accordance with facility procurement policies development by the Department of Pulic Works and reviewed annually by the legislature. (8 1 ch 216 SLA 1975)

LEGISLATIVE COMMITTEE REPORT. -- For report on ch. 216, SLA 1975 (SCS CSHB 429 am S), see 1975 House Journal, P. 894; 1975 Senate Journal, p. 1370.

Sec. 35.10.170. DUTIES OF DEPARTMENT. In addition to other duties prescribed by statute, the department shall

(1) develop facility procurement policies for the planning, design, construction, maintenance and operation of public facilities of the state;

(2) develop and maintain an inventory of physical facilities currently owned or occupied by the state;

(3) make projections of future public facility needs of the state, analyze facilities needed, and establish methodology for program planning and facilities project planning, design and construction;

(4) engage in experimental projects as necessary relating to any available or future method of facility procurement, design or construction and any method of improving existng design, planning and construction techniques;

(5) develop life cycle costs of public facilites of the state;

(6) develop life cycle costing methodologies for the following special purposes:

(A) budget forecasting to support facility program planning and analysis,

(B) systematic cost estimating to forecast planning, design and construction,

(C) budget forecasting to support development of annual maintenance and operating strategies and life cycle cost plans,

(D) alternative methods of space acquisition and space equalization which will maximize the effectiveness of public funds;

(7) apply for and accept, on behalf of the state, grants from the federal government or an agency of it or from another state foundation, corporation, association or individual for any of the functions or purposes of the department and may expend any of the money received under this section for any of the functions or purposes. (§ 1 ch 216 SLA 1975)

Sec. 35.10.180. PHYSICAL FACILITY PROCUREMENT AND PLANNING POLICIES. (a) The department shall develop and keep current by periodic revision physical facility procurement and planning policies for rural schools, public buildings, and other state facilities, and shall develop regulations and guidelines for the implementation of these policies.

(b) In developing and revising these policies the department shall seek public review and evaluation by any reasonable means and shall

(1) consult and cooperate with officials of the federal government, local governments, other political subdivisions of the state and other interested persons regarding physical facility procurement planning;

(2) request and receive from an agency or other unity of the state government the assistance and data needed to carry out the requirements of this section.

(c) The commissioner shall submit copies of proposed policies and plans annually, within 10 days after the legislature convenes, to the legislature. The legislature may approve, reject or modify the policies and plans by concurrent resolution. If the legislature fails to act during the legislative session, the policies and plans are approved. (§ 1 ch 216 SLA 1975)

Sec. 35.10.190. COORDINATION BY DEPARTMENT. (a) The department shall coordinate the procurement of physical facilities for the state to insure the greatest cost savings of planning, design and contractual techniques.

(b) When the state or an agency of the state determines that a public facility is to be constructed or renovated, it shall, unless exempted by regulations of the department, submit to the department an application for a certificate that the proposed facility complies with adopted facility procurement policies. The department may reject the application but if it does so it shall state in writing the reasons for the rejection. If a written statement that the application is rejected does not issue within 30 days after receipt of the application by the department, unless the department and the applicant have agreed upon an extension of time for consideration, the certificate of compliance shall not be required. Except as provided otherwise by regulation or by this section, no public facility of the state may be constructed or renovated by the state unless a certificate that the facility complies with adopted facility procurement has been issued. (§ 1 ch 216 SLA 1975)

Sec. 35.10.200. DEFINITIONS. In §§ 160 -- 200 of this chapter,

(1) "life cycle costs" means analytic techniques which provide data to describe the first cost of procurement of public facilities and the maintenance cost, operation cost and occupancy cost of the facilities;

(2) "policies" includes but is not limited to budget accounting and cost planning techniques, facility design techniques, and contractual techniques for the procurement of labor, materials and contractual services;

(3) "public facilities" does not include highways or vessels of the marine highway system. (§ 1 ch 216 SLA 1975)

A P P E N D I X C

19 AAC 85.010-19 AAC 85.130

PART 6.

DIVISION OF COMMUNITY PLANNING

Chapter

85. Senior Citizens Housing Development Fund

CHAPTER 85.

SENIOR CITIZENS HOUSING
DEVELOPMENT FUND

Section

- 10. Eligibility and use
- 20. Grants
- 30. Loans
- 40. Method of application
- 50. Information form
- 60. Demonstration of need
- 70. Feasibility demonstration
- 80. Management plan requirements
- 90. Substitution of federal needs and feasibility determinations
- 100. Title to project
- 110. Compliance with codes
- 120. Allocation priorities
- 130. Definitions

19 AAC 85.010. ELIGIBILITY AND USE. (a) Grants and loans will be made from the Senior Citizens Housing Development Fund to municipalities and eligible public and nonprofit corporations if applicants meet the qualifications imposed by AS 18.100.050.

(b) A grant or loan will be made from the Senior Citizens Housing Development Fund if the grant or loan will assist the applicant in any or all phases of the development of new senior citizen housing. "Development of new senior citizen housing" includes but is not limited to

- (1) purchase of suitable building sites;
- (2) necessary site preparation;
- (3) preparation of plans and specifications;

(4) financing the purchase of materials and/or actual construction of senior citizens housing.

(c) A grant or loan will be made from the Senior Citizens Housing Development Fund if the grant or loan will assist the applicant in

rehabilitating a structure or dwelling occupied by senior citizens and in need of winterization or repair.

(d) Grants and loans for activities other than those specified in (b) and (c) of this section, such as construction of senior citizen centers or other housing-related facilities, will also be considered for eligible sponsors, if they are incidental or appurtenant to the housing. (Eff. 2/19/78, Reg. 65)

Authority: AS 18.100.070

19 AAC 85.020. GRANTS. Grants from the Senior Citizens Housing Development Fund will be made by the department after approval of an application as specified in this chapter and in accordance with a written agreement between the department and the applicant which must include, but need not be limited to, the following:

- (1) (deleted, eff. March 30, 1979);
- (2) a statement of the intended use of the grant funds, specifying how the funds will be used to develop senior citizen housing;
- (3) a budget description in detail appropriate to the scope of the project;
- (4) a timetable listing the steps considered necessary for the timely completion of the project;
- (5) appointment by the applicant of a senior citizen steering committee to be made up of potential residents of the housing, representatives of local senior citizen organizations, and senior citizens or other interested persons in the community; the steering committee, with the assistance of the applicant and the department, shall take an active advisory role in the planning, development, occupancy and administration of the housing;
- (6) a provision for the administration of grant funds according to generally accepted financial accounting procedures, and for regular periodic reporting to the department of grant-sponsored activities, and for the disposition of funds in accordance with intended use;
- (7) a provision for the cessation of grant payments, if the department determines, after a hearing, that the applicant is not using funds for intended purposes or is not proceeding satisfactorily with development of the project. (Eff. 2/19/78, Reg. 65)

Authority: AS 18.100.070

19 AAC 85.030. LOANS. (a) Loans from the Senior Citizens Housing Development Fund will be made to municipalities and eligible nonprofit and public corporations at an interest rate determined by the department after approval of an application as specified in this chapter and in accordance with a written agreement between the department and the applicant which must include, but need not be limited to, the following:

(1) a statement of the intended use of the loan funds, specifying how loan funds will be used to develop senior citizen housing;

(2) a budget and description in detail appropriate to the scope of the project;

(3) a timetable listing the steps considered necessary for the timely completion of the project;

(4) appointment by the applicant of a senior citizen steering committee to be made up of potential residents of the housing, representatives of local senior citizen organizations, and senior citizens or other interested persons in the community; the steering committee, with the assistance of the sponsor and the department, shall take an active advisory role in the planning, development, occupancy and administration of the housing;

(5) a provision for the administration of loan proceeds according to generally accepted financial accounting procedures, for regular periodic reporting to the department of loan-sponsored activities, and for the disposition of funds in accordance with intended use;

(6) a schedule for the repayment of the loan principal plus interest to the Senior Citizens Housing Development Fund;

(7) a provision for cessation of loan disbursements and for recovery of funds advanced, if the department determines, after a hearing, that the applicant is not using the loan funds for the intended purposes or not proceeding satisfactorily with the development of the project.

(b) The maximum loan amortization period for loans from the fund is 40 years.

(c) In the event of default on a loan from the fund, the department will unless actions to cure the default are not taken or prove unsuccessful, follow existing state requirements for repossession and resale of the project. (Eff. 2/19/78, Reg. 65)

Authority: AS 18.100.070

19 AAC 85.040. METHOD OF APPLICATION. (a) Applications for grants or loans from the Senior Citizens Housing Development Fund will be accepted

at any time during working hours of the department, and must be in the form prescribed by the department.

(b) Once an application has been received, the department will provide notice to the community, identifying the applicant, and providing other applicants with competing proposals from the same community an opportunity to make application also. (Eff. 2/19/78, Reg. 65)

Authority: AS 18.100.070(d)

19 AAC 85.050. INFORMATION FORM. Form SCHF 1 is hereby adopted by the department for use in gathering information on applications for loans or grants. (Eff. 2/19/78, Reg. 65)

Authority: AS 18.100.070(d)

19 AAC 85.060. DEMONSTRATION OF NEED. (a) In communities where the total number of dwellings is less than two hundred, need for funds must be demonstrated by completion of a Housing Profile A to the satisfaction of the department. Housing Profile A consists of the following information:

- (1) number of dwellings which are adequate and not overcrowded;
- (2) number of dwellings which are either inadequate or overcrowded, or both;
- (3) number of persons 60 years of age or older residing in the community;
- (4) number of persons 60 years of age or older residing in the community and adequately housed;
- (5) number of persons 60 years of age or older residing in the community in inadequate, substandard, or overcrowded housing; and
- (6) number of persons residing in the community 60 years of age or older requesting housing, their names and the amount of money they are able to pay for adequate housing must be stated.

(b) In communities where the total number of dwellings is between 201 and 2,000 units, need must be demonstrated by completion of Housing Profile B to the satisfaction of the department. Housing Profile B consists of the following information:

- (1) the total number of dwelling units in the community which are adequate and not overcrowded, indicating how many units are owner-occupied, renter-occupied single-family units, renter-occupied multifamily units, or vacant units;
- (2) the number of dwelling units which are substandard or overcrowded, further delineating which of these units are owner-occupied,

renter-occupied single-family, renter-occupied multifamily, or vacant;

(3) the status of housing for senior citizens of the community which indicates the number of persons permanently residing in the community and who are 60 years of age or older, the number of persons who are residing in the community who are 60 years of age or older and who are adequately housed, the number of persons residing in the community who are 60 years of age or older and currently residing in inadequate, substandard, or overcrowded housing, and the number and names of persons residing in the community who are 60 years of age or older and who would definitely be willing to move to new dwellings, and the amount of money they could afford for adequate housing.

(c) In communities with a total number of dwellings over 2,000, need must be demonstrated by completion of Housing Profile C. Housing Profile C consists of the following information:

(1) the total number of dwellings in the community and the total number of dwellings designed for senior citizens of the community;

(2) the total number of single-family dwellings which are owner-occupied and provide adequate housing, which are owner-occupied and do not provide adequate housing, which are renter-occupied and provide adequate housing, and which are renter-occupied and do not provide adequate housing;

(3) multifamily housing which is privately owned and adequate, privately owned and inadequate, government subsidized and adequate, government subsidized and inadequate;

(4) the vacancy rate currently existing in single-family housing and multifamily housing and the vacancy rate during the immediately preceding year in both single-family and multifamily housing;

(5) the number of persons 58 years of age or older residing in the areas to be served, the number of persons 60 years of age or older presently residing in specially designed housing for the elderly, the number of persons 60 years of age or older presently residing in single-family dwellings which they either own or rent, the number of such persons presently residing in multifamily dwellings privately owned, and the number of such persons presently residing in multifamily dwellings which are owned by public organizations or assisted in some fashion by a governmental entity;

(6) the estimated need for senior citizen dwelling units for multifamily, subsidized, unsubsidized, and single-family housing;

(7) income distribution for persons 60 years of age or older presently living in subsidized or overcrowded dwellings indicating the number whose income is under \$7,500, between \$7,500 and \$12,500, between \$12,500 and \$20,000, and over \$20,000;

(8) an estimate of the number of persons 60 years of age or older who own their own dwellings and who could use assistance in winterization

or repair to the dwellings.

(d) The department will, in its discretion, require additional information in writing if considered appropriate for an adequate demonstration of need. (Eff. 2/19/78, Reg. 65)

Authority: AS 18.100.070

19 AAC 85.070. FEASIBILITY DEMONSTRATION. An applicant must demonstrate the feasibility of its project in the following manner:

(1) when applicable, an applicant must demonstrate that anticipated receipts over the first five years of operation, including any applicable subsidies from federal or state programs, will exceed anticipated expenses, including all management costs, social service costs, maintenance costs, mortgage principal and interest payments, utility payments, taxes, and other operational expenses by at least five percent;

(2) an applicant must demonstrate the ability of individuals residing in detached senior citizen housing constructed with a loan or grant from the Senior Citizens Housing Development Fund to meet monthly housing costs of the dwelling including applicable maintenance costs, mortgage principal and interest payments, utilities and taxes;

(3) an applicant must demonstrate compliance with applicable municipal comprehensive plans, coastal zone comprehensive plans, and local zoning ordinances;

(4) an applicant must furnish such other information as the department may require for a particular project which in its consideration and judgment bears on the feasibility of the project. (Eff. 2/19/78, Reg. 65)

Authority: AS 18.100.070

19 AAC 85.080. MANAGEMENT PLAN REQUIREMENTS. A written plan for the management of any proposed project with more than four dwellings must accompany an application. The plan must address the following areas in detail appropriate to project size and market area to the satisfaction of the department:

(1) the role of the applicant in management of the housing facilities including projected staffing, method of selecting occupants, and responsibilities of project manager;

(2) a procedural plan for preventive maintenance of the facility, including a daily plan of maintenance, method for handling major repair, a garbage and trash removal schedule, and a method for residents to report maintenance needs as they arise;

(3) a description of accounting and bookkeeping procedures which will assure the availability of current financial information regarding

the project at all times;

(4) procedures for the determination of payments and their collection in a timely manner and for eviction for cause;

(5) the establishment of rules to govern the selection of occupants and the occupancy procedures for the project;

(6) an outline of social services which will be made available to senior citizens within the project, including a description of the proposed cooperative activities which will exist between the project and local social service and senior citizen agencies receiving federal assistance under the Older Americans Act. (Eff. 2/19/78, Reg. 65)

Authority: AS 18.100.070

19 AAC 85.090. SUBSTITUTION OF FEDERAL NEEDS AND FEASIBILITY DETERMINATIONS. The department will accept as an alternative to information required by secs. 60, 70, and 80 of this chapter for projects seeking assistance under this chapter any needs, determinations, feasibility demonstrations, and management plans offered in connection with applications for federally insured or federally assisted housing projects. However, the department will, in its discretion, (1) review and evaluate those determinations and plans with respect to making grants or loans, and (2) require additional information. (Eff. 2/19/78, Reg. 65)

Authority: AS 18.100.070

19 AAC 85.100. TITLE TO PROJECT. Title to a project developed or financed to the extent of 25 percent or more by the Senior Citizens Housing Development Fund is to be retained by the applicant who agrees to use the project for the purpose of housing senior citizens. If the applicant ceases to exist as a corporate entity, title vests in the municipality in which the project is located if there is one, or in the state if there is not; if the project is located in a city within a borough, title vests in the city; if the project is located in an organized borough but not within any city in that borough, title vests in the borough. (Eff. 2/19/78, Reg. 65)

Authority: AS 18.100.070

19 AAC 85.110. COMPLIANCE WITH CODES. Projects developed from the Senior Citizens Housing Development Fund must comply with local building codes and ordinances, and, to the extent practicable and feasible, with national model building codes for senior citizen dwellings. (Eff. 2/19/78, Reg. 65)

Authority: AS 18.100.070

19 AAC 85.120. ALLOCATION PRIORITIES. In allocating the Senior Citizens Housing Development Fund, the department will evaluate the seriousness and urgency of applicants' need, feasibility proposals, and each applicant community's willingness and capability to assume responsibilities for management and maintenance of facilities. To the extent feasible, allocations will be made in each category of communities as identified in sec. 50 of this chapter. Economical and efficient energy usage and long-term viability of projects will also be considered. (Eff. 2/19/78, Reg. 65)

Authority: AS 18.100.070

19 AAC 85.130. DEFINITIONS. In this chapter

(1) "department" means the Department of Community and Regional Affairs;

(2) "municipality" means a city or organized borough of any class, whether home rule or otherwise, and includes a municipality unified under AS 29.68.240 - 29.68.440. (Eff. 2/19/78, Reg. 65)

Authority: AS 18.100.070

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Authority: AS 18.100.070

FOR ADDITIONAL INFORMATION
ON THE
SENIOR CITIZENS HOUSING DEVELOPMENT PROGRAM

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