

HB

190

STATE OF ALASKA  
THE LEGISLATURE

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May, 1988

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Mary Van Nimwegen

HC+RA

4-10-85 3:00 P.M.

3-29-85 3:00 P.M.

3-8-85 3:00 P.M.

2-27-85 3:00 P.M.

3-5-85 3:40 P.M. (Tele)



Original sponsors: M.M. Miller, Duncan,  
Goll, et al

1 IN THE HOUSE

BY THE COMMUNITY AND REGIONAL  
AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 190 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to senior citizen housing; and  
7 providing for an effective date."

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

9 \* Section 1. AS 18.56.096 is amended by adding a new subsection to  
10 read:

11 (c) Notwithstanding (a) of this section, the corporation may  
12 make, participate in the making of, purchase, or participate in the  
13 purchase of a second mortgage loan as a deferred payment loan to a  
14 person over the age of 60.

15 \* Sec. 2. AS 44.47 is amended by adding a new section to article 10 to  
16 read:

17 Sec. 44.47.605. OFFICE OF SENIOR HOUSING. The office of senior  
18 housing is established within the Department of Community and Regional  
19 Affairs, division of housing assistance.

20 \* Sec. 3. AS 44.47.610 is repealed and reenacted to read:

21 Sec. 44.47.610. PURPOSE. There exists in the state a serious  
22 shortage of available and affordable residential housing designed to  
23 meet the special needs of Alaska's senior citizens. It is the purpose  
24 of the office to use both private and public resources to provide a  
25 full range of housing opportunities and services for all older  
26 Alaskans regardless of income. It is also the purpose of the office  
27 to emphasize alternatives to institutionalization, to support indi-  
28 vidual dignity and independence, and to assist senior citizens in  
29 remaining in their own homes for as long as is desirable and

1 appropriate.

2 \* Sec. 4. AS 44.47 is amended by adding a new section to read:

3 Sec. 44.47.615. POWERS OF THE OFFICE. <sup>dissem</sup> The office may

4 (1) provide information and assistance relating to senior  
5 citizen housing to state agencies, senior citizens' organizations,  
6 individual senior citizens, and other interested people;

7 (2) compile and regularly update an information system  
8 including

9 (A) an inventory of senior citizen housing projects in  
10 the state;

11 *delete?* (B) published manuals describing materials and tech-  
12 niques for the design and construction of senior citizen housing;

13 (C) a set of blueprints describing senior citizen home  
improvements;

(D) a directory of in-home supportive services for  
senior citizens;

(E) a description of federal senior citizen housing  
assistance;

(F) research and literature on new approaches to  
senior citizen housing;

(3) administer the older Alaskans' housing development  
fund; and

(4) make an annual report to the Older Alaskans' Commission  
24 (AS 44.21.200) and the legislature of the activities of the office.

25 \* Sec. 5. AS 44.47.620 is amended to read:

26 Sec. 44.47.620. OLDER ALASKANS' [SENIOR CITIZENS] HOUSING  
27 DEVELOPMENT FUND. (a) There is created in the department, as a  
28 revolving fund, an older Alaskans' [A SENIOR CITIZENS] housing devel-  
29 opment fund. Subject to direct appropriation or through proceeds of a

1 bond issue the department shall make loans to sole proprietors and  
2 corporations considered eligible under standards established by the  
3 office and make grants to municipalities or public or private nonprof-  
4 it corporations designated as tax exempt under 26 U.S.C. 501(c)(3) and  
5 (4) (Internal Revenue Code of 1954) for the purpose of developing  
6 senior citizen housing. A grant from the proceeds of a bond issue may  
7 be made only to municipalities.

8 (b) Application for a loan or grant under (a) of this section  
9 shall be in the form prescribed by the office [DEPARTMENT]. The  
10 application shall demonstrate the need for senior citizen housing in  
11 the area to be served, the feasibility of the proposed project, and an  
12 adequate management plan that shall demonstrate the ability of the  
13 eligible recipient to sustain the proposed project.

14 (c) All grant projects under this section shall be in accordance  
15 with facility procurement policies developed under AS 35.10.160 -  
16 35.10.200 and are public facilities under those sections. Loan proj-  
17 ects are not subject to facility procurement policies developed under  
18 AS 35.10.160 - 35.10.200.

19 (d) The office [DEPARTMENT] shall adopt regulations to carry out  
20 the purposes of this section. The provisions of the Administrative  
21 Procedure Act (AS 44.62) apply to regulations adopted under this  
22 section.

23 [(e) IN THIS SECTION "SENIOR CITIZEN HOUSING" MEANS A SPECIFIC  
24 WORK OR IMPROVEMENT UNDERTAKEN PRIMARILY TO PROVIDE DWELLING ACCOMMO-  
25 DATIONS FOR PERSONS 60 YEARS OF AGE OR OLDER, INCLUDING BUT NOT LIMIT-  
26 ED TO CONVENTIONAL HOUSING, HOUSING FOR THE FRAIL ELDERLY; GROUP  
27 HOMES, CONGREGATE HOUSING, AND OTHER HOUSING THAT MEETS SPECIAL NEEDS  
28 OF THE ELDERLY; SENIOR CITIZEN HOUSING INCLUDES THE ACQUISITION,  
29 CONSTRUCTION, OR REHABILITATION OF LAND, BUILDINGS, IMPROVEMENTS, AND

1 OTHER NONHOUSING FACILITIES THAT ARE INCIDENTAL OR APPURTENANT TO THE  
2 HOUSING.]

3 \* Sec. 6. AS 44.47 is amended by adding new sections to read:

4 Sec. 44.47.622. OLDER ALASKANS' HOUSING LOAN PROGRAM. (a) The  
5 office may use funds in the older Alaskans' housing development fund  
6 to make interest free loans for the development of senior citizen  
7 housing to individuals and corporations considered eligible under  
8 standards established by the office.

9 (b) A loan made from the older Alaskans' housing development  
10 fund may not exceed 50 percent of the lesser of the actual cost or the  
11 appraised value of the project and shall

12 (1) be made interest free, provided that the loan contract  
13 shall provide for equity participation by the state in proportion to  
14 the relationship between the loan amount and total cost of the proj-  
15 ect;

16 (2) be repaid in a period of 25 years, or upon sale of the  
17 property by the borrower, whichever is sooner, except that the office  
18 may make the loan assumable;

19 (3) provide in the loan contract that, for rental projects,  
20 rents may be raised only once annually and the increase may not be  
21 greater than the increase in the Anchorage consumer price index for  
22 all urban consumers for the same year;

23 (4) provide in the loan contract that, for a project con-  
24 sisting of five or more units, at least 20 percent of the units must  
25 be reserved for low income senior citizens.

26 (c) A loan made from the older Alaskans' housing development  
27 fund may be subordinated to a first deed of trust held by an author-  
28 ized financial institution.

29 Sec. 44.47.626. DEFINITIONS. In AS 44.47.600 - 44.47.626

1           (1) "equity participation" means an interest in the value  
2 of the appreciation of the project;

3           (2) "office" means the office of senior housing;

4           (3) "senior citizen housing" means a specific work or  
5 improvement undertaken primarily to provide dwelling accommodations  
6 for persons 60 years of age or older, including conventional housing,  
7 housing for the frail elderly, group homes, congregate housing, and  
8 other housing that meets special needs of the elderly; senior citizen  
9 housing includes the acquisition, construction, or rehabilitation of  
10 land, buildings, improvements, and other nonhousing facilities that  
11 are incidental or appurtenant to the housing.

12 \* Sec. 7. This Act takes effect October 1, 1985.  
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3/28/85 ✓✓

Original sponsors: M.M. Miller, Duncan,  
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3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to senior citizen housing; and  
7 providing for an effective date."

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

9 \* Section 1. AS 44.47.610 is repealed and reenacted to read:

10 Sec. 44.47.610. PURPOSE. There exists in the state a serious  
11 shortage of available and affordable residential housing designed to  
12 meet the special needs of Alaska's senior citizens. The division of  
13 housing assistance shall use both private and public resources to  
14 provide a full range of housing opportunities and services for all  
15 older Alaskans regardless of income. The division shall also  
16 emphasize alternatives to institutionalization, to support individual  
17 dignity and independence, and to assist senior citizens in remaining  
18 in their own homes for as long as is desirable and appropriate.

19 \* Sec. 2. AS 44.47 is amended by adding a new section to read:

20 Sec. 44.47.615. POWERS OF THE DIVISION. The division may  
21 (1) provide information and assistance relating to senior  
22 citizen housing to state agencies, senior citizens' organizations,  
23 individual senior citizens, and other interested people;  
24 (2) compile and regularly update an information system  
25 including  
26 (A) an inventory of senior citizen housing projects in  
27 the state;  
28 (B) published manuals describing materials and tech-  
29 niques for the design and construction of senior citizen housing;

1 (C) a set of blueprints describing senior citizen home  
2 improvements;

3 (D) a directory of in-home supportive services for  
4 senior citizens;

5 (E) a description of federal senior citizen housing  
6 assistance;

7 (F) research and literature on new approaches to  
8 senior citizen housing;

9 (3) administer the older Alaskans' housing development  
10 fund; and

11 (4) make an annual report to the Older Alaskans' Commission  
12 (AS 44.21.200) and the legislature of the activities of the office.

13 \* Sec. 3. AS 44.47.620 is amended to read:

14 Sec. 44.47.620. OLDER ALASKANS' [SENIOR CITIZENS] HOUSING  
15 DEVELOPMENT FUND. (a) There is created in the division, as a  
16 revolving fund, an older Alaskans' [DEPARTMENT A SENIOR CITIZENS]  
17 housing development fund. The division [SUBJECT TO DIRECT  
18 APPROPRIATION OR THROUGH PROCEEDS OF A BOND ISSUE THE DEPARTMENT]  
19 shall make loans to individuals and corporations considered eligible  
20 under standards established by the division and make grants to  
21 municipalities or public or private nonprofit corporations designated  
22 as tax exempt under 26 U.S.C. 501(c)(3) and (4) (Internal Revenue Code  
23 of 1954) for the purpose of developing senior citizen housing. Only  
24 income earned on the investment of money from the fund ~~may~~ be used to  
25 make loans and grants under this section. Income of the fund may also  
26 be used to pay administrative costs incurred under AS 44.47.610 -  
27 44.47.626. [A GRANT FROM THE PROCEEDS OF A BOND ISSUE MAY BE MADE  
28 ONLY TO MUNICIPALITIES.]

29 (b) Application for a loan or grant under (a) of this section

1 shall be in the form prescribed by the division [DEPARTMENT]. The  
2 application shall demonstrate the need for senior citizen housing in  
3 the area to be served, the feasibility of the proposed project, and an  
4 adequate management plan that shall demonstrate the ability of the  
5 eligible recipient to sustain the proposed project.

6 (c) All grant projects under this section shall be in accordance  
7 with facility procurement policies developed under AS 35.10.160 -  
8 35.10.200 and are public facilities under those sections. Loan proj-  
9 ects are not subject to facility procurement policies developed under  
10 AS 35.10.160 - 35.10.200.

11 (d) The division [DEPARTMENT] shall adopt regulations to carry  
12 out the purposes of this section. The provisions of the  
13 Administrative Procedure Act (AS 44.62) apply to regulations adopted  
14 under this section.

15 [(e) IN THIS SECTION "SENIOR CITIZEN HOUSING" MEANS A SPECIFIC  
16 WORK OR IMPROVEMENT UNDERTAKEN PRIMARILY TO PROVIDE DWELLING ACCOMMO-  
17 DATIONS FOR PERSONS 60 YEARS OF AGE OR OLDER, INCLUDING BUT NOT LIMIT-  
18 ED TO CONVENTIONAL HOUSING, HOUSING FOR THE FRAIL ELDERLY; GROUP  
19 HOMES, CONGREGATE HOUSING, AND OTHER HOUSING THAT MEETS SPECIAL NEEDS  
20 OF THE ELDERLY; SENIOR CITIZEN HOUSING INCLUDES THE ACQUISITION,  
21 CONSTRUCTION, OR REHABILITATION OF LAND, BUILDINGS, IMPROVEMENTS, AND  
22 OTHER NONHOUSING FACILITIES THAT ARE INCIDENTAL OR APPURTENANT TO THE  
23 HOUSING.]

24 \* Sec. 4. AS 44.47 is amended by adding new sections to read:

25 Sec. 44.47.622. OLDER ALASKANS' HOUSING LOAN PROGRAM. (a) The  
26 division <sup>shall</sup> may use income earned on the investment of money from the  
27 older Alaskans' housing development fund to make interest free loans  
28 for the development of senior citizen housing to individuals and  
29 corporations considered eligible under standards established by the

*Appreciation from your build*

1 division.

2 (b) A loan made from the older Alaskans' housing development  
3 fund may not exceed 50 percent of the lesser of the actual cost or the  
4 appraised value of the project and shall

5 (1) be made interest free, provided that the loan contract  
6 shall provide for <sup>minor</sup> (equity participation) by the state in proportion to  
7 the relationship between the loan amount and total cost of the proj-  
8 ect;

9 (2) be repaid in a period of 25 years, or upon sale of the  
10 property by the borrower, whichever is sooner, except that the office  
11 may make the loan assumable;

12 (3) provide in the loan contract that, for rental projects,  
13 rents may be raised only once annually and the increase may not be  
14 greater than the increase in the Anchorage consumer price index for  
15 all urban consumers for the same year;

16 (4) provide in the loan contract that, for a project con-  
17 sisting of five or more units, at least <sup>80%</sup> 20 percent of the units must  
18 be reserved for low income senior citizens.

19 (c) A loan made from the older Alaskans' housing development  
20 fund may be subordinated to a first deed of trust held by an authcr-  
21 ized financial institution.

22 Sec. 44.47.626. DEFINITIONS. In AS 44.47.600 - 44.47.626

23 (1) "division" means the division of housing assistance;

*Protection from above*

24 (2) "senior citizen housing" means a specific work or  
25 improvement undertaken primarily to provide dwelling accommodations  
26 for persons 60 years of age or older, including conventional housing,  
27 housing for the frail elderly, group homes, congregate housing, and  
28 other housing that meets special needs of the elderly; senior citizen  
29 housing includes the acquisition, construction, or rehabilitation of

*how low we insure it relates to senior*

1 land, buildings, improvements, and other nonhousing facilities that  
2 are incidental or appurtenant to the housing.

3 \* Sec. 5. This Act takes effect immediately in accordance with AS 01.-  
4 10.070(c).

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13 of AS 44.47.610 - 44.47.626 to use both private and public resources  
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23 revolving fund, an older Alaskans' [A SENIOR CITIZENS] housing devel-  
24 opment fund. Subject to direct appropriation or through proceeds of a  
25 bond issue the division [DEPARTMENT] shall make loans to businesses  
26 and corporations considered eligible under standards established by  
27 the division and make grants to municipalities or public or private  
28 nonprofit corporations designated as tax exempt under 26 U.S.C.  
29 501(c)(3) and (4) (Internal Revenue Code of 1954) for the purpose of

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22 HOMES, CONGREGATE HOUSING, AND OTHER HOUSING THAT MEETS SPECIAL NEEDS  
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4 (b) A loan made from the older Alaskans' housing development  
5 fund may not exceed 50 percent of the lesser of the actual cost or the  
6 appraised value of the project and shall

7 (1) be made interest free, provided that the loan contract  
8 shall provide for equity participation by the state in proportion to  
9 the relationship between the loan amount and total cost of the proj-  
10 ect;

11 (2) be repaid in a period of 25 years, or upon sale of the  
12 property by the borrower, whichever is sooner, except that the divi-  
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14 (3) provide in the loan contract that, for rental projects,  
15 rents may be raised only once annually and the increase may not be  
16 greater than the increase in the Anchorage consumer price index for  
17 all urban consumers for the same year;

18 (4) provide in the loan contract that, for a project con-  
19 sisting of five or more units, at least 20 percent of the units must  
20 be reserved for low income senior citizens.

21 (c) A loan made from the older Alaskans' housing development  
22 fund may be subordinated to a first deed of trust held by an author-  
23 ized financial institution.

24 Sec. 44.47.626. DEFINITIONS. In AS 44.47.610 - 44.47.626

25 (1) "division" means the division of housing assistance  
26 established under AS 44.47.360;

27 (2) "equity participation" means an interest in the value  
28 of the appreciation of the project;

29 (3) "senior citizen housing" means a specific work or

1 improvement undertaken primarily to provide dwelling accommodations  
2 for persons 60 years of age or older, including conventional housing,  
3 housing for the frail elderly, group homes, congregate housing, other  
4 housing that meets special needs of the elderly, and adaptation of  
5 existing owner-occupied or rental senior citizen residential units to  
6 incorporate gerontological features; senior citizen housing includes  
7 the acquisition, construction, or rehabilitation of land, buildings,  
8 improvements, and other nonhousing facilities that are incidental or  
9 appurtenant to the housing.

10 \* Sec. 4. This Act takes effect January 1, 1986.  
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## PROJECT ASSUMPTIONS

### Project Costs

All projects assume that total project costs will average \$60,000 per unit, and that 10 units will be built per project at a total cost of \$600,000, with an appraised value of \$675,000. Costs include land, site development, interim financing, all fees such as legal and architect, and construction costs. Average size of the units is expected to be 750 square feet.

The project analysis assumes that the developer will finance the project by borrowing 75 percent of the value, or \$506,250, and by providing \$93,750 in equity.

### Rental Rates

3 units x \$450 (2 bedroom) x 12 months = \$16,200

7 units x \$375 (1 bedroom) x 12 months = 31,500

\$47,700

- 3% vacancy -1,431

Gross Income: \$46,269

- Operating Expenses: water, sewer,  
garbage, maintenance, insurance  
and property taxes (\$150 per unit) -18,000

,,269 Left for debt  
service and profit

### Interest Rate Analysis

(1) 14% debt service @ 25-year  
amortization x \$506,250 = \$72,900

Negative Cash Flow: \$44,631 annually

(2) 11% debt service @ 25-year  
amortization x \$506,250 = \$59,535

Negative Cash Flow: \$31,266 annually

(3) Blended rate:  
0% x \$300,000  
14% x 206,250 = \$29,696

Negative Cash Flow: \$1,427 annually

(4) Blended rate:  
0% x \$300,000  
11% x 206,250 = \$24,255

Profit \$4,014 annually or 4.3%  
return on equity

Long Term Analysis

All projects assume the developer repays the principal of the loan at the end of 25 years, and 50 percent of the appreciation in appraised value. Thus, if the project appreciates at 5 percent per year compounded annually, the appraised value at the end of the loan term will be \$2,285,550. The appreciation will be \$1,610,550.

The return to the State, at that time, will be:

\$300,000 (principal)  
805,275 (half the appreciation)

\$1,105,275 = compound annual return on equity of @ 5.5%

The return to the developer, at that time, will be:

\$1,180,275 (developer's share of value)  
- 93,750 (developer's equity investment)

\$1,086,525 = compound annual return on equity of @ 10.25%

Costs-Benefits Analysis

(1) For the State, the costs are:

\* opportunity cost of money @ 4.5% - 5.5% compounded annually

(2) For the State the benefits are:

\* 10 new units of senior housing constructed under competitive bid, at affordable rents for 25 years;  
\* no required operating subsidies;  
\* repayment of principal and return on investment of 5.5% compounded annually for use on additional senior housing loans in the future;

\* minimal servicing expenses.

(3) For the developer, the benefits are:

\* annual return on investment ranging from 10.25% - 15%;  
\* substantial leveraged increase in personal net worth;  
\* depreciation advantages;  
\* additional tax shelter (e.g. deduction for interest payments)

EQUITY REAL ESTATE  
INVESTMENTS IN  
MULTIFAMILY PROPERTIES

Prepared for:

ALASKA PERMANENT FUND CORPORATION

Pension Realty Advisors, Inc.  
260 California Street, Suite 1200  
San Francisco, CA 94111  
(415) 421-4000  
October 29, 1984

excess of 3% for multifamily properties considered in the aggregate.

- b. Cash-on-Cash Returns -- Distinct from overall capitalization rates, which evaluate net operating income as divided by the property market value, Miles and McCue [12] measured property type cash flow as a percentage of book value (original purchase price plus periodic improvements over the holding period). The performance measure employed can also be regarded as the return on investment (ROI).

The data base included public information from 10-Ks of 16 REITs whose shares were traded on the New York Stock Exchange and American Stock Exchange. Miles and McCue used a regression equation to estimate the annual cash yields for different property types including apartments, office, retail, and "other" property.

Inflation during the period of analysis caused a general increase in the cash-on-cash yield, as evident in Exhibit 3. The average nominal return over the 7-year period was estimated at 9.62%. Adjusted for inflation, the real cash-on-cash yield is approximately 2.06% between 1972 and 1978.

In comparison to the McMahan analysis presented above, over the same period (1972-1978), the average nominal rate of return based on the capitalization rates is estimated at 9.93% with a real rate of return at 2.36%. While the two analyses use distinct return measures, the capitalization rate will be equivalent to the cash-on-cash return when the value of the property equals the property cost (cash investment).

An erroneous inference would be that inflation-adjusted market values for multifamily properties have been relatively insignificant, due to the proximity of the two return measures. However, one may note that the capitalization rates remain generally stable over time, while the cash-on-cash returns generally increase at

Exhibit 3

CASH-ON-CASH YIELD ESTIMATES  
BY PROPERTY TYPE  
MILES AND McCUE

	<u>Residential</u>	<u>Office</u>	<u>Retail</u>	<u>Other</u>	<u>R2 (1)</u>
1972	9.78%	7.36%	6.88%	9.25%	.9870
1973	8.82	8.98	7.94	8.69	.9916
1974	8.15	9.24	9.09	8.04	.9732
1975	8.40	9.53	8.40	6.79	.9528
1976	9.54	9.04	9.01	6.43	.9498
1977	10.46	7.57	8.96	6.56	.9740
1978	12.21	8.61	8.79	8.57	.9695
Mean Return (Nominal)	9.62	8.62	8.44	7.76	
Mean Return (Real)	2.06	1.13	0.97	1.00	

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(1) R2 is the coefficient of determination; it is the total proportion of the total variations in the dependent variable (total cash yield) explained by fitting the regression to the multiple data set for each year. A value equal to 1.0 or -1.0 indicates that the regression will explain 100% of the observed variations; a value equal to 0 implies that the regression explains nothing.

SOURCES: Miles and McCue;  
Pension Realty Advisors, Inc.

a faster rate, both events suggesting appreciation of value. Nonetheless, it is otherwise preferred to draw this conclusion when the same data set is utilized to evaluate both rate of return calculations.

- c. Total Returns -- Some of the most reliable and consistent data on real estate investment performance has been developed by the National Council of Real Estate Investment Fiduciaries (NACREIF) and the Frank Russell Company [18]. The data base includes unleveraged real estate owned by commingled funds on behalf of tax-exempt institutions. Unfortunately, the data base on multifamily investments includes only 17 properties, or 3.6% (\$203.6 million) of the total index market value (\$5,736 million).

The measurement of returns includes both net operating income before fees and market value adjustments based on appraisal. The performance results for the period between 1978 and third quarter 1983 are summarized in Exhibit 4. These multifamily properties, which are selected and managed for large tax exempt portfolios, have an average market value in 1983 of \$12 million.

The nominal total rate of return was 18.1% over the nearly six year period, while the real rate of return was 7.3%. It is important to remember that these returns reflect a small sample size and the returns are likely influenced by a number of factors including the investment policies, and the timing and availability of new investment dollars.

As discussed later in this study, the isolation of institutional quality multifamily investments provides an excellent indication of the historical returns associated with comparable multifamily investments that might otherwise be undertaken by APFC.

Revisiting research presented above, McMahan also analyzed total returns between 1951 and 1978 (see Exhibit 5). The total return, however, was broken into two parts: current yield

Exhibit 4

FRANK RUSSELL COMPANY PROPERTY INDEX  
Apartment - Property Type Subindex  
1978 - Third Quarter 1983

	<u>Time-Weighted Rate of Return</u>
1983 (thru 3rd quarter)	9.8%
1982	15.4
1981	13.7
1980	17.1
1979	32.2
1978	16.7
Nominal Mean Return	18.1
Real Mean Return	7.3

---

SOURCE: National Council of Real Estate  
Investment Fiduciaries;  
Pension Realty Advisors, Inc.

Exhibit 5

ESTIMATES OF TOTAL RETURN  
McMAHAN

Property Type: Apartments  
Region: All Regions

<u>Year</u>	<u>Current Yield</u>	<u>Appreciation</u>	<u>Total Return</u>
1978	10.08	10.19	20.27
1977	9.97	6.94	16.91
1976	10.26	6.43	16.69
1975	10.67	7.17	17.84
1974	9.78	6.69	16.47
1973	9.41	10.75	20.16
1972	9.39	9.12	18.51
1971	9.71	9.51	19.22
1970	10.46	3.51	13.97
1969	9.43	9.09	18.52
1968	8.90	6.52	15.42
1967	8.60	3.03	11.63
1966	8.37	4.96	13.33
1965	8.36	2.37	10.73
1964	8.21	2.10	10.31
1963	8.21	3.11	11.32
1962	8.35	2.04	10.39
1961	8.76	.50	9.26
1960	9.04	1.54	10.58
1959	8.54	3.74	12.28
1958	8.79	1.47	10.26
1957	8.54	2.42	10.96
1956	9.13	5.11	14.24
1955	8.46	4.82	13.28
1954	8.16	2.77	10.93
1953	7.87	1.80	9.67
1952	7.90	-.38	7.52
1951	7.87	15.05	22.92
NOMINAL			
RETURN:	8.97%	5.08%	14.06%
STD. DEV.:			
YEARS:	.81%	3.59%	3.99%
	28	28	28
REAL			
RETURN:			10.10%

Note: Appreciation computed from composite of all regions replacement cost file. Surrogate construction class: Type D - Predominantly wood frame.

SOURCES: John McMahan;  
Pension Realty Advisors, Inc.

(presented above) and appreciation. The appreciation component was derived from historic appraisal/construction cost tables. In considering the standard deviation of the appreciation and total return components, the appreciation/total return standard deviation presents almost four times as much volatility compared to the income component standard deviation.

Total nominal return is estimated at 14% over the 28-year holding period, which translates to a 10.1% real rate of return. However, given the earlier discussion on net operating income increases lagging behind inflation, combined with generally stable capitalization rate, it does not seem readily probable that multifamily property values alone have maintained parity with construction cost inflation. (Only the combined return from current yield/income and appreciation has surpassed the inflation rate, generating a real rate of return). In fact, a reduction of total return by one standard deviation would otherwise result in an adjusted total return of 10% with a real rate of return of approximately 6.2%, while maintaining a reasonable degree of accuracy confidence.

McMahan also analyzed total investment performance between 1951 and 1978 by geographic regions, which indicated that Mountain (14.25%), West South Central (14.21%), Pacific (14.17%) and West North Central (14.07%) have performed slightly better than the 14.06% return for the aggregated U.S. multifamily market. The difference is not overwhelming enough, however, to indicate a policy preference to these regions.

The final analysis of the McMahan data included an evaluation of returns during alternative inflationary periods. During high inflationary times (1968-1978), the real return was 10.76% versus 9.55% during low inflationary times (1951-1968). This relative analysis indicates that apartments have performed in generating consistent real rates of return, on a historic basis, through alternative inflationary scenarios.

HOUSING ASSISTANCE DIVISION  
LOAN PROGRAM INFORMATION

The Housing Assistance Division (HAD) offers four loan programs; the Rural Owner Occupied, Rural Non-Owner Occupied, Nonconforming Housing Loan Program, and the Housing Rehabilitation Program. The following is a brief summary of these programs.

Rural Owner-Occupied Program - Provides financing to qualified borrowers for the construction or purchase of a single family residence and duplex housing for owner occupancy. The maximum loan term is 30 years.

For new construction, the Division may finance 100% of allowable cost incurred during construction or 85% of appraised value, whichever is less. The maximum dollar amount a borrower may receive is \$172,900 for single units and \$221,200 for duplexes.

For purchase of existing housing, the Division may finance 95% of the sale price or 95% of the appraised value, whichever is less. The maximum dollar amounts are the same for purchase as shown for construction.

Rural Non-Owner Occupied Program - Provides financing to qualified borrowers for the construction, purchase or rehabilitation of non-owner occupied rental housing units. The interest rate for this program is 10.5% with a maximum loan term of 30 years. The project may involve two to eight units in a single community or specific area.

The principal amount of the loan or loans for housing under this program can not exceed \$1,250,000.00. Also, the loan must not exceed 80% of the appraised value or 80% of the purchase price whichever is less. The borrower may not reside in the housing financed.

Nonconforming Housing Loan Program - Provides financing to qualified borrowers for the construction, rehabilitation or purchase of single family detached or duplex housing which exhibits one or more characteristics, with respect to design, construction practices, materials, foundation systems, utilities and minimum space requirements, which are not common to the community in which the property is located and which would ordinarily preclude financing by private financial institutions. The maximum loan term is 30 years.

For new construction, the Division may finance 100% of allowable cost incurred during construction or 85% of appraised value, whichever is less. The maximum dollar amount a borrower may receive is \$172,900 for single units and \$221,200 for duplexes.

For purchase of existing housing, the Division may finance 95% of the sales price or 95% of the appraised value, whichever is less. The maximum dollar amounts are the same for purchase as for construction.

Housing Rehabilitation Program - Provides financing to qualified borrowers for the repair, remodeling or rehabilitation of existing single family and duplex housing. In addition, the Division may provide first or second deeds of trust financing.

For first deeds of trust, the Division may finance 100% of allowable cost of construction, plus pay off any existing liens on the subject property. However, the amount financed may not exceed the lesser of 95% of the appraised value of the property, or \$172,900 for single families and \$221,200 for duplexes. The maximum term of the loan is 30 years.

For second deeds of trust, the Division may finance up to \$45,000 Maximum term for second is 15 years.

Under the Rehabilitation Program, the amount financed may include costs for contracted labor/services other than that of the borrower.

In the event a borrower requires financing for building materials only (no labor), the Division may provide rehab financing up to 80% of the appraised value of the subject property or \$45,000 whichever is less and the maximum term is 15 years.

The Homeownership Assistance Fund (HOAF) was created during the 1983 legislative session and became effective January 1, 1984. The purpose of this fund was to subsidize mortgage payments of low to moderate income borrowers. A qualified borrower may have their monthly mortgage payment subsidized to an interest rate as low as 6%. The subsidy amount is determined by how much the borrower can pay. Income limits, loan limits, and asset value limits are taken into consideration.

The borrower(s) household income limits must not exceed the following:

1-2 adults	\$30,000, plus
1st child	5,000
Additional children or adult	\$ 1,500

The borrower's maximum gross yearly income limit can not exceed \$39,500 per household. Additionally, the borrower may not have assets that exceed three times the applicable income limit for the household. Assets do not include permits for business opportunities, restricted title land, or land, acquired through ANCSA or ANILCA.

The loan limits are as follows:

1-2 member family	\$105,000
3 member family	110,000
4 or more member family	120,000

Additionally, for those borrowers whose home is owner-built new construction, the following appraised values may not be exceeded:

1-2 member family	\$130,000
3 member family	140,000
4 or more member family	150,000

Once the borrower is determined eligible to obtain a loan with a HOAF subsidy, they are required to enter an assistance agreement. The agreement is re-evaluated at least annually to determine continued eligibility, and the monthly subsidy amount for the next year.

How to Apply - Anyone interested in applying for a housing loan of any type through the Division must first contact all approved mortgage lenders which service the area where the property is located. In the event financing cannot be obtained through this source, the Division may provide financing directly to the borrower.

The interest rates for the Rural Owner-Occupied and Nonconforming Housing Loan Programs fluctuate. The information provided is general in nature and other restrictions may apply.

SUPPLEMENTAL HOUSING DEVELOPMENT GRANTS

Governing Regulations: 19 AAC 88.010 - .900

Governing Statutes: AS 18.55.998

Funding Available:       FY84   \$3,500,000  
                              FY85   \$3,500,000

Program Summary: This grant program provides grants only to regional housing authorities as supplemental funding to their approved HUD housing projects. Statute limits the grants to regional housing authorities. The statute also limits the grant to project site development for road, water and sewer and electrical distribution work. Grant awards are made to each project when HUD submits to this division an approved HUD project budget indicating the need for supplemental funding and signs concurrence in the need for a grant award. Payment under the grant for the work is made to the housing authority upon HUD's providing a copy of the construction contract for the work and requests payment. The work accomplished with State funds is part of the HUD project and is reviewed, in design and construction by HUD. We have a Memorandum of Understanding with HUD, BIA, and PHS on all aspects of this grant program.

Criteria for Award:

1. HUD project approved
2. Housing authority request
3. HUD concurrence
4. HUD budget shows need for supplemental funding and amount for roads, water, sewer and electrical distribution
5. Construction contract for work provided

Process for Award of Grants: There is no advertisement for grant applications or deadline for grant requests. The grants are awarded on a first come first served basis within the funds available in accordance with the grant award process outlined above.

STATE ASSISTED RENTAL HOUSING CONSTRUCTION PROGRAM

Governing Regulations: 19 AAC 83.010 - .900

Governing Statutes: AS.44.47.630 - .635

Funding Available:       FY84   \$5,000,000  
                              FY85   \$3,580,000

Program Summary: This program became effective January 1, 1984. The legislature appropriates funds to the Low Cost and Low Income Multiple Family Housing Development Fund to provide grants to municipalities or public or private non profit corporations for planning and construction of low income rental housing.

The division provides notice in newspapers statewide of the grant application period and deadline for grant applications, and also provides this notice to an extensive mailing list of possible interested applicants. The first application deadline is November 15 annually. The applications are reviewed by a committee and awards announced not later than January 31 annually. An appeal period is provided for the applicants not selected. Following the appeal period, grant agreements are entered into with the successful applicants.

Criteria for Selection of Applicants:

1. Need for housing
2. Other funding available
3. Project Feasibility
4. Rental cost
5. Management plan
6. Evidence of community support
7. Project cost per unit
8. Project density

Process of Awarding Grants:

1. Advertise in papers and mailout of mailing list
2. Selection committee established
3. Selection committee sets criteria and rates and ranks grant applicants
4. Grant awards announced by DCRA Commissioner
5. Appeal period of 15 days provided to non selected applicants
6. Grant agreements prepared and executed

SENIOR CITIZEN HOUSING DEVELOPMENT FUND

Governing Regulations: 19 AAC 85.010 - .130

Governing Statutes: AS 44.47.610 - .620

Funding Available:       FY84   \$10,000,000  
                              FY85   \$ 8,000,000

Program Summary: This grant program awards grants for both the planning and construction of senior citizen housing. The grant applicants are limited to municipalities and public and private non-profit corporations. Notices are placed in newspapers statewide announcing the grant periods and deadlines for grant applications for award. Notice is also sent to an extensive mailing list for this grant program. Planning grant applications are received and grant awards made four times a year, in July, October, January and April. These grants are up to \$75,000, depending on the size of the project. Grants for construction are awarded twice annually in November and March, depending on funding. The grant applications are reviewed and ranked by a selection committee and awards announced by the Commissioner. An appeal process is provided for the applicants not selected. This grant program provides senior citizen housing statewide. The program is administered out of the Housing Assistance Division in Anchorage.

Criteria for Selection of Applicants:

- A.       Planning Grants
  - 1. Satisfactory completion of application
  - 2. Establishment and documentation of housing need
  - 3. Establishment of a senior citizen steering committee
  
- B.       Construction Grant
  - 1. Satisfactory completion of application
  - 2. Housing need
  - 3. Other funding and rental subsidy available
  - 4. Feasibility analysis
  - 5. Management plan

Grant Award Process:

- 1. Advertise in newspapers statewide and send notice to extensive mailing list of grant application period and deadline.
- 2. Establish a selection committee
- 3. Committee set criteria and rate and rank applications
- 4. Grant awards announced by Commissioner
- 5. Appeal period of 15 days is provided to non selected applicants
- 6. Grant agreements are prepared and executed

Senior Citizen Housing Development Fund (cont'd)

Grant Award Process:

1. Advertise in newspapers statewide and send notice to extensive mailing list of grant application period and deadline.
2. Establish a selection committee
3. Committee set criteria and rate and rank applications
4. Grant awards announced by Commissioner
5. Appeal period of 15 days is provided to non selected applicants
6. Grant agreements are prepared and executed

A M E N D M E N T

Offered in the SENATE

TO: SB 137

By the Community and  
Regional Affairs  
Committee

Page 1, line 26

Delete "shall" and insert "may"

Passed unanimously 3/4/85



# Alaska State Legislature

## House of Representatives

### Committee on Community & Regional Affairs

Pouch V  
State Capitol  
Juneau, Alaska 99811  
(907) 465-4833

HEARING DATE: *February 27, 1985*

*AB 190*

NAME (Please Print)	ADDRESS	REPRESENTING	TESTIFY (Yes or No)	PHONE NUMBER
<i>Gov. M. Kull</i>	<i>326-4<sup>th</sup>, Juneau</i>	<i>Older Alaska Com.</i>	<i>yes</i>	<i>586-2670</i>
<i>Don Moore</i>	<i>Pouch C M.S. 0209</i>	<i>Older Alaska Com</i>	<i>YES</i>	<i>3250</i>
<i>Frank Island</i>	<i>" " " "</i>	<i>Older Alaska Com</i>	<i>if necessary</i>	<i>3250</i>
<i>Jeff Smith</i>	<i>Pouch B</i>	<i>DCRA</i>	<i>YES</i>	<i>4700</i>
<i>Paul Becken</i>	<i>"</i>	<i>"</i>	<i>NO</i>	<i>4735</i>
<i>Catherine Allen</i>	<i>PO Box 304 Juneau</i>	<i>Self</i>	<i>No</i>	<i>586-6680</i>
<i>James J. HETTER</i>	<i>BOX 304, Juneau AK</i>	<i>Self</i>	<i>Yes</i>	<i>6-6680</i>
<i>SHERRIE GOU</i>	<i>419 Kennedy St. Juneau</i>	<i>Alaska Women's Affly</i>	<i>NO</i>	<i>—</i>
<i>Tom Anand</i>	<i>P.O. Box 676, Juneau, AK 99801</i>	<i>New Teachers Association</i>	<i>NO</i>	<i>586-3912</i>
<i>Cindy Kvethi</i>		<i>Seacap</i>	<i>NO</i>	<i>586-1990</i>
<i>Genieve Jate</i>	<i>Pouch B</i>	<i>DCRA</i>	<i>no</i>	<i>4700</i>
<i>Stephanie Miller</i>	<i>Pouch</i>	<i>House - Sponsor</i>	<i>yes</i>	<i>4552</i>

LEFT BY  
DOVE KULL  
RE: HB 190

SHE WANTED TO STRESS THE NEED  
IN FAIR MARKET HOUSING TO MEET  
THE HOUSING NEEDS OF "FRAIL + VULNERABLE"  
SENIORS WHO DO NOT QUALIFY FOR "POVERTY"  
HOUSING BUT WOULD BE PUSHED INTO POVERTY  
LEVEL BY THE COST OF NURSING HOME CARE  
IF SENIOR HOUSING WHICH INCLUDES LOWER  
WINDOWS, CABINETS + GRAB BARS ARE NOT  
AVAILABLE, WOULD LIKE INFO ON REQUIRE  
MADE AVAILABLE TO PRIVATE  
CONTRACTORS.



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## Older Alaskans Commission

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Pouch C, Mall Stop 0209  
Juneau, Alaska 99811  
907/465-3250

Final Recommendations of the Housing Task Force  
To the Older Alaskans Commission  
December 11, 1984

1) The OAC Housing Task Force recommends that the goal of the State's Senior Housing Program be to encourage the use of both private and public resources to provide a full range of housing opportunities and services for all older Alaskans, regardless of income. The emphasis should be on alternatives to institutionalization, supporting individual dignity and independence, and assisting people to remain in their own homes for as long as is desirable and appropriate.

2) The OAC Housing Task Force recommends that the Legislature support, with adequate funding, those programs which help accomplish the goal of the State's Senior Housing Program. These programs include:

- \* Older Alaskans Commission Programs
- \* Senior Citizens Housing Development
- \* Homemaker Services
- \* Home Health Aide Services . . . . .
- \* Public and Home Nursing
- \* Medicaid
- \* General Relief Medical (GRM)
- \* Catastrophic Illness
- \* Old Age Assistance
- \* Elder Abuse Intervention
- \* Low Income Weatherization Program
- \* Village Safe Water
- \* Longevity Bonus
- \* Pioneers Homes
- \* Senior Citizens Property Tax Exemption
- \* Senior Citizens Renters' Rebate
- \* Power Cost Equalization Program
- \* Energy Assistance Program

3) The OAC Housing Task Force recommends that there be established within the Housing Assistance Division in the Department of Community and Regional Affairs, an Office of Senior Housing. It is further recommended that the Legislature approve a new position for the Office to assist the present individual to accomplish existing and proposed new responsibilities. The duties and responsibilities are as follows:

A) compilation and continuous updating of inventory of all public sponsored senior housing projects in Alaska; the inventory should include the following information:

- \* project name and location
- \* owner/manager
- \* number and size of units

- \* number of persons on the waiting list
- \* historical turnover rate
- \* description of ancillary facilities (if any)
- \* services available to residents on-site
- \* year of construction
- \* cost of construction
- \* sources of financing
- \* operation and maintenance costs
- \* types of rental subsidies provided (if any)
- \* rents charged/received
- \* criteria for occupancy
- \* level(s) of care
- \* number of section 8 certificates available/in use
- \* number of seniors with section 8 certificates

B) management of a Senior Housing Information System, the purpose of which would be to facilitate the active sharing of information, such as the senior housing inventory, with members of the public and all affected and interested government and private organizations. In addition to the inventory, the System should also include information such as:

- \* a manual (or manuals) describing state-of-the-art materials and techniques for the design and construction of housing with gerontological features;

- \* a set of generic blueprints describing various gerontological home improvements which individual older Alaskan homeowners could use to make changes to their existing homes to add safety and comfort;

- \* a directory of in-home supportive services provided by the Older Alaskans Commission and the Department of Health and Social Services and other programs (this should be distributed regularly to the Office by the Older Alaskans Commission);

- \* a description of federal senior housing assistance available to Alaskan residents;

- \* research and literature on innovative and emerging new approaches to senior housing, such as shared housing, group homes, and Home Equity Conversations.

C) administration of the Senior Citizens Housing Development Fund.

4) The OAC Housing Task Force recommends that the Legislature appropriate \$15 million to the Senior Citizens Housing Development Fund for FY 86. It is further recommended that the Legislature amend the statutes authorizing this Fund to allow, in addition to grants to municipalities and nonprofit organizations, loans to private developers under a Builders' Incentive Program. The Builders' Incentive Program, which would make money available to builders at zero interest but with shared appreciation, would result in the construction of more residential units per State dollar than is possible under the existing grant program. In addition, it would produce senior housing units at reasonable rents, with no need for long-term operation and maintenance subsidies. It would assist moderate as well as low-income older Alaskans, and it would return the original investments to the State, with shared appreciation profit, for a second and third

use. It is anticipated that under this program, as under the existing grant program, a showing of need would be required.

5) The OAC Housing Task Force recommends that the Office of Senior Housing make an effort to fund demonstration projects which would specifically address some of the more innovative types of senior housing authorized by existing statutes. Demonstration projects might include Group Homes in Rural Alaska, a House Sharing Referral Service, or the construction of Senior Boarding Homes with gerontological design.

6) The OAC Housing Task Force recommends that the Older Alaskans Commission immediately assume responsibility for the compilation and continuous updating of an inventory of all senior supportive services in the State. (see recommendation #3) Because the availability of these services can be extremely important in assisting individual seniors to take care of themselves in the least restrictive setting, it is critical that this information receive a wide distribution. The OAC should consider a mass distribution of this information annually in conjunction with Home Care Week as proclaimed each year by the Governor.

7) The OAC Housing Task Force recommends that the Older Alaskans Commission make an effort to fund Pilot Project Grants as authorized by AS 47.65.030, and further that in FY 86, the OAC seek a pilot project for In-Home Care Case Management.

8) The OAC Housing Task Force recommends that the Legislature enact a bill authorizing the establishment of a sliding fee schedule for recipients of homemaker services, home health aide services, and home health nursing services. It is further recommended that any increase in program funds be used, first, to increase staff training, and second, to increase hours of service.

9) The OAC Housing Task Force recommends that the Older Alaskans Commission establish a new task force for in-home services, and that group carefully examine the State's provision of homemaker services, home health aide services and other in-home services to determine whether or not changes are necessary in the method of delivery.

10) The OAC Housing Task Force recommends that there be developed a standardized list of definitions for the various levels of care. The definitions should be developed by, and agreed upon by, the Department of Health and Social Services, the Department of Administration, the Department of Community and Regional Affairs, and members of the private sector, particularly the Alaska State Hospital Association.

11) The OAC Housing Task Force recommends that the Department of Health and Social Services become more involved in senior citizens programs, and make a greater effort to segregate its data for use by senior citizens. In particular, it is recommended that the Commissioner of the Department take a more active role in meeting his responsibilities as a member of the Older Alaskans Commission.

12) The OAC Housing Task Force recommends that the Older Alaskans Commission immediately assume responsibility for an annual analysis and evaluation of all the services which are provided to older Alaskans, as required by AS 44.21.230. Adequate funding for the programs which support the goal of the State's Senior Housing Program is important, but the funding should be predicated on a serious analysis which relates cost to benefits, and effectiveness to performance.

13) The OAC Housing Task Force recommends that the Legislature approve a supplemental appropriation of \$325,000 to fully fund for FY 85, the Senior Citizens' Property Tax Exemption program.

OLDER ALASKANS COMMISSION  
HOUSING TASK FORCE  
June 20, 1984

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PRELIMINARY FINAL REPORT

OLDER ALASKANS COMMISSION

HOUSING TASK FORCE

FEBRUARY 25, 1985

## Table of Contents

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## I. EXECUTIVE SUMMARY

### Final Recommendations of the Housing Task Force To the Older Alaskans Commission

1) The OAC Housing Task Force recommends that the goal of the State's senior housing program be to encourage the use of both private and public resources to provide a full range of housing opportunities and services for all older Alaskans, regardless of income. The emphasis should be on alternatives to institutionalization, supporting individual dignity and independence, and assisting people to remain in their own homes for as long as is desirable and appropriate.

2) The OAC Housing Task Force recommends that the Legislature support, with adequate funding, those programs which help accomplish the goal of the State's senior housing program. These programs include:

- \* Older Alaskans Commission Programs
- \* Senior Citizens Housing Development
- \* Homemaker Services
- \* Home Health Aide Services
- \* Public and Home Nursing
- \* Medicaid
- \* General Relief Medical (GRM)
- \* Catastrophic Illness
- \* Old Age Assistance
- \* Elder Abuse Intervention
- \* Low Income Weatherization Program
- \* Village Safe Water
- \* Longevity Bonus
- \* Pioneers Homes
- \* Senior Citizens Property Tax Exemption
- \* Senior Citizens Renters' Rebate
- \* Power Cost Equalization Program
- \* Energy Assistance Program

3) The OAC Housing Task Force recommends that there be established within the Housing Assistance Division in the Department of Community and Regional Affairs, an Office of Senior Housing. It is further recommended that the Legislature approve a new position for the Office to assist the present individual to accomplish existing and proposed new responsibilities. The duties and responsibilities are as follows:

A) compilation and continuous updating of inventory of all public sponsored senior housing projects in Alaska; the inventory should include the following information:

- \* project name and location
- \* owner/manager
- \* number and size of units

- \* number of persons on the waiting list
- \* historical turnover rate
- \* description of ancillary facilities (if any)
- \* services available to residents on-site
- \* year of construction
- \* cost of construction
- \* sources of financing
- \* operation and maintenance costs
- \* types of rental subsidies provided (if any)
- \* rents charged/received
- \* criteria for occupancy
- \* level(s) of care
- \* number of section 8 certificates available/in use
- \* number of seniors with section 8 certificates

B) management of a Senior Housing Information System, the purpose of which would be to facilitate the active sharing of information, such as the senior housing inventory, with members of the public and all affected and interested government and private organizations. In addition to the inventory, the System should also include information such as:

- \* a manual (or manuals) describing state-of-the-art materials and techniques for the design and construction of housing with gerontological features;

- \* a set of generic blueprints describing various gerontological home improvements which individual older Alaskan homeowners could use to make changes to their existing homes to add safety and comfort;

- \* a directory of in-home supportive services provided by the Older Alaskans Commission and the Department of Health and Social Services and other programs (this should be distributed regularly to the Office by the Older Alaskans Commission);

- \* a description of federal senior housing assistance available to Alaskan residents;

- \* research and literature on innovative and emerging new approaches to senior housing, such as shared housing, group homes, and Home Equity Conversations.

C) administration of the Senior Citizens Housing Development Fund.

4) The OAC Housing Task Force recommends that the Legislature appropriate \$15 million to the Senior Citizens Housing Development Fund for FY 86. It is further recommended that the Legislature amend the statutes authorizing this Fund to allow, in addition to grants to municipalities and nonprofit organizations, loans to private developers under a builders' incentive program. The builders' incentive program, which would make money available to builders at zero interest but with shared appreciation, would result in the construction of more residential units per State dollar than is possible under the existing grant program. In addition, it would produce senior housing units at reasonable rents, with no need for long-term operation and maintenance subsidies. It would assist moderate as well as low-income older Alaskans, and it would return the original investments to the State, with shared appreciation profit, for a second and third

use. It is anticipated that under this program, as under the existing grant program, a showing of need would be required.

5) The OAC Housing Task Force recommends that the Office of Senior Housing make an effort to fund demonstration projects which would specifically address some of the more innovative types of senior housing authorized by existing statutes. Demonstration projects might include Group Homes in Rural Alaska, a House Sharing Referral Service, or the construction of Senior Boarding Homes with gerontological design.

6) The OAC Housing Task Force recommends that the Older Alaskans Commission immediately assume responsibility for the compilation and continuous updating of an inventory of all senior supportive services in the State. (see recommendation #3) Because the availability of these services can be extremely important in assisting individual seniors to take care of themselves in the least restrictive setting, it is critical that this information receive a wide distribution. The OAC should consider a mass distribution of this information annually in conjunction with Home Care Week as proclaimed each year by the Governor.

7) The OAC Housing Task Force recommends that the Older Alaskans Commission make an effort to fund Pilot Project Grants as authorized by AS 47.65.030, and further that in FY 86, the OAC seek a pilot project for In-Home Care Case Management.

8) The OAC Housing Task Force recommends that the Legislature enact a bill authorizing the establishment of a sliding fee schedule for recipients of homemaker services, home health aide services, and home health nursing services. It is further recommended that any increase in program funds be used, first, to increase staff training, and second, to increase hours of service.

9) The OAC Housing Task Force recommends that the Older Alaskans Commission establish a new task force for in-home services, and that group carefully examine the State's provision of homemaker services, home health aide services and other in-home services to determine whether or not changes are necessary in the method of delivery.

10) The OAC Housing Task Force recommends that there be developed a standardized list of definitions for the various levels of care. The definitions should be developed by, and agreed upon by, the Department of Health and Social Services, the Department of Administration, the Department of Community and Regional Affairs, and members of the private sector, particularly the Alaska State Hospital Association.

11) The OAC Housing Task Force recommends that the Department of Health and Social Services become more involved in senior citizens programs, and make a greater effort to segregate its data for use by senior citizens. In particular, it is recommended that the Commissioner of the Department take a more active role in meeting his responsibilities as a member of the Older Alaskans Commission.

12) The OAC Housing Task Force recommends that the Older Alaskans Commission immediately assume responsibility for an annual analysis and evaluation of all the services which are provided to older Alaskans, as required by AS 44.21.230. Adequate funding for the programs which support the goal of the State's senior housing program is important, but the funding should be predicated on a serious analysis which relates cost to benefits, and effectiveness to performance.

13) The OAC Housing Task Force recommends that the Legislature approve a supplemental appropriation of \$325,000 to fully fund for FY 85, the Senior Citizens' Property Tax Exemption program.

## II Abstract

The Older Alaskans Commission recognized the need for a senior housing task force in their three-year plan, A New Beginning for Older Alaskans. The housing action plan in that report called for "an inter-agency housing task force to prepare recommendations regarding the coordination and efficient delivery of housing-related services." As a result, a nine-member task force was established consisting of representatives of state agencies, consumers, and service providers. It met seven times between June and December, 1984.

After hearing presentations on housing related topics such as energy assistance, weatherization, in-home services, housing alternatives and financing, the task force formulated thirteen legislative and policy recommendations. The Older Alaskans Commission accepted those recommendations on December 11, 1984. This action complies with AS 44.21.230(a)(2).

## III. Analysis of Recommendations

In accordance with AS 44.21.230(a)(1), the Older Alaskans Commission in September, 1983 adopted a three-year plan, A New Beginning for Older Alaskans. The plan identified the primary regional housing concerns of the State's elders as: weatherization, affordable housing, high energy costs, housing shortages, housing options, fragmentation of housing programs, water and sewer installation, and Pioneer Homes.

Programs which address most of these concerns currently exist in the Departments of Health and Social Services, Community and Regional Affairs and Administration. The task force recommended that the Commission encourage legislative support and adequate funding for eighteen programs which directly or indirectly affect senior housing. One recommendation and accompanying legislation calls for a specific supplemental appropriation to address a shortfall in the FY 1985 Senior Citizens' Property Tax Exemption program. The task force considered this a cost-effective program designed to keep seniors in their own homes.

Since fragmentation of housing programs appeared as a concern, the task force recommended establishing the Office of Senior Housing within the Housing Assistance Division of the Department of Community and Regional Affairs. Among other duties, this office would inventory public housing and manage a senior housing information system to facilitate dissemination of information.

Another recommendation emphasizes the Commission's role as a coordinating agency by encouraging it to compile and annually update an inventory of senior supportive services. Through annual budget reviews the Commission should further analyze all senior programs and services for their cost effectiveness. Commission review, evaluation and comment on senior programs is mandated in AS 44.21.230(b)(1).

To moderate the effect of declining State revenues the task force made several recommendations with accompanying legislation. One recommendation

would establish a sliding fee scale for recipients of the in-home services of homemakers, home health aides and home health nursing. Such fees would extend the effective range of current funding, allowing more clients to benefit from those services, and also allowing more training for the service providers. In addition, seniors have repeatedly expressed their desire to pay for this kind of care.

The most significant recommendation to supplement declining state revenues calls for a change within the Senior Citizens Housing Development Grant program in the Department of Community and Regional Affairs, Housing Assistance Division. This change would allow the program to provide loans to private builders as well as grants to non-profits.

The State's specific commitment to senior housing began in 1975 with the creation in the Department of Community and Regional Affairs of a Senior Citizens Housing Development Fund. Since then, the Fund has received over \$53 million in appropriations from the Legislature. When that money is completely spent late next year, there will have been constructed over 1,000 new senior apartments, with a total present value in excess of \$75 million.

At first, virtually all the projects financed were simply "congregate housing", i.e. apartment complexes designed for older residents. As the program evolved, however, the concept of senior housing has expanded to include not only the actual residential units, but also the ancillary facilities that provide needed social and health supportive services.

Another change in the program has related to the financing of the projects. Almost all of the units built so far have been at least partially financed with money from other sources, usually the U.S. Department of Housing and Urban Development (HUD). Not only has this allowed State dollars to stretch further in terms of construction of new units, but more importantly, HUD participation has also included 40-year operation and maintenance subsidies. Consequently, HUD-subsidized projects only require tenants to pay up to 30 percent of their monthly incomes, no matter how small, for rent.

Unfortunately, this form of federal support for seniors has been almost completely eliminated. As a result, with a few notable exceptions, the State can no longer count on either the federal construction subsidies or the more valuable long-term operation and maintenance subsidies for future senior housing projects.

Recognizing nonetheless, that the need for senior housing will continue to grow, the task force developed the concept of a builders' incentive program. To institute this program requires a statutory amendment in the Senior Citizens Housing Development Fund to allow loans to private developers. Those loans, with zero interest but with shared appreciation, would result in the construction of more residential units per state dollar than is possible under the existing grant program. The loans would produce senior housing units at reasonable rents with no need for long-term operation and maintenance subsidies. Furthermore, the original investments plus shared appreciation profit would return to the state for future use.

#### IV. Project Assumptions for Older Alaskans' Housing Loan Program

Project Costs: All projects assume that total project costs will average \$50,000 per unit, and that ten units will be built per project at a total cost of \$600,000. Appraised value will be \$675,000. Costs include land, site development, interim financing, all fees such as legal and architect, and construction costs. Average size of the units is expected to be 750 square feet.

The project analysis assumes that the developer will finance the project by borrowing 75 percent of the value, or \$506,250, and by providing \$93,750 in equity.

Rental Rates:

3 units x \$450 (2 bedroom) x 12 months =	\$16,200
7 units x \$375 (1 bedroom) x 12 months =	31,500
	<u>\$47,700</u>
- 3% vacancy	<u>-1,431</u>

Gross Income: \$46,269

- Operating Expenses: water, sewer,  
garbage, maintenance, insurance and  
property taxes (\$150 per unit) -18,000

Left for debt service and profit \$28,269

Interest Rate Analysis:

(1) 14% debt service @ 25-year amortization x \$506,250	=	<u>\$72,900</u>
Annual Negative Cash Flow:		\$44,631
(2) 11% debt service @ 25-year amortization x \$506,250	=	<u>\$59,535</u>
Annual Negative Cash Flow:		\$31,266
(3) Blended rate: 0% x \$300,000 14% x 206,250	=	<u>\$29,696</u>
Annual Negative Cash Flow:		<u>\$ 1,427</u>
(4) Blended rate: 0% x \$300,000 11% x 206,250	=	<u>\$24,255</u>
Annual Profit		\$ 4,014
4.3% return on equity		

Long-Term Analysis: All projects assume the developer repays the principal of the loan at the end of twenty-five years. In addition, the developer shares fifty percent of the appreciation in appraised value at the time of sale of the building. Thus, if the project appreciates at five percent per year compounded annually, the appraised value at the end of the loan term will be \$2,285,550. The appreciation will be \$1,610,550.

The return to the State at that time will be:

\$300,000 (principal)  
805,275 (half of the appreciation)

\$1,105,275 = compound annual return on equity of 5.5%

The return to the developer at that time will be:

\$1,180,275 (developer's share of value)  
- 93,750 (developer's equity investment)  
\$1,086,525 = compound annual return on equity of 10.25%

Costs-Benefits Analysis:

Costs to the State are opportunity cost of money at 4.5 - 5.5% compounded annually.

The State benefits through:

1. 10 new units of senior housing constructed under competitive bid, at affordable rents for 25 years;
2. no required operating subsidies;
3. repayment of principal and return on investment of 5.5% compounded annually for use on additional senior housing loans in the future;
4. minimal servicing expenses.

Costs to the developer are:

1. an equity contribution of 25% of the appraised value;
2. conventional loan expenses;
3. ceilings on rent increases.

The developer, benefits through:

1. annual return on investment ranging from 10.25% - 15%;
2. substantial leveraged increase in personal net worth;
3. depreciation advantages;
4. additional tax shelter (e.g. deduction for interest payments)

V. Future Action by the Commission

The task force acknowledged the involvement of several agencies in senior housing and housing related services. Since the Commission's legislative mandate calls upon us to coordinate senior services, the task force made three recommendations for future action in this area.

Under AS 47.65.030, the Commission may award Pilot Project Grants. The task force encouraged the Commission to fund pilot projects, beginning with

one on case management that addresses in-home care. This would require coordination of community-based services for individuals, eliminating duplication while providing comprehensive service.

At its meetings, the task force discovered that terms pertaining to institutional care and housing alternatives were ambiguous and varied. To clarify terms involving levels of care and types of living arrangements for seniors, the task force recommended that the Commission coordinate the development of a list of standardized definitions by the Departments of Health and Social Services, Administration, Community and Regional Affairs and private sector providers, especially the Alaska State Hospital Association. Standardized definitions will eliminate the confusion existing among agencies and facilitate the coordinated planning of housing services.

At the beginning of its investigations the task force established the goal and recommendation to keep seniors in their own homes as long as possible and to seek alternatives that would prevent or delay costly institutionalization. The task force recognized in-home services as a key element supporting this recommendation. Since investigating in-home services extended beyond the scope of the housing task force, it recommended that the Commission establish another task force to specifically examine these services as they relate to the elderly.

## VI. Conclusion

The need to continue existing senior housing and housing-related programs while expanding the available options became evident to the task force. A lack of appropriate housing exists between independent residential housing and restrictive institutionalization. These gaps in the continuum often result in premature institutionalization for seniors or their forced move to another state or area in Alaska where suitable housing is available.

Seniors in rural and remote Alaska who are unable to live independently in their communities are often forced to move to nursing homes in the larger cities. Removed from their familiar cultural surroundings, these seniors suffer from the alienation of culture shock as well as from the loss of personal dignity.

Community-based options such as group homes, senior foster care homes, and handicapped accessible adaptations of existing homes could supply the types of housing needed in all Alaska to prevent or delay admission to nursing homes. More efficient delivery of in-home services in local communities could also help seniors remain in less restrictive housing environments.

Through its efforts, the task force attempted to convey the importance of inter-agency cooperation in meeting the housing needs of Alaska's senior population. Designed to encourage coordination at the state level, the legislative and policy recommendations also seek to solve senior housing needs through increased awareness and action by local communities. By accepting the recommendations, the Older Alaskans Commission acknowledged its role as a coordinating agency to encourage continued and increased participation by the Departments of Administration, Health and Social

Services, and Community and Regional Affairs. As the Commission and legislature act on housing task force recommendations, state agencies and the public will acquire a more unified view of senior housing and related services delivered in Alaska.

HOUSING ASSISTANCE DIVISION  
LOAN PROGRAM INFORMATION

The Housing Assistance Division (HAD) offers four loan programs; the Rural Owner Occupied, Rural Non-Owner Occupied, Nonconforming Housing Loan Program, and the Housing Rehabilitation Program. The following is a brief summary of these programs.

Rural Owner-Occupied Program - Provides financing to qualified borrowers for the construction or purchase of a single family residence and duplex housing for owner occupancy. The maximum loan term is 30 years.

For new construction, the Division may finance 100% of allowable cost incurred during construction or 85% of appraised value, whichever is less. The maximum dollar amount a borrower may receive is \$172,900 for single units and \$221,200 for duplexes.

For purchase of existing housing, the Division may finance 95% of the sale price or 95% of the appraised value, whichever is less. The maximum dollar amounts are the same for purchase as shown for construction.

Rural Non-Owner Occupied Program - Provides financing to qualified borrowers for the construction, purchase or rehabilitation of non-owner occupied rental housing units. The interest rate for this program is 10.5% with a maximum loan term of 30 years. The project may involve two to eight units in a single community or specific area.

The principal amount of the loan or loans for housing under this program can not exceed \$1,250,000.00. Also, the loan must not exceed 80% of the appraised value or 80% of the purchase price whichever is less. The borrower may not reside in the housing financed.

Nonconforming Housing Loan Program - Provides financing to qualified borrowers for the construction, rehabilitation or purchase of single family detached or duplex housing which exhibits one or more characteristics, with respect to design, construction practices, materials, foundation systems, utilities and minimum space requirements, which are not common to the community in which the property is located and which would ordinarily preclude financing by private financial institutions. The maximum loan term is 30 years.

For new construction, the Division may finance 100% of allowable cost incurred during construction or 85% of appraised value, whichever is less. The maximum dollar amount a borrower may receive is \$172,900 for single units and \$221,200 for duplexes.

For purchase of existing housing, the Division may finance 95% of the sales price or 95% of the appraised value, whichever is less. The maximum dollar amounts are the same for purchase as for construction.

Housing Rehabilitation Program - Provides financing to qualified borrowers for the repair, remodeling or rehabilitation of existing single family and duplex housing. In addition, the Division may provide first or second deeds of trust financing.

For first deeds of trust, the Division may finance 100% of allowable cost of construction, plus pay off any existing liens on the subject property. However, the amount financed may not exceed the lesser of 95% of the appraised value of the property, or \$172,900 for single families and \$221,200 for duplexes. The maximum term of the loan is 30 years.

For second deeds of trust, the Division may finance up to \$45,000 Maximum term for second is 15 years.

Under the Rehabilitation Program, the amount financed may include costs for contracted labor/services other than that of the borrower.

In the event a borrower requires financing for building materials only (no labor), the Division may provide rehab financing up to 80% of the appraised value of the subject property or \$45,000 whichever is less and the maximum term is 15 years.

The Homeownership Assistance Fund (HOAF) was created during the 1983 legislative session and became effective January 1, 1984. The purpose of this fund was to subsidize mortgage payments of low to moderate income borrowers. A qualified borrower may have their monthly mortgage payment subsidized to an interest rate as low as 6%. The subsidy amount is determined by how much the borrower can pay. Income limits, loan limits, and asset value limits are taken into consideration.

The borrower(s) household income limits must not exceed the following:

1-2 adults	\$30,000, plus
1st child	5,000
Additional children or adult	\$ 1,500

The borrower's maximum gross yearly income limit can not exceed \$39,500 per household. Additionally, the borrower may not have assets that exceed three times the applicable income limit for the household. Assets do not include permits for business opportunities, restricted title land, or land, acquired through ANCSA or ANILCA.

The loan limits are as follows:

1-2 member family	\$105,000
3 member family	110,000
4 or more member family	120,000

Additionally, for those borrowers whose home is owner-built new construction, the following appraised values may not be exceeded:

1-2 member family	\$130,000
3 member family	140,000
4 or more member family	150,000

Once the borrower is determined eligible to obtain a loan with a HOAF subsidy, they are required to enter an assistance agreement. The agreement is re-evaluated at least annually to determine continued eligibility, and the monthly subsidy amount for the next year.

How to Apply - Anyone interested in applying for a housing loan of any type through the Division must first contact all approved mortgage lenders which service the area where the property is located. In the event financing cannot be obtained through this source, the Division may provide financing directly to the borrower.

The interest rates for the Rural Owner-Occupied and Nonconforming Housing Loan Programs fluctuate. The information provided is general in nature and other restrictions may apply.

SUPPLEMENTAL HOUSING DEVELOPMENT GRANTS

Governing Regulations: 19 AAC 88.010 - .900

Governing Statutes: AS 18.55.998

Funding Available:

FY84	\$3,500,000
FY85	\$3,500,000

Program Summary: This grant program provides grants only to regional housing authorities as supplemental funding to their approved HUD housing projects. Statute limits the grants to regional housing authorities. The statute also limits the grant to project site development for road, water and sewer and electrical distribution work. Grant awards are made to each project when HUD submits to this division an approved HUD project budget indicating the need for supplemental funding and signs concurrence in the need for a grant award. Payment under the grant for the work is made to the housing authority upon HUD's providing a copy of the construction contract for the work and requests payment. The work accomplished with State funds is part of the HUD project and is reviewed, in design and construction by HUD. We have a Memorandum of Understanding with HUD, BIA, and PHS on all aspects of this grant program.

Criteria for Award:

1. HUD project approved
2. Housing authority request
3. HUD concurrence
4. HUD budget shows need for supplemental funding and amount for roads, water, sewer and electrical distribution
5. Construction contract for work provided

Process for Award of Grants: There is no advertisement for grant applications or deadline for grant requests. The grants are awarded on a first come first served basis within the funds available in accordance with the grant award process outlined above.

STATE ASSISTED RENTAL HOUSING CONSTRUCTION PROGRAM

Governing Regulations: 19 AAC 83.010 - .900

Governing Statutes: AS.44.47.630 - .635

Funding Available:

FY84	\$5,000,000
FY85	\$3,580,000

Program Summary: This program became effective January 1, 1984. The legislature appropriates funds to the Low Cost and Low Income Multiple Family Housing Development Fund to provide grants to municipalities or public or private non profit corporations for planning and construction of low income rental housing.

The division provides notice in newspapers statewide of the grant application period and deadline for grant applications, and also provides this notice to an extensive mailing list of possible interested applicants. The first application deadline is November 15 annually. The applications are reviewed by a committee and awards announced not later than January 31 annually. An appeal period is provided for the applicants not selected. Following the appeal period, grant agreements are entered into with the successful applicants.

Criteria for Selection of Applicants:

1. Need for housing
2. Other funding available
3. Project Feasibility
4. Rental cost
5. Management plan
6. Evidence of community support
7. Project cost per unit
8. Project density

Process of Awarding Grants:

1. Advertise in papers and mailout of mailing list
2. Selection committee established
3. Selection committee sets criteria and rates and ranks grant applicants
4. Grant awards announced by DCRA Commissioner
5. Appeal period of 15 days provided to non selected applicants
6. Grant agreements prepared and executed

SENIOR CITIZEN HOUSING DEVELOPMENT FUND

Governing Regulations: 19 AAC 85.010 - .130

Governing Statutes: AS 44.47.610 - .620

Funding Available:       FY84    \$10,000,000  
                              FY85    \$ 8,000,000

Program Summary: This grant program awards grants for both the planning and construction of senior citizen housing. The grant applicants are limited to municipalities and public and private non-profit corporations. Notices are placed in newspapers statewide announcing the grant periods and deadlines for grant applications for award. Notice is also sent to an extensive mailing list for this grant program. Planning grant applications are received and grant awards made four times a year, in July, October, January and April. These grants are up to \$75,000, depending on the size of the project. Grants for construction are awarded twice annually in November and March, depending on funding. The grant applications are reviewed and ranked by a selection committee and awards announced by the Commissioner. An appeal process is provided for the applicants not selected. This grant program provides senior citizen housing statewide. The program is administered out of the Housing Assistance Division in Anchorage.

Criteria for Selection of Applicants:

- A.       Planning Grants
  - 1. Satisfactory completion of application
  - 2. Establishment and documentation of housing need
  - 3. Establishment of a senior citizen steering committee
  
- B.       Construction Grant
  - 1. Satisfactory completion of application
  - 2. Housing need
  - 3. Other funding and rental subsidy available
  - 4. Feasibility analysis
  - 5. Management plan

Grant Award Process:

- 1. Advertise in newspapers statewide and send notice to extensive mailing list of grant application period and deadline.
- 2. Establish a selection committee
- 3. Committee set criteria and rate and rank applications
- 4. Grant awards announced by Commissioner
- 5. Appeal period of 15 days is provided to non selected applicants
- 6. Grant agreements are prepared and executed

Senior Citizen Housing Development Fund (cont'd)

Grant Award Process:

1. Advertise in newspapers statewide and send notice to extensive mailing list of grant application period and deadline.
2. Establish a selection committee
3. Committee set criteria and rate and rank applications
4. Grant awards announced by Commissioner
5. Appeal period of 15 days is provided to non selected applicants
6. Grant agreements are prepared and executed

EXPLANATION OF \$300,000 CONTRACTUAL FUNDING IN FISCAL NOTE FOR SB137

The \$300,000 in contractual funding is broken down as follows:

1. Professional Service Contract to assist in the development of regulations for this program. Contractor will gather input from many organizations and individuals on implementation of the program and conduct public hearings statewide for input and prepare a draft of proposed regulations. \$30,000
2. Professional Service Contract to develop a computer program for the Senior Citizen Housing Inventory, assemble inventory data from project owners or through research of state and/or HUD records, provide for an update system. \$40,000
3. Professional Services Contract to develop, write, and print program handbooks describing the program, application requirements, forms, and materials for loans and grants, develop the forms required, and prepare and print a small informational brochure. \$30,000
4. Prepare a manual, handouts, and informational brochures for elderly homeowners on what they can do to fix up their homes to include general blueprints, drawings, and specifications they can use in working with a contractor for specific work on their home. Also, some guidelines and information on how to obtain a contractor and negotiate or get bids for the work. \$55,000
5. Advertise program and the availability of grants and loans in newspapers throughout the state on two or three occasions to give maximum exposure to this new program. \$5,000
6. Prepare a manual for the design of public senior citizen housing in Alaska. This manual would become a guide specification to be used by architect/engineering design firms when designing public elderly housing in Alaska. The manual will have all the mandatory and optional gerontological design criteria for elderly housing, checklists for the architect that must be completed as part of the design, checklist to insure the project owner all gerontological design criteria were considered as followed. This design manual for elderly housing would be quite comprehensive, technical, and represent an up-to-date state-of-the-art design guide with standard specifications. \$140,000

RECEIVED  
ALASKA SENIORS COMMISSION  
MARCH 1985

## IMPLEMENTATION OF SB137

The effective date of SB137 should be no earlier than January 1, 1986. This time is required to develop regulations and a program of implementation guidelines.

Our first consideration would be to giving grants to the organizations that are currently planning projects under an existing program and expect to apply and receive HUD rental subsidy for low-income elderly housing. Those projects currently being planned are as follows:

<u>LOCATED</u>	<u>PROJECT SPONSOR</u>	<u>UNITS</u>	<u>ESTIMATED COST</u>
Stebbins	City of Stebbins	15	1,500,000
Palmer	ASHA	30	3,000,000
Wake	Tlingit-Haida H.A.	12	1,200,000
Yakutat	Tlingit-Haida H.A.	14	1,400,000
Haines	City of Haines	15	1,500,000
Anchorage	Cook Inlet H.A.	45	4,500,000
			<u>\$13,100,000</u>

It is anticipated that from the available funding under the new Older Alaskans Housing Development Fund the projects listed above that receive HUD rental subsidy would be awarded grants in competition among themselves and not in competition with the private developers for loans. It is possible, depending on funds available, that the entire FY86 funding may go to these grants.

If there is funding remaining, it will be utilized in awarding grants and/or loans to those who respond to the advertising for the new program. These projects would include three that are currently being planned under our existing program as moderate income housing without HUD low-income rental subsidy. These projects are:

<u>Project Location</u>	<u>Grant Applicant</u>	<u># Units</u>	<u>Possible Future Funding Request</u>
Homer	Homer Senior Citizens	24	2,000,000
Anchorage	Meridian Living	35	3,500,000
Fairbanks	City of Fairbanks	25	2,500,000
			<u>\$8,000,000</u>

The above is a very general overview of the implementation of this program.

To specifically address the implementation of the loan program as it might relate to individuals, we interpret the bill as to not allow loans to individuals for "the development of senior citizen housing". The phrase "Development of Senior Citizen Housing", as used throughout the bill is interpreted to mean the development of projects for construction of housing such as rental apartments. It is not to give loans to individuals to accomplish work on their own homes.

In SB137 there is only one reference to assisting senior citizens to remain in their own homes. That is Sec. 2, Purpose. From that point on the bill strictly addresses project for the "construction" of housing. Examples of statements throughout the bill that support this are:

1. Section 4, page 2, line 28 - "for the purpose of developing senior citizen housing".
2. Section 4, page 3, line 4 - "demonstrate the need for senior citizen housing in the area to be served".
3. Section 4, page 3, line 6 - "adequate management plan that shall demonstrate the ability of the eligible recipient to sustain the proposed project".
4. Section 5, page 3, line 29 - "development of senior citizen housing".
5. Section 5, page 4, line 25 - "Senior citizen housing means a specific work or improvement undertaken to provide dwelling accommodations.

We think the definition of senior citizen housing found in the bill is quite specific that it is to provide housing and not repair privately owned homes. Without some specific statements in the bill that would provide for loans to individuals to repair their own homes, we would not develop regulations that would permit it.

During the discussions at the task force meetings this bill was primarily discussed as a "Builders Incentive Program" to get private builders into the construction of new elderly housing projects.

It seems to me that if we really want to keep elderly in their own homes we need a program to allow that. No interest loans may be one way to do it and should possibly take priority over no interest loans to private builders to make a profit providing apartments for moderate income elderly people. A loan program such as this, however, may be better placed in AHFC and not in this office.

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DOC ID SCRA 0305851540  
HEADING

SENATE COMMUNITY & REGIONAL AFFAIRS  
STANDING COMMITTEE  
MARCH 5, 1985  
3:40 P.M.

MEMBERS PRESENT: SENATOR EDNA DEVRIES, CHAIR  
SENATOR FRANK FERGUSON  
SENATOR JACK COGHILL  
SENATOR ARLISS STURGULEWSKI

MEMBERS ABSENT: SENATOR VIC FISCHER

CALENDAR SB 137

AMENDED TITLE: AN ACT RELATING TO SENIOR  
CITIZEN HOUSING; AND PROVIDING FOR AN EFFECTIVE  
DATE.

SB 142

AMENDED TITLE: AN ACT RELATING TO MUNICIPAL  
GOVERNMENT; AND PROVIDING FOR AN EFFECTIVE DATE.

WITNESS REGISTER

WITNESS:

JANE WINDSOR  
AMERICAN ASSOCIATION OF RETIRED PERSONS  
319 E. BENTLEY DRIVE  
FAIRBANKS, ALASKA 99701  
456-6035

POSITION STATEMENT: TESTIFIED IN SUPPORT OF SB 137.

WITNESS:

JEFF SMITH, DEPUTY COMMISSIONER  
DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS  
POUCH B  
JUNEAU, ALASKA 99811  
465-4700

POSITION STATEMENT: EXPLAINED PROGRAM ENVISIONED BY DEPARTMENT UNDER  
SB 137.

WITNESS:

JAMES KELLY  
3786 MCGINNIS DRIVE  
JUNEAU, ALASKA  
789-9982

POSITION STATEMENT: TESTIFIED IN SUPPORT OF SB 137.

WITNESS:

DOROTHY ENGLUND  
508 RAMOLA STREET  
FAIRBANKS, ALASKA 99701  
452-1735

POSITION STATEMENT: TESTIFIED IN SUPPORT OF SB 137.

WITNESS:

DORIS SOUTHALL  
2-B-7 DIXON APARTMENTS  
100-10TH  
FAIRBANKS, ALASKA 99701  
465-6358

POSITION STATEMENT: SUPPORTED SB 137.

WITNESS:

SCOTT BURGESS, EXECUTIVE DIRECTOR  
ALASKA MUNICIPAL LEAGUE  
105 MUNICIPAL WAY, SUITE 301  
JUNEAU, ALASKA 99801  
586-13256

POSITION STATEMENT: TESTIFIED IN SUPPORT OF SB 142.

WITNESS:

DOUG GRIFFIN  
DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS  
POUCH B  
JUNEAU, ALASKA 99811

POSITION STATEMENT: GAVE HISTORY OF TITLE 29 LEGISLATIVE MEASURES.

PREVIOUS ACTION

SB 137

PLEASE REFER TO SENATE COMMUNITY & REGIONAL  
AFFAIRS COMMITTEE MINUTES DATED 02/28/85.

SB 142

NO SENATE PREVIOUS ACTION TO RECORD ON SB 142.

ACTION NARRATIVE

TAPE#1 FOR 3/05/85, SIDE A.

RECORDING  
NUMBER 000

THE MEETING OF THE SENATE COMMUNITY & REGIONAL  
AFFAIRS COMMITTEE WAS CALLED TO ORDER AT 3:40  
P.M. WITH MEMBER SENATORS DEVRIES, COGHILL,  
FERGUSON AND STURGULEWSKI PRESENT. SENATOR V.  
FISCHER WAS ABSENT.

NUMBER 001

CHAIR DEVRIES CALLED THE MEETING TO ORDER AND  
ANNOUNCED THAT THE COMMITTEE WOULD RECEIVE  
TESTIMONY BY TELECONFERENCE ON SB 137. ALL  
COMMITTEE MEMBERS WERE PRESENT EXCEPT SENATOR  
VIC FISCHER, WHO WAS OUT OF TOWN.  
THE FIRST ORDER OF BUSINESS WAS SB 137, AN ACT  
RELATING TO SENIOR CITIZEN HOUSING; AND  
PROVIDING FOR AN EFFECTIVE DATE.

NUMBER 014

JANE WINDSOR, AMERICAN ASSOCIATION OF RETIRED  
PERSONS, CHAIR, STATE LEGISLATIVE COMMITTEE,  
TESTIFIED IN FAVOR OF THE BILL. COMMENTED ON  
PORTION OF BILL DEALING WITH THE ESTABLISHMENT  
OF A SENIOR HOUSING INFORMATION SYSTEM. SHE  
THOUGHT MONEY MIGHT BE PUT TO A BETTER USE.

NUMBER 078

JEFF SMITH, DEPUTY COMMISSIONER, DEPARTMENT OF  
COMMUNITY & REGIONAL AFFAIRS, EXPLAINED WHAT WAS  
ENVISIONED AS THE FIRST YEAR'S PROGRAM UNDER SB  
137. THE DEPARTMENT WANTS TO DEVELOP A SENIOR  
HOUSING INVENTORY AROUND THE STATE, DEVELOP AND  
PRINT MANUALS, PROGRAM BROCHURES, AND ADVERTISE  
THE PROGRAM. HE THOUGHT THE HEART OF THE  
PROGRAM WAS ITS BUILDER INCENTIVE FEATURE.

NUMBER 160

MAJOR PORTION OF THE CONTRACTUAL FUNDS WOULD GO  
TO DEVELOP A COMPREHENSIVE MANUAL ON THE  
GERONTOLOGICAL DESIGN CRITERIA OF PUBLIC SENIOR  
CITIZEN HOUSING IN ALASKA. THE DEPARTMENT WOULD  
BE WILLING TO PUT CERTAIN CONTRACTUAL ITEMS ON  
HOLD UNTIL FUNDS WERE AVAILABLE.

JAMES KELLY COMMENTED THAT THE COSTS EXPLAINED  
IN THE DEPARTMENT OF COMMUNITY & REGIONAL  
AFFAIRS FISCAL NOTE ANALYSIS ARE ONE TIME COSTS.  
A GOAL IS TO ALSO PROVIDE MINOR IMPROVEMENTS TO

NUMBER 201 SENIORS HOMES SO THEY MAY STAY THERE AS LONG AS APPROPRIATE. HE SUPPORTED \$300,000 FISCAL NOTE ON SB 137 AS NECESSARY AND APPROPRIATE. SENATOR COGHILL SAID THAT WORD "SHALL" IN BILL SHOULD PROBABLY READ "MAY" SO OFFICE OF SENIOR HOUSING COULD PICK AMONG DUTIES OUTLINED, IF FISCAL NOTE IS CUT. HE SAID HE WAS IN FAVOR OF THE BILL, BUT IT WOULD LIKELY FAIL IF THE MONEY ISN'T AVAILABLE.

NUMBER 210 SENATOR STURGULEWSKI THOUGHT FUNDING SHOULD BE APPROVED TO SET UP A SENIOR HOUSING DATA BANK.

NUMBER 236 JEFF SMITH, SAID THE INTENT OF THE BILL WAS NOT TO PROVIDE DIRECT LOANS TO INDIVIDUAL SENIOR CITIZENS. ITEM 6, HE STATED, APPLIES TO DIRECT LOANS TO INDIVIDUALS TO BE PASSED ON TO BUILDING CONTRACTORS FOR CONSTRUCTION OF SENIOR HOUSING.

NUMBER 261 DOROTHY ENGLUND STATED SHE WAS DISAPPOINTED THAT THE BILL DID NOT COVER LOANS TO INDIVIDUALS.

NUMBER 273 JAMES KELLY SAID PEOPLE ON THE TASK FORCE DID NOT INTEND THAT BILL WOULD PROVIDE FOR LOANS TO INDIVIDUALS. THE DEPARTMENT COULD CONTRACT WITH SOMEONE TO PROVIDE GERONTOLOGICAL IMPROVEMENTS IN A GROUP OF SENIOR HOMES.

NUMBER 288 DOROTHY ENGLUND SAID SHE WAS PLEASED THERE WAS SOME PROVISION FOR MAKING IMPROVEMENTS IN SENIOR CITIZENS HOMES.

NUMBER 301 JEFF SMITH STATED NEW LEGISLATION WOULD HAVE TO BE DRAFTED TO PROVIDE GRANTS TO SENIOR CITIZENS FOR IMPROVEMENTS TO THEIR EXISTING HOMES.

NUMBER 313 DORIS SOUTHALL COMMENTED A NEED EXISTS TO PROVIDE SENIOR HOUSING FOR MIDDLE INCOME LEVEL PEOPLE.

NUMBER 337 JEFF SMITH SAID THE MAIN BENEFIT UNDER SB 137 WOULD BE TO SERVE MIDDLE INCOME SENIOR CITIZENS THROUGH LOANS FOR SENIOR CITIZEN HOUSING. HE SAID 50% OF A LOAN WOULD COME FROM LOCAL LENDING INSTITUTIONS AND 50% (INTEREST FREE) FROM THE STATE, WITH 25 YEAR TERM.

NUMBER 358 SENATOR COGHILL MOVED AND ASKED UNANIMOUS CONSENT THAT SB 137 BE AMENDED TO REPLACE THE WORD "SHALL" WITH THE WORD "MAY". WITHOUT OBJECTION, IT WAS SO ORDERED.

NUMBER 370 SENATOR STURGULEWSKI MOVED THAT SB 137 AMENDED BE PASSED OUT BY THE COMMITTEE, AND WITHOUT OBJECTION, IT WAS SO ORDERED. THE NEXT ORDER OF BUSINESS WAS SB 142, AN ACT RELATING TO MUNICIPAL GOVERNMENT; AND PROVIDING FOR AN EFFECTIVE DATE.

NUMBER 423 JEFF SMITH TESTIFIED IS FAVOR OF SB 142 AND REQUESTED THAT AMENDMENTS BE SUBMITTED AS SEPARATE LEGISLATION TO PASS OR FAIL ON THEIR OWN MERIT. HE PROVIDED ADDITIONAL TESTIMONY FROM WRITTEN TEXT.

NUMBER 501 SENATOR STURGULEWSKI SAID SHE DIDN'T WANT PLANNING CHANGED FROM THE WORDING IN THE ORIGINAL BILL.

NUMBER 000  
NUMBER 006

CHANGE TAPE #1, TO SIDE B.  
SCOTT BURGESS, EXECUTIVE DIRECTOR, ALASKA MUNICIPAL LEAGUE, GAVE AN OVERVIEW OF THE BILL HISTORY. HE SAID SB 142 IS A BILL CLEANSSED OF THE AMENDMENTS WHICH REQUIRED A SIMILAR BILL TO BE VETOED BY GOVERNOR HAMMOND. THE MOST SIGNIFICANT AMENDMENT IN THE VETOED BILL DEALT WITH THE BOROUGH POPULATION DETERMINATION ISSUE. DOUG GRIFFIN, DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS, EXPLAINED THAT THE OBJECTIONABLE AMENDMENTS IN BILL VETOED BY GOVERNOR HAMMOND WERE POPULATION RESIDENCY COUNT REGARDING OILFIELD WORKERS; EXEMPTING FOREST LANDS FROM MUNICIPAL TAXATION; AND REGULATING PUBLIC UTILITIES. HE SAID HOUSE COMMITTEE AMENDMENTS TO BILL WERE PRETTY MUCH TECHNICAL, HOUSEKEEPING AMENDMENTS.

NUMBER 030

NUMBER 068

SCOTT BURGESS SAID SB 142 IS FOR THE MOST PART THE SAME AS HB 172, LAST YEAR'S BILL CLEANSSED OF THOSE AMENDMENTS. THERE ARE TWO CHANGES. ONE DEALING WITH SECOND CLASS TO HOME RULE -- A DESCRIPTION OF THOSE, AND ONE DEALING WITH THE HEALTH FACILITY. THE BILL IS A TOP LEGISLATIVE PRIORITY FOR BOTH THE MUNICIPAL LEAGUE AND THE CONFERENCE OF MAYORS. THE LAND USE ASPECT HAS TO DO WITH CHANGES IN ZONING REGULATIONS -- THE POWERS OF A BOROUGH TO REGULATE ITS LAND USE. SENATOR COGHILL REQUESTED SCOTT BURGESS TO FURNISH AN ANALYSIS OF THE HOUSE COMMITTEE AMENDMENTS AND HE SAID HE WOULD PROVIDE ONE. MEETING WAS ADJOURNED AT 4:40 P.M.

NUMBER 158

NUMBER 167

R0601 \* END OF DOCUMENTS IN LIST - ENTER RETURN OR ANOTHER COMMAND.

Introduced: 2/13/85  
Referred: Community & Regional  
Affairs and Finance

BY M.M. MILLER, DUNCAN, GOLL,  
BOUCHER, GRUSSENDORF, KOPONEN  
AND SUND

1 IN THE HOUSE

2 HOUSE BILL NO. 190

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to senior citizen housing; and  
7 providing for an effective date."

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

9 \* Section 1. AS 44.47 is amended by adding a new section to article 10  
10 to read:

11 Sec. 44.47.605. OFFICE OF SENIOR HOUSING. The office of senior  
12 housing is established within the Department of Community and Regional  
13 Affairs, division of housing assistance.

14 \* Sec. 2. AS 44.47.610 is repealed and reenacted to read:

15 Sec. 44.47.610. PURPOSE. There exists in the state a serious  
16 shortage of available and affordable residential housing designed to  
17 meet the special needs of Alaska's senior citizens. It is the purpose  
18 of the office to use both private and public resources to provide a  
19 full range of housing opportunities and services for all older  
20 Alaskans regardless of income. It is also the purpose of the office  
21 to emphasize alternatives to institutionalization, to support indi-  
22 vidual dignity and independence, and to assist senior citizens in  
23 remaining in their own homes for as long as is desirable and appropri-  
24 ate.

25 \* Sec. 3. AS 44.47 is amended by adding a new section to read:

26 Sec. 44.47.615. DUTIES OF THE OFFICE. The office shall  
27 (1) provide information and assistance relating to senior  
28 citizen housing to state agencies, senior citizens' organizations,  
29 individual senior citizens, and other interested people;

1                   (2) compile and regularly update an information system  
2 including

3                   (A) an inventory of senior citizen housing projects in  
4 the state;

5                   (B) published manuals describing materials and tech-  
6 niques for the design and construction of senior citizen housing;

7                   (C) a set of blueprints describing senior citizen home  
8 improvements;

9                   (D) a directory of in-home supportive services for  
10 senior citizens;

11                   (E) a description of federal senior citizen housing  
12 assistance;

13                   (F) research and literature on new approaches to  
14 senior citizen housing;

15                   (3) administer the older Alaskans' housing development  
16 fund; and

17                   (4) make an annual report to the Older Alaskans' Commission  
18 (AS 44.21.200) and the legislature of the activities of the office.

19 \* Sec. 4. AS 44.47.620 is amended to read:

20                   Sec. 44.47.620.     OLDER ALASKANS' [SENIOR CITIZENS] HOUSING  
21 DEVFLOPMENT FUND. (a) There is created in the department, as a  
22 revolving fund, an older Alaskans' [A SENIOR CITIZENS] housing devel-  
23 opment fund. Subject to direct appropriation or through proceeds of a  
24 bond issue the department shall make loans to individuals and corpo-  
25 rations considered eligible under standards established by the office  
26 and make grants to municipalities or public or private nonprofit  
27 corporations designated as tax exempt under 26 U.S.C. 501(c)(3) and  
28 (4) (Internal Revenue Code of 1954) for the purpose of developing  
29 senior citizen housing. A grant from the proceeds of a bond issue may

1 be made only to municipalities.

2 (b) Application for a loan or grant under (a) of this section  
3 shall be in the form prescribed by the office [DEPARTMENT]. The  
4 application shall demonstrate the need for senior citizen housing in  
5 the area to be served, the feasibility of the proposed project, and an  
6 adequate management plan that shall demonstrate the ability of the  
7 eligible recipient to sustain the proposed project.

8 (c) All grant projects under this section shall be in accordance  
9 with facility procurement policies developed under AS 35.10.160 -  
10 35.10.200 and are public facilities under those sections. Loan proj-  
11 ects are not subject to facility procurement policies developed under  
12 AS 35.10.160 - 35.10.200.

13 (d) The office [DEPARTMENT] shall adopt regulations to carry out  
14 the purposes of this section. The provisions of the Administrative  
15 Procedure Act (AS 44.62) apply to regulations adopted under this  
16 section.

17 [(e) IN THIS SECTION "SENIOR CITIZEN HOUSING" MEANS A SPECIFIC  
18 WORK OR IMPROVEMENT UNDERTAKEN PRIMARILY TO PROVIDE DWELLING ACCOMMO-  
19 DATIONS FOR PERSONS 60 YEARS OF AGE OR OLDER, INCLUDING BUT NOT LIMIT-  
20 ED TO CONVENTIONAL HOUSING, HOUSING FOR THE FRAIL ELDERLY; GROUP  
21 HOMES, CONGREGATE HOUSING, AND OTHER HOUSING THAT MEETS SPECIAL NEEDS  
22 OF THE ELDERLY; SENIOR CITIZEN HOUSING INCLUDES THE ACQUISITION,  
23 CONSTRUCTION, OR REHABILITATION OF LAND, BUILDINGS, IMPROVEMENTS, AND  
24 OTHER NONHOUSING FACILITIES THAT ARE INCIDENTAL OR APPURTENANT TO THE  
25 HOUSING.]

26 \* Sec. 5. AS 44.47 is amended by adding new sections to read:

27 Sec. 44.47.622. OLDER ALASKANS' HOUSING LOAN PROGRAM. (a) The  
28 office may use funds in the older Alaskans' housing development fund  
29 to make interest free loans for the development of senior citizen

1 housing to individuals and corporations considered eligible under  
2 standards established by the office.

3 (b) A loan made from the older Alaskans' housing development  
4 fund may not exceed 50 percent of the lesser of the actual cost or the  
5 appraised value of the project and shall

6 (1) be made interest free, provided that the loan contract  
7 shall provide for equity participation by the state in proportion to  
8 the relationship between the loan amount and total cost of the proj-  
9 ect;

10 (2) be repaid in a period of 25 years, or upon sale of the  
11 property by the borrower, whichever is sooner, except that the office  
12 may make the loan assumable;

13 (3) provide in the loan contract that, for rental projects,  
14 rents may be raised only once annually and the increase may not be  
15 greater than the increase in the Anchorage consumer price index for  
16 all urban consumers for the same year;

17 (4) provide in the loan contract that, for a project con-  
18 sisting of five or more units, at least 20 percent of the units must  
19 be reserved for low income senior citizens.

20 (c) A loan made from the older Alaskans' housing development  
21 fund may be subordinated to a first deed of trust held by an author-  
22 ized financial institution.

23 Sec. 44.47.626. DEFINITIONS. In AS 44.47.600 - 44.47.626

24 (1) "office" means the office of senior housing;

25 (2) "senior citizen housing" means a specific work or  
26 improvement undertaken primarily to provide dwelling accommodations  
27 for persons 60 years of age or older, including conventional housing,  
28 housing for the frail elderly, group homes, congregate housing, and  
29 other housing that meets special needs of the elderly; senior citizen

1       housing includes the acquisition, construction, or rehabilitation of  
2       land, buildings, improvements, and other nonhousing facilities that  
3       are incidental or appurtenant to the housing.

4       \* Sec. 6. This Act takes effect immediately in accordance with AS 01.-  
5       10.070(c).

6

7

Introduced: 1/30/85  
Referred: Community & Regional  
Affairs and Finance

1 IN THE HOUSE

BY BINKLEY

2

HOUSE BILL NO.145

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act authorizing certain second class cities to  
7 adopt home rule charters."

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

9 \* Section 1. AS 29.08.010 is amended to read:

10 Sec. 29.08.010. HOME RULE. A home rule municipality is a munic-  
11 ipal corporation and political subdivision and is a city [OF THE FIRST  
12 CLASS] or an organized borough that has adopted a home rule charter.  
13 It has all legislative powers not prohibited by law or charter.

14 \* Sec. 2. AS 29.13.010(a) is amended to read:

15 (a) A first class municipality or second class borough may adopt  
16 a charter for its own government. A second class city <sup>that exceeds 35</sup> ~~may~~ <sup>sq miles more</sup> adopt a  
17 charter for its own government if the Department of Community and  
18 Regional Affairs determines from the best figures available that the  
19 population of the city is at least 3,500 permanent residents. A home  
20 rule municipality may amend its charter or adopt a new one.

21 \* Sec. 3. AS 29.18.180(a) is amended to read:

22 (a) For the purpose of defraying the cost of transition to  
23 borough or city government and in order to provide for development and  
24 interim governmental operations, each borough and city incorporated  
25 after January 1, 1968, ~~and~~ in the case of a second class city, incor-  
26 porated or reclassified as a first class or home rule city after  
27 January 1, 1968, other than a unified municipality incorporated under  
28 the provisions of AS 29.68.240 - 29.68.440 or former AS 29.85, or a  
29 municipality otherwise incorporated by consolidation, is entitled to

1 an organization grant equal to \$10 for every voter who voted in the  
2 [BOROUGH OR CITY] incorporation or charter election. However, each  
3 incorporated borough and each first class or home rule city incor-  
4 porated or established by reclassification outside an organized bor-  
5 ough is entitled to at least \$25,000.

SEARCH - QUERY  
00008 SB ADJ 137

SCRA 0228851 DOCUMENT= 1 OF 2

DOC ID SCRA 0228851537  
HEADING

SENATE COMMUNITY & REGIONAL AFFAIRS  
STANDING COMMITTEE  
FEBRUARY 28, 1985  
3:37 P.M.

MEMBERS PRESENT: SENATOR EDNA DEVRIES, CHAIR  
SENATOR FRANK FERGUSON  
SENATOR JACK COGHILL  
SENATOR VIC FISCHER  
SENATOR ARLISS STURGUIEWSKI

CALENDAR SJR 18

AMENDED TITLE: DISAPPROVING THE RECOMMENDATION  
OF THE LOCAL BOUNDARY COMMISSION FOR ANNEXATION  
OF TERRITORY TO THE CITY OF TOGIAK.

SJR 17

AMENDED TITLE: DISAPPROVING THE RECOMMENDATION  
OF THE LOCAL BOUNDARY COMMISSION FOR ANNEXATION  
OF TERRITORY TO THE CITY OF FAIRBANKS.

SB 137

AMENDED TITLE: AN ACT RELATING TO SENIOR  
CITIZEN HOUSING; AND PROVIDING FOR AN EFFECTIVE  
DATE.

SB 69

AMENDED TITLE: AN ACT RELATING TO LICENSING AND  
REGULATION OF THE SALE AND DISTRIBUTION OF  
ALCOHOLIC BEVERAGES; AND PROVIDING FOR AN  
EFFECTIVE DATE.

WITNESS REGISTER

WITNESS:  
SENATOR PAT RODEY  
ALASKA STATE LEGISLATURE  
POUCH V  
JUNEAU, ALASKA 99811  
465-3717

POSITION STATEMENT: AS SPONSOR EXPLAINED THE PURPOSE OF SB 137.

WITNESS:  
JEFF SMITH, DEPUTY COMMISSIONER  
DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS  
POUCH B  
JUNEAU, ALASKA 99811  
465-4700

POSITION STATEMENT: EXPLAINED THE PURPOSE OF SB 137 FROM THE  
PERSPECTIVE OF THE DEPARTMENT OF COMMUNITY &  
REGIONAL AFFAIRS, AND SAID THE DEPARTMENT COULD  
NOT SUPPORT IT BECAUSE OF REDUCED STATE  
REVENUES.

WITNESS:  
JON WOLFE, EXECUTIVE DIRECTOR  
OLDER ALASKANS COMMISSION  
POUCH C (M.S. 0209)  
JUNEAU, ALASKA 99811  
465-3750

POSITION STATEMENT: TESTIFIED IN SUPPORT OF SB 137.

WITNESS:  
DOVE M. KULL

326 FOURTH  
OLDER ALASKANS COMMISSION  
JUNEAU, ALASKA 99801  
586-2107

POSITION STATEMENT: TESTIFIED IN SUPPORT OF SB 137.

WITNESS:

PATRICK SHARROCK, DIRECTOR  
ALCOHOLIC BEVERAGE CONTROL BOARD  
201 E. 9TH  
ANCHORAGE, ALASKA 99501  
277-8638

POSITION STATEMENT: COMMENTED ON PURPOSE OF SB 69.

PREVIOUS ACTION

SJR 18

PLEASE REFER TO SENATE COMMUNITY & REGIONAL  
AFFAIRS COMMITTEE MINUTES DATED 02/21/85.

SJR 17

PLEASE REFER TO SENATE COMMUNITY & REGIONAL  
AFFAIRS COMMITTEE MINUTES DATED 02/21/85.

SB 137

NO SENATE PREVIOUS ACTION TO RECORD ON SB 137.

SB 69

NO SENATE PREVIOUS ACTION TO RECORD ON SB 69.

ACTION NARRATIVE

TAPE#1 FOR 2/28/85, SIDE A.

RECORDING  
NUMBER 000

THE MEETING OF THE SENATE COMMUNITY & REGIONAL  
AFFAIRS COMMITTEE WAS CALLED TO ORDER AT 3:37  
P.M. WITH ALL MEMBER SENATORS PRESENT.

NUMBER 001

CHAIR DEVRIES CALLED THE MEETING TO ORDER, ALL  
MEMBERS OF THE COMMITTEE WERE PRESENT.

NUMBER 012

CHAIR DEVRIES ANNOUNCED THAT THE FIRST MEASURES  
FOR CONSIDERATION WOULD BE SJR 17 AND SJR 18,  
DISAPPROVING ANNEXATION OF TERRITORY BY THE CITY  
OF FAIRBANKS AND DISAPPROVING ANNEXATION OF  
TERRITORY BY THE CITY OF TOGIAK.

CHAIR DEVRIES CALLED THE COMMITTEE'S ATTENTION  
TO THEIR COPY OF A LETTER DATED FEBRUARY 28,  
1985 FROM R.S. LUCAS, REAR ADMIRAL U.S. COAST  
GUARD, COMMANDER, SEVENTEENTH COAST GUARD  
DISTRICT, OPPOSING THE PROPOSED CITY OF TOGIAK  
ANNEXATION OF TERRITORY EXTENDING BEYOND THE  
FEDERALLY RECOGNIZED LIMIT OF THE TERRITORIAL  
SEA.

CHAIR DEVRIES ALSO CALLED COMMITTEE MEMBERS  
ATTENTION TO THEIR COPY OF A LETTER DATED  
FEBRUARY 26, 1985 FROM PATRICK J. TRAVERS,  
ALASKA REGIONAL COUNSEL, U.S. DEPARTMENT OF  
COMMERCE, NATIONAL OCEANIC AND ATMOSPHERIC  
ADMINISTRATION, INDICATING THAT THE UNITED  
STATES DEPARTMENT OF COMMERCE OPPOSES ANNEXATION  
OF TERRITORY EXTENDING BEYOND THE 3 MILE LIMIT  
OF TOGIAK BAY.

NUMBER 025

SENATOR FERGUSON STATED HE HAD SPOKEN WITH  
SENATOR ZHAROFF AND SENATOR FAHRENKAMP, THE  
SENATORS WITHIN WHOSE DISTRICTS THE ANNEXATIONS  
OF TERRITORY WERE PROPOSED, AND THAT BOTH  
SENATOR ZHAROFF AND SENATOR FAHRENKAMP ARE  
OPPOSED TO THE RESOLUTIONS DISAPPROVING THE  
ANNEXATIONS.

NUMBER 041

SENATOR VIC FISCHER SAID HE AGREED WITH SENATOR FERGUSON'S POSITION.

NUMBER 051

SENATOR FERGUSON REFERRING TO THE OPINIONS EXPRESSED BY THE U.S. DEPARTMENT OF COMMERCE AND THE U.S. COAST GUARD, SAID HE KNEW OF NO STATE LAW WHICH SUPERCEDED FEDERAL LAW AND IF THERE WAS A PROBLEM AT A LATER DATE, IT COULD BE WORKED OUT WITH THE FEDERAL GOVERNMENT.

NUMBER 056

SENATOR VIC FISCHER SAID HE HAD LOOKED INTO THE SAME ISSUE. HE THOUGHT IT WAS A TOTAL IRRELEVANCY. IF A STATE BOUNDARY DOES NOT AFFECT FEDERAL JURISDICTION IN ANYWAY WHATSOEVER, IT CANNOT OVERRIDE FEDERAL AUTHORITY. FROM A SEMANTICS POINT OF VIEW I THINK IT'S IMPORTANT NOT TO CALL IT A FEDERAL OPINION AND MAKE IT SOUND AS THOUGH IT'S A LEGAL OPINION. IT'S JUST SOMEBODY'S OPINION--SOMEBODY'S POINT OF VIEW. IT'S NOT THE EQUIVALENT OF AN ATTORNEY GENERAL'S OPINION OR A SORT OF LEGAL ADVICE TO US. THIS JUST HAPPENS TO BE SOME REAR ADMIRAL WHO IS EXPRESSING HIS VIEWPOINT. OUR OWN ATTORNEY'S VIEWPOINT ON THIS IS PRETTY CLEAR.

NUMBER 077

SENATOR COGHILL SAID HE WAS GOING TO SUPPORT THE RESOLUTION ON THE FAIRBANKS ANNEXATION. HE SAID HE WAS NOT GOING TO SUPPORT THE RESOLUTION ON TOGIAK BECAUSE IF AN AREA CAN BE ANNEXED THROUGH THE LEGISLATIVE PROCESS BY PUTTING HEAVY WEIGHT ON ONE OF THE NINE CRITERIA OF ANNEXATION, THEN A PRECEDENT WILL BE SET. HE INDICATED THIS WAS WHAT HE HAD BEEN TRYING TO ACCOMPLISH ON ANNEXATION IN THE NENANA AREA FOR SEVERAL YEARS. THE BOUNDARY COMMISSION HAS SAID WE HAD TO HAVE AT LEAST 4 OR 5 OF THE 9 CRITERIA. HERE THEY'VE HEAVY WEIGHTED ONE CRITERIA IN THIS, SO IT WILL SET A PRECEDENT AND WILL MAKE IT A LOT EASIER FOR SOME OF THE RURAL AREAS TO ANNEX TERRITORY. HE SAID HE WAS GOING TO SUPPORT THE RESOLUTION DISAPPROVING THE FAIRBANKS ANNEXATION FROM THE STANDPOINT THAT HE CANNOT IN GOOD CONSCIOUS VOTE FOR HAVING ONE SIDE OF A STREET GO TO THE ELECTION PROCESS AND THE OTHER SIDE THE LEGISLATIVE PROCESS WHEN THEY WERE BOTH BROUGHT INTO THE ARENA AT THE SAME TIME. SENATOR COGHILL MOVED THAT BOTH RESOLUTIONS BE PASSED OUT OF COMMITTEE WITH INDIVIDUAL RECOMMENDATIONS.

NUMBER 105

SENATOR FERGUSON MOVED THAT THE RESOLUTION DISAPPROVING THE ANNEXATION OF TOGIAK BAY BE TABLED. SENATOR COGHILL SECONDED THE MOTION TO TABLE. SENATOR FERGUSON SAID HIS MOTION TO TABLE DID NOT REQUIRE A SECOND AND IT WOULD TAKE PRECEDENCE OVER SENATOR COGHILL'S MOTION TO MOVE THE RESOLUTION.

NUMBER 112

CHAIR DEVRIES STATED SHE OBJECTED TO SENATOR FERGUSON'S MOTION TO TABLE THE RESOLUTION

NUMBER 121

DISAPPROVING THE ANNEXATION BY THE CITY OF TOGIAK. SENATOR DEVRIES STATED SHE FELT THERE WERE LEGAL RAMIFICATIONS TO APPROVAL OF THE TOGIAK BAY ANNEXATION AND THAT THE COAST GUARD HAD INDICATED THAT THEIR WASHINGTON OFFICE WAS VERY INTERESTED IN THE STATE TRYING TO ANNEX AREAS WHICH ARE WITHIN THE JURISDICTION OF THE FEDERAL GOVERNMENT. SHE FELT SERIOUS PROBLEMS WOULD DEVELOP AND SHE THOUGHT THE STATE WAS PERHAPS INVITING A LAWSUIT, PARTICULARLY SINCE THE STATE WAS ALREADY IN AN APPEAL BEFORE THE U.S. SUPREME COURT ON THE ISSUE OF TERRITORIAL BOUNDARIES. SHE SAID THIS WOULD LIKELY RESULT IN IT COSTING THE STATE A LOT OF MONEY TO BE ABLE TO SUPPORT THE TOGIAK BAY ANNEXATION. SENATOR VIC FISCHER SAID A MOTION TO TABLE WAS NOT DEBATABLE, BUT BY WAY OF RESPONSE HE QUOTED FROM TAMARA BRANDY COOK'S (DEPUTY DIRECTOR, LEGISLATIVE LEGAL SERVICES OFFICE) STATEMENT, (MEMORANDUM TO SENATOR EDNA DEVRIES DATED 2-28-85)"..AS A LEGAL MATTER I CAN THINK OF NOTHING THAT PRECLUDES THE ANNEXATION OF A PORTION OF IMPROVED PROPERTY. REGARDLESS OF WHETHER THE PROPOSED ANNEXATION OF TERRITORY TO TOGIAK BECOMES, IS APPROVED, THE BOUNDARIES OF A CITY MAY NOT INCLUDE TERRITORY THAT IS NOT WITHIN THE BOUNDARIES OF THE STATE. IF THE LEGISLATURE DOES NOT DISAPPROVE THE ANNEXATION BY RESOLUTION, IT WILL BE VALID AS TO TERRITORY DESCRIBED IN THE ANNEXATION THAT IS WITHIN THE STATE'S BOUNDARIES." HE SAID IT WOULD NOT BE VALID AS TO ANYTHING OUTSIDE THE STATE'S BOUNDARIES AND HE DIDN'T SEE ANYTHING THE COAST GUARD WOULD HAVE TO WORRY ABOUT.

NUMBER 140

A ROLL CALL ON THE MOTION TO TABLE THE RESOLUTION DISAPPROVING THE ANNEXATION OF TOGIAK BAY WAS TAKEN. SENATORS STURGULEWSKI, VIC FISCHER, FERGUSON AND COGHILL VOTED "YES", AND SENATOR DEVRIES VOTED "NO". SJR 19 DISAPPROVING ANNEXATION OF TERRITORY BY THE CITY OF TOGIAK WAS TABLED. SJR 17 DISAPPROVING ANNEXATION OF TERRITORY BY THE CITY OF FAIRBANKS PASSED OUT OF COMMITTEE WITH INDIVIDUAL RECOMMENDATIONS.

NUMBER 165

SENATOR STURGULEWSKI SAID SHE WANTED TO STATE SHE DID NOT SUPPORT SJR 17, HOWEVER SHE THOUGHT IT SHOULD PASS OUT OF COMMITTEE AND GO TO A FLOOR VOTE IN THE SENATE.

THE NEXT ORDER OF BUSINESS WAS SB 137, AN ACT RELATING TO SENIOR CITIZEN HOUSING; AND PROVIDING FOR AN EFFECTIVE DATE.

NUMBER 154

SENATOR PAT RODEY, SPONSOR OF THE BILL, EXPLAINED THAT SB 137 ESTABLISHES THE OFFICE OF SENIOR HOUSING IN THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS TO PROVIDE INFORMATION AND USE PRIVATE AND PUBLIC RESOURCES IN PROVIDING HOUSING SERVICES AND OPPORTUNITIES TO SENIOR

CITIZENS REGARDLESS OF INCOME. THE BILL ALSO WOULD CREATE THE OLDER ALASKANS' HOUSING DEVELOPMENT FUND TO BE FUNDED BY DIRECT APPROPRIATION OR BOND ISSUE FOR THE PURPOSES OF MAKING LOANS TO ELIGIBLE INDIVIDUALS AND CORPORATIONS, AND GRANTS TO MUNICIPALITIES OR PUBLIC/PRIVATE NONPROFIT CORPORATIONS TO DEVELOP SENIOR HOUSING.

NUMBER 186

JEFF SMITH, DEPUTY COMMISSIONER, DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS, TESTIFIED THAT THE BILL PROVIDES AN OPPORTUNITY TO EXPAND THE LEVEL OF HOUSING SERVICES TO SENIOR CITIZENS. HE SAID THE DEPARTMENT DID NOT HAVE SUFFICIENT FUNDS, NOR THE CAPABILITY OF REDUCING CURRENT PROGRAMS TO GET AND OPERATE UP SUCH AN OFFICE AND, THEREFORE, DID NOT SUPPORT THE BILL. THE

NUMBER 240

DEPARTMENT DOES NOT BELIEVE THE REVOLVING LOAN FUND WOULD HAVE SUBSTANTIAL DOLLARS IN IT OR WOULD BE A TRUE REVOLVING LOAN FUND. THE DEPARTMENT DOES SUPPORT THE CONCEPT OF THE BILL.

SENATOR COGHILL WONDERED WHAT LOANS TO CORPORATIONS MEANT. COULD ANYONE BORROW MONEY FROM THE FUND FOR ELDERLY HOUSING AND CREATE A COMMERCIAL ENTITY ON INTEREST FREE MONEY.

NUMBER 285

DEPUTY COMMISSIONER SMITH SAID THAT WAS ESSENTIALLY CORRECT AND THE PURPOSE OF THE LOANS WAS TO PROFIT AN INCENTIVE TO EXPAND THE AMOUNT OF SENIOR CITIZEN HOUSING AROUND THE STATE.

SENATOR RODEY RESPONDED THAT THERE WERE SEVERAL TYPES OF NON-PROFIT CORPORATIONS WHO WOULD BE ELIGIBLE FOR THE INTEREST FREE LOANS.

NUMBER 295

SENATOR COGHILL COMMENTED THAT IT APPEARED RULES WOULD HAVE TO BE SET UP TO MAKE SURE THE BENEFITS WOULD BE PASSED THROUGH TO SENIOR CITIZENS.

NUMBER 324

SENATOR STURGULEWSKI COMMENTED THAT AN IMPORTANT PART OF THE BILL WAS THAT PORTION DEALING WITH THE NECESSITY FOR PROVIDING A SENIOR HOUSING INVENTORY.

NUMBER 373

JON WOLFE, EXECUTIVE DIRECTOR, OLDER ALASKANS COMMISSION, COMMENTED ON THE WORK BY THE COMMISSION THAT LED UP TO THE BILL. A SURVEY DETERMINED THAT HOUSING WAS SUBSTANDARD OR DIDN'T MEET THE NEEDS OF SENIOR CITIZENS. HE SAID THE BILL WOULD ATTRACT THE PRIVATE MARKET INTO DEVELOPING OF SENIOR HOUSING.

DOVE KULL, OLDER ALASKANS COMMISSION SAID THE PURPOSE OF THE BILL WAS TO MEET THE SHORTAGE OF HOUSING WHICH PROVIDES SENIOR CITIZEN NEEDS. SHE COMMENTED ON PREVENTIVE FEATURE NEEDS IN SENIOR HOUSING.

NUMBER 427

THE NEXT ORDER OF BUSINESS WAS SB 69, AN ACT RELATING TO LICENSING AND REGULATION OF THE SALE AND DISTRIBUTION OF ALCOHOLIC BEVERAGES; AND PROVIDING FOR AN EFFECTIVE DATE.

PAT SHARROCK, DIRECTOR, ALCOHOLIC BEVERAGE

NUMBER 000  
NUMBER 054

CONTROL BOARD, SAID SB 69 WAS INTRODUCED AT THE REQUEST OF THE BOARD AND EXPLAINED THE PURPOSES OF THE BILL AND THE DIFFERENCES BETWEEN THIS AND LAST YEAR'S BILL. HE SAID IT WAS IMPORTANT THAT LANGUAGE IN THE LAW REFER TO EITHER A PERMIT OR A BOUNDARY ON LICENSING ELIGIBILITY.

CHANGE TAPE #1, TO SIDE B.

SENATOR COGHILL EXPRESSED CONCERN WITH THE LAW ON LICENSING IN RURAL AREAS WITH COMMUNITIES SO FAR APART.

NUMBER 127

SENATOR STURGULEWSKI COMMENTED ON THE MATTER OF LICENSED PREMISES DOING ALL THEY SHOULD TO CUT OFF THE NUMBER OF DRINKS A PERSON IS SERVED.

NUMBER 159

PAT SHARROCK RESPONDED THAT THE BOARD WAS CONCERNED ABOUT THE MATTER AND SAID THERE WERE IRRESPONSIBLE LICENSEES. SOME LICENSES HAVE BEEN REVOKED ON THE BASIS OF A LICENSEE'S IRRESPONSIBILITY IN THAT REGARD. THE BOARD IS ENCOURAGING A PROGRAM OF COOPERATION BY INDUSTRY GROUPS, MUNICIPALITIES AND OTHERS WITH THE BOARD IN ENFORCING THE LAW.

NUMBER 211

SENATOR STURGULEWSKI BROUGHT UP THE PUBLIC CONVENIENCE PROVISION OF THE LAW. PAT SHARROCK SAID HE DID NOT THINK IT HAD BEEN MISUSED.

NUMBER 262

SENATOR COGHILL COMMENTED ON LOCAL GOVERNMENT OVERVIEW OF ALCOHOLIC BEVERAGE LICENSING AND SAID THE LICENSING CRITERIA IN RURAL AREAS SHOULD BE BROADLY INTERPRETED.

NUMBER 316

THE MEETING WAS ADJOURNED AT 4:49 P.M.

END OF DOCUMENT

COMMITTEE REPORT

4/11

(7)

HOUSE

FINANCE

2/13/85

FURTHER:

Date: \_\_\_\_\_

The Committee on COMMUNITY & REGIONAL AFFAIRS has had HT 190

"An Act relating to senior citizen housing; and providing for an effective date."

under consideration and recommends:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for HB 190 (CRA)  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note *Supito*  
 Zero Fiscal Note Attached
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

*Phil Korman*  
 \_\_\_\_\_  
*W. J. ...*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

*Mr. J. ...*  
*J. Kay Wallin No Rec*  
*...*  
*...*  
 \_\_\_\_\_  
 \_\_\_\_\_

*Phil Korman*  
 \_\_\_\_\_  
 CHAIRMAN



COMMITTEE REPORT

HOUSE

( 7 )

FURTHER: FINANCE

2/13/85

Date: \_\_\_\_\_

Mr. Speaker:

The Committee on COMMUNITY & REGIONAL AFFAIRS has had HB 190

"An Act relating to senior citizen housing; and providing for an effective date."

under consideration and reports it back as follows

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation  Zero Fiscal Note Attached
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_  
*W Furnace*  
 \_\_\_\_\_  
*Peter Jace*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_  
*Mr. Guenther No rec*  
 \_\_\_\_\_  
*Bill E. Bell; Do Not Pass, Unless Amended*  
 \_\_\_\_\_  
*Peter*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_  
*Peter Jace*  
 \_\_\_\_\_  
 CHAIRMAN

# STATE OF ALASKA

## DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

BILL SHEFFIELD, GOVERNOR

REPLY TO:

1031 W 4th AVENUE  
SUITE 200  
ANCHORAGE, ALASKA 99501  
PHONE: (907) 276-3550

1st NATIONAL CENTER  
100 CUSHMAN ST.  
SUITE 400  
FAIRBANKS, ALASKA 99701  
PHONE: (907) 452-1568

POUCH K - STATE CAPITOL  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3600

April 4, 1985

Honorable Peter Goll, Chairman  
House Committee on Community  
and Regional Affairs  
Alaska House of Representatives  
Pouch V  
Juneau, AK 99811

Re: HB 190, senior citizen housing  
Our file: 366-439-85

Dear Representative Goll:

You have asked whether provisions in HB 190 concerning senior citizen housing unconstitutionally discriminate against persons who are under 60 years of age. The bill includes provisions for grants and interest-free loans for the development of senior citizen housing.

We see no constitutional problem with this bill. As a rule, classifications based on age are constitutionally permissible if they are reasonable and rest upon some ground of difference having a fair and substantial relationship to the object of the legislation. See Taxpayers Assoc. of Weymouth Township, Inc. v. Weymouth Township, 364 A.2d 1016 (N.J. 1976), cert. denied and appeal dismissed, 430 U.S. 977 (1977), a copy of which is attached.

The purpose of HB 190 is set out in section 2 as follows:

Sec. 44.47.610. PURPOSE. There exists in the state a serious shortage of available and affordable residential housing designed to meet the special needs of Alaska's senior citizens. It is the purpose of the office to use both private and public resources to provide a full range of housing opportunities and services for all older Alaskans regardless of income. It is also the purpose of the office to emphasize alternatives to institutionalization, to support individual dignity and independence, and to assist senior citizens in remaining in their own homes for as long as is desirable and appropriate.

Honorable Peter Goll, Chairman  
House Committee on Community  
and Regional Affairs

April 4, 1985  
Page #2  
366 +39-85

"Senior citizen housing" is defined in section 5 of the bill as meaning

a specific work or improvement undertaken primarily to provide dwelling accommodations for persons 60 years of age or older, including conventional housing, housing for the frail elderly, group homes, congregate housing, and other housing that meets special needs of the elderly; senior citizen housing includes the acquisition, construction, or rehabilitation of land, buildings, improvements, and other nonhousing facilities that are incidental or appurtenant to the housing.

Because the age classification (persons 60 years or older) \*/ rests upon a ground of difference (specialized housing needs of older persons) having a fair and substantial relationship to the object of the legislation (alleviation of a shortage of housing designed to meet those specialized needs), we believe the classification will withstand constitutional challenge.

Very truly yours,

NORMAN C. GORSUCH  
ATTORNEY GENERAL

By: *Virginia B. Ragle*  
Virginia B. Ragle  
Assistant Attorney General

VBR/pjg

Enc.

---

\*/ As was noted in Weymouth, the actual choice of the cutoff age "is necessarily somewhat arbitrary," but will be upheld unless it is "so unreasonable that it violates principles of equal protection." 364 A.2d at 1035. We believe that the choice of 60 as the cutoff age is reasonable.

# Alaska State Legislature

DRAFT



## House of Representatives

House Judiciary Committee

March 21, 1985

Pouch V  
State Capitol  
Juneau, Alaska 99811  
(907) 465-4990

MEMO:

TO:

Rep. M. Mike Miller  
Rep. Peter Goll

FROM:

Bob Speed  
Bob Berry

RE:

HB 190/Senior Citizen Housing Loans

Staff was directed to investigate alternatives relating to HB 190, which would create a Senior Citizen Housing Revolving Loan Program in the Department of Community and Regional Affairs. Specifically, staff was directed to work with Rep. Randy Phillips to look into problems he saw which might (1) prevent the bill from passing or (2) in the event the bill were to pass, would enact a program that was either unworkable or open to abuse. Staff was to look at the option of placing the program under the duties of the Alaska Housing Finance Corp., instead of DCRA, with the assumption that AHFC would administer the program using existing staff to reduce the fiscal impact of administering this new program.

Staff talked with Rep. Randy Phillips, with AHFC management, and with Jeff Smith of DCRA, and FRANK TOLAND of Older Alaskan Commission, Staff of Sen Rodley

Rep. Phillips had three concerns regarding the bill under consideration by the Committee on Community and Regional Affairs. Briefly, these were:

- 1) The form of the loan program as described in the bill, specifically in regard to potential abuse of the liberal terms of the program;
- 2) The possibility that AHFC might be more appropriate in dealing with administration of the loan program because of their long-term experience in setting up and running loan programs (although the idea of turning the program over to AHFC was initiated by Rep. Goll)
- 3) The fiscal note of the bill in light of its high cost at a time when the legislature is otherwise cutting budgets, putting a freeze on new hiring and establishment of new programs and positions.

Staff makes the following recommendations as a result of discussion with those people mentioned as well as others, and following investigation of the options for this program.

1. The program should be established within the Department of Community and Regional Affairs as originally intended in HB 190.

2. The fiscal note may be offset by using part of the \$600,000 remaining within DCRA under the senior citizen housing grant program.

3 that Senate Amendments be carefully considered. (effective date)

3. The bill should be referred to the House Special Committee on Loans for in-depth investigation of the language establishing the loan program under HB 190 as passed out of the House CRA committee, prior to being sent to Finance.

DISCUSSION

1) The original bill establishes this new loan program under the Department of Community and Regional Affairs. Staff was directed to look into the possibility of putting the program under the Alaska Housing Finance Corporation using existing AHFC staff. The purpose of looking into this change dealt with the dollar amount of the DCRA fiscal note, which some committee members considered high, especially in light of administration-wide budget cuts, and the concern that the bill would not pass because of the fiscal note.

Staff discussed the AHFC prospect with AHFC management (Michael Lynch, Denna Cline). AHFC said they would have no objections to taking the program if it was directed to do so, but wondered whether the program might not be better handled in DCRA because of their existing involvement with senior citizen housing programs. Staff discussed the prospect of placing the program under DCRA with Jeff Smith, Deputy Commissioner, for the department. He indicated that the department would like to have the new program, but felt the fiscal note accurately reflected the true cost in light of contractual services and personnel needed to administer the program properly.

Staff concluded that the program is best <sup>located</sup> in DCRA for a number of reasons. First of all, DCRA has experience dealing with senior citizen housing and geriatric services under the existing grant program. The department also is better attuned to dealing with the needs of individuals such as those this program is directed toward -- senior citizens, who may be low-income and/or handicapped, or frail. This is not the current function of AHFC, and it is doubtful that AHFC staff would initially have the sensitivity to geriatric needs (which became evident during the teleconference with AHFC management) nor with the reasons for which the bill was introduced. AHFC's initial comments were that there appeared to be sufficient housing stock available -- this statement exemplifies an urban attitude which does not take into account the special needs of some elements of the population, including income levels, rural conditions <sup>the following</sup> not the need to deal with architectural barriers to the infirm. Finally, AHFC has but one office in Alaska, in Anchorage; whereas DCRA is regionalized all over Alaska -- Anchorage, Fairbanks, Juneau, Nome, Kotzebue, and Dillingham; this regionalization indicates more adequate ability to deal with housing problems outside the urban centers and outside the health, "mainstream" because of its existing relationship with geriatric housing, with communities of all sizes and needs, and other factors.

A major political consideration is that if this bill were amended to put this program in AHFC, it is doubtful that it would pass in that form because of the past inability of AHFC to deal with rural problems.

2) The fiscal note

*fiscal office*

*A*

*Bethel*

*?  
Senate Finance*

C  
DCRA  
2) The ~~fiscal note prepared by DCRA~~ has been a major concern of committee members because of the likelihood that the bill won't pass if it has a significant fiscal impact. In discussions with Jeff Smith, he said there ~~was some versatility~~ <sup>could be some flexibility</sup> on the part of the department regarding the timing of some of the contractual components of the fiscal note, and he pointed out some of those which could be delayed a year, as well as others he considers essential to start-up of the program. He also called Dick Pryor, grants administrator for the division of housing assistance in DCRA, to determine the amount remaining from appropriations from prior years. That amount is about \$600,000 of non-lapsing funds, which is being held as a contingency against unanticipated shortfalls or cost overruns on projects now in progress.

Smith and Pryer suggested that part of that \$600,000 could be reappropriated by the legislature ~~for use to help~~ cover the fiscal note, of ~~HB 190~~. Staff suggests that the legislature give strong consideration to reappropriating about half of that money to cover the fiscal note, ~~for HB 190, while~~ leaving the remainder in the grants program for contingencies, ~~having to do with grants awarded in prior years.~~

3) Staff shares ~~some of the concerns~~ that have been expressed in regard to the loan program and how it is established under HB 190. The loan program differs from ~~any other~~ loan program now administered by the state, in that it provides zero-interest loans on fifty percent of project costs, with the other half coming from the private sector at market interest rates. Rep. Phillips expressed strong reservations about a program based on loan terms such as the ~~ones~~ <sup>ones</sup> envisioned in HB 190, and staff believes this bears further investigation prior to ~~enacting it~~ <sup>enactment</sup>. We ~~concur in recommending~~ strongly that the bill be given a referral to the House Special Committee on Loans to deal with this aspect of ~~the bill~~ prior to going to the Finance Committee.

# STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

## DEPARTMENT OF ADMINISTRATION

POUCH C, M.S. 0209  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3250

### OLDER ALASKANS COMMISSION

February 26, 1985

Representative Peter Goll  
Pouch V, M.S. 3100  
Juneau, Alaska 99811

Dear Representative Goll:

The Older Alaskans Commission wishes to support HB 190 concerning senior citizens housing. The Commission has identified the need for adequate and affordable senior housing as a major issue in Alaska. In June 1984 the Commission established a Housing Task Force to thoroughly investigate senior housing and related service needs. In arriving at thirteen policy and legislative recommendations for the Commission, the task force reviewed existing senior federal and state housing construction programs.

The existing Senior Citizens Housing Development Fund awards planning and construction grants to nonprofit and governmental agencies. Since 1975, the Fund has received \$53 million in appropriations from the Legislature. When completely spent, that money, supplemented by federal Housing and Urban Development (HUD) money, will have constructed over 1,000 new senior apartments. In addition to construction money, federal HUD funds provide 40-year operation and maintenance subsidies. These subsidies permit rents to remain low, requiring occupants to pay only one-third of their monthly incomes in rent.

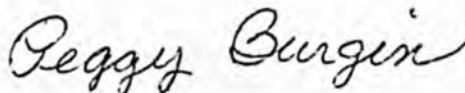
Congress has eliminated funding for HUD section 8 construction, operation and maintenance subsidies. Senator Ted Stevens reported in his speech before you in a joint session that "President Reagan's budget proposal for fiscal year 1986 imposes a two-year moratorium on new assisted-housing construction commitments and a one-year moratorium on public housing modernization." With these no longer available, the State must find alternative means of providing low-rent housing to senior citizens.

Under the Older Alaskans Housing Loan Program, private developers would receive interest-free loans for a portion of the cost of constructing rent-controlled senior housing. The Older Alaskans Housing Loan Program would recoup the original investment within a designated time, offering future loans for more construction. We believe both the grant and loan programs are essential to meet future housing needs. The grant program will continue to be needed for areas which cannot attract private development.

With the decline in State revenues and the removal of HUD subsidies, the Older Alaskans Commission considers the proposed legislation as essential in providing adequate and affordable senior housing in Alaska. The Commission views HB 190 as a fiscally responsible effort on the part of the State to involve private enterprise in senior housing construction.

Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Peggy Burgin".

Peggy Burgin, Chair  
Older Alaskans Commission

cc: Community and Regional Affairs Committee

Older Alaskans Commission

Rebecca Burch, Special Assistant  
Department of Administration

February 25, 1985

POSITION PAPER

RE: House Bill 190

SPONSOR: M.M. Miller, et. al.,

Program Effects of Bill:

House Bill 190 establishes within the Department of Community and Regional Affairs, Division of Housing Assistance an Office of Senior Housing and specifies four major duties of this office. The bill further establishes an Older Alaskans Housing Development Fund, as a revolving fund, and also establishes an Older Alaskans Housing Loan Program.

Comments:

Of the four duties outlined in the bill for the newly formed Office of Senior Housing, only one is a current duty. The accomplishment of these additional duties will require additional staff as indicated in our fiscal note.

The establishment of the revolving Older Alaskans Housing Development Fund and the Older Alaskans Housing Loan Program will also require additional staff as indicated in our fiscal note.

In addition to new staff there would be substantial contractual funds required to implement the new duties of the office and develop the housing inventory, Senior Housing Information System, blueprints, and manual of state-of-the-art gerontological design and construction methods. Also, computer terminals for the revolving loan fund accounting and word processing, desks, chair, and other equipment necessary would be required. These are all reflected in our fiscal note.

While the Older Alaskans Housing Development Fund is to be a revolving fund it will not be truly revolving. It would require substantial funding each year to continue to provide new housing. The bill requires that the loans be 25-year loans and only a portion of the funding would be in loans. Grants will continue to be given to municipalities and public and private non-profit corporations for development of senior citizen housing. These factors indicate the fund will never be self-sustaining as a revolving account, in fact, the revolving nature of it will be minimal.

With diminishing state revenues, the department cannot, at this time, support this legislation which would require the additional staff and funding to implement.

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

REQUEST

Bill/Resolution No.: CSHB 190  
Title: Senior Citizen Housing

FISCAL DETAIL

Agency Affected: Community & Regional Affairs  
Program Category Affected: Economic Development

Sponsor: M.M. Miller, Duncan, Gollub  
Requestor: C&RA Committee  
Date of Request: April 9, 1985

BRU, Program or Subprogram(s) Affected: Housing Construction Development  
Component: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES		78.1	82.7	87.6	92.8	98.3
200 TRAVEL		5.0	6.0	6.0	7.0	7.0
300 CONTRACTUAL		17.0	15.0	15.0	15.0	15.0
400 SUPPLIES		1.0	1.0	1.0	1.0	1.0
500 EQUIPMENT		8.3	1.0	1.0	1.0	1.0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>		<b>109.4</b>	<b>105.7</b>	<b>110.6</b>	<b>116.8</b>	<b>122.3</b>

<b>CAPITAL</b>						
----------------	--	--	--	--	--	--

<b>REVENUE</b>						
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FUNDING: (Thousands of Dollars)

GENERAL FUND		109.4	105.7	110.6	116.8	122.3
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>		<b>109.4</b>	<b>105.7</b>	<b>110.6</b>	<b>116.8</b>	<b>122.3</b>

POSITIONS:

FULL-TIME		2	2	2	2	2
PART-TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

ANALYSIS: Attach a separate page if necessary

This proposed legislation would create an Older Alaskans Housing Development Fund which would be a revolving fund for loans and grants for senior citizen housing. One major assumption we are making is that because only a part of the funding will be used for zero interest loans, and these loans are 25 year loans with no (see attached)

Prepared By: Clark D. Boston

Division: Housing Assistance Division

Phone: 561-0900

Date: 4/9/85

Approved by Commissioner: Emil M. Miller  
Agency: Community & Regional Affairs

Date: 4/10/85

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

repayment until the loan term is reached or upon resale, the fund is not and never will be totally revolving in nature. Also, the revenue generated by the "shared equity" provisions of the bill will not be retained in the fund, but will be required to be returned to the general fund. Based on these assumptions, the funding for the additional positions and other expenses will be from the general fund.

To implement the new program \$17,000 contractual amount required for the development of regulations, public hearings, advertising the regulation changes, and advertising the availability of grants and loans for the new program.

Section 2 of the bill establishes a revolving fund for loans and grants for senior citizen housing. Because of the nature of a revolving fund, there will be required an additional Accounting Tech I position, required to establish and accomplish the accounting requirements of this revolving fund. Also, a new position of Grant Administrator, Range 17 will be required to administer the grants and loans under this revolving fund. These two positions will be under the supervision of an existing position.

In summary, the new positions required for this new program are:

Grant Administrator	- Range 17
Accounting Tech I	- Range 12

The request for new position forms are attached to this fiscal note.

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

REQUEST

Bill/Resolution No.: HB 190  
 Title: Senior Citizen Housing  
 Sponsor: M.M. Miller, Duncan, Goll,  
 Boucher, Grussendorf, Koponen, Sund  
 Requestor: C&RA Committee  
 Date of Request: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: DCRA  
 Program Category Affected: Economic Development  
 BRU, Program or Subprogram(s) Affected: Housing Assistance Division BRU, Housing  
 Construction Development Component

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>					
100 PERSONAL SERVICES	138.2	146.5	155.3	164.6	174.5
200 TRAVEL	7.0	7.5	8.0	8.5	9.0
300 CONTRACTUAL	300.0	50.0	53.0	56.2	59.6
400 SUPPLIES	2.0	2.1	2.2	2.4	2.5
500 EQUIPMENT	19.9	6.0	6.3	6.7	7.1
600 LAND & STRUCTURES					
700 GRANTS, CLAIMS					
800 MISCELLANEOUS					
<b>TOTAL OPERATING</b>	<b>467.1</b>	<b>212.1</b>	<b>224.8</b>	<b>238.4</b>	<b>252.7</b>

<b>CAPITAL</b>					
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<b>REVENUE</b>					
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FUNDING: (Thousands of Dollars)

GENERAL FUND	467.1	212.1	224.8	238.4	252.7
FEDERAL FUNDS					
OTHER					
<b>TOTAL</b>	<b>467.1</b>	<b>212.1</b>	<b>224.8</b>	<b>238.4</b>	<b>252.7</b>

POSITIONS:

FULL-TIME	4	4	4	4	4
PART-TIME	0	0	0	0	0
TEMPORARY	0	0	0	0	0

ANALYSIS: Attach a separate page if necessary

This proposed legislation would create an "Office of Senior Housing" with substantial additional duties and responsibilities and establish a revolving fund for loans and grants for senior citizen housing. One major assumption we are making is that because only a part of the funding will be used for zero interest loans and these loans are 25 year loans with no repayment until the loan term is reached or upon resale, the fund is not and never will be totally

Prepared By: Clark D. Boston, Director *CDB*  
 Division: Housing Assistance Division

Phone: 561-0900  
 Date: February 25, 1985

Approved by Commissioner: *[Signature]*  
 Agency: Community & Regional Affairs

Date: 2/25/85

Distribution (by Agency preparing fiscal note):

Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

7/1/84

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revolving in nature. Also, the revenue generated by the "shared equity" provisions of the bill will not be retained in the fund but will be required to be returned to the general fund. Based on these assumptions, the funding for the additional positions and other expenses will be from the general fund.

Section 3 of the bill provides for the specific duties of the Office of Senior Housing. The duties outlined in Section 3 (1), (2), and (4) are new and extensive duties requiring an additional position. These duties will be accomplished by a new Administrative Assistant, Range 12 position under the direction of an existing position. Also, to implement the requirements of Section 3, (2), there will be required a \$300,000 contractual amount for professional service contracts to develop the manuals, blueprints, directory, literature and research on senior citizen housing.

Section 4 of the bill establishes a revolving fund for loans and grants for senior citizen housing. Because of the nature of a revolving fund, there will be required an additional Accounting Tech I position required to establish and accomplish the accounting requirements of this revolving fund. Also, a new position of Grant Administrator, Range 17 will be required to administer the grants and loans under this revolving fund. These two positions will be under the supervision of an existing position.

With the addition of the three professional positions a Clerk Typist III, Range 8 position will be required to provide clerical support to the office.

In summary, the new positions required for this Office of Senior Housing are:

Grant Administrator	- Range 17
Administrative Assistant	- Range 12
Accounting Tech I	- Range 12
Clerk Typist III	- Range 8

The request for new position forms are attached to this fiscal note.

1.	POSITION TITLE Grants Administrator				RANGE/STEP 17 A	BARG. UNIT GEN	PAGE/LINE	COY.	APPROV.	DISAP.						
2.	TYPE OF POSITION Grand Admin.	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION ANCH	ELECTION DISTRICT	LEG.								
3.	CONTINUATION LEVEL				JUSTIFICATION											
4.	TYPE OF EXPENDITURE			AMOUNT	<p>This position is required to implement the proposed HB190. This position would be the head of the "Office of Senior Housing" which is established by this proposed legislation. This position would administer all grants and process and approve all loans made from the proposed Older Alaskans Housing Development Fund. This position will be under the supervision of an existing Public Facilities Planner I, Range 20 position.</p>											
	PERSONAL SERVICES															
5.	Salary	34.7														
6.	Benefits	5.37														
7.	Supplemental Benefits	2.13														
8.	Fixed Benefits	2.64														
9.	TOTAL PERSONAL SERVICES	01	44.8													
10.	Travel	02	5.0													
11.	Contractual	03														
12.	Commodities	04	.5													
13.	Equipment	05	2.5													
14.	Other															
15.	TOTAL COST		52.8													
	RECEIPT CODE	FUNDING SOURCE														
16.		Federal Receipts 1002														
17.		G. Match 1003														
18.		General Funds 1004														
19.		I-A Receipts 1005														
20.		Program Receipts 1028														
21.		Other														
FOR BSM USE ONLY																
KEY NUMBER _____																

REQUEST FOR  
NEW POSITION

AGENCY Community and Regional Affairs

PROGRAM Economic Development

BRU Housing Assistance

COMPONENT Housing Construction Development

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Revised Date \_\_\_\_\_

FY 86

1.	POSITION TITLE Administrative Assistant			RANGE/STEP 12 A/B	DARG. UNIT GEN	PAGE/LINE	COY.	APPROV.	DISAFF
2.	TYPE OF POSITION Admin	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION ANCH	ELECTION DISTRICT	LEG.	

3.	CONTINUATION LEVEL		ADDITION	
4.	TYPE OF EXPENDITURE			AMOUNT
	1	2	3	
	PERSONAL SERVICES			
5.	Salary	25.2		
6.	Benefits	3.9		
7.	Supplemental Benefits	1.55		
8.	Fixed Benefits	2.64		
9.	TOTAL PERSONAL SERVICES	01		33.3
10.	Travel	02		2.0
11.	Contractual	03		300.0
12.	Commodities	04		.5
13.	Equipment	05		5.8
14.	Other			
15.	TOTAL COST			341.6

JUSTIFICATION:

This position is required to implement HB190 , Section 3. This position will implement this section and accomplish the duties listed under the direction of the existing position of Public Facilities Planner I, Range 20.

The contractual budget is required on a one-time basis to accomplish the requirements listed in the proposed HB 190 Section 3 (2) A thru F.

	RECEIPT CODE	FUNDING SOURCE
16.		Federal Receipts 1002
17.		G.F. Hatch 1003
18.		General Funds 1004
19.		I-A Receipts 1005
20.		Program Receipts 1020
21.		Other
22.		

FOR BSA USE ONLY  
KEY NUMBER \_\_\_\_\_

REQUEST FOR  
NEW POSITION

AGENCY Community and Regional Affairs  
 PROGRAM Economic Development  
 BRU Housing Assistance  
 COMPONENT Housing Construction Development.

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 Revised Date \_\_\_\_\_

FY 86

1.	POSITION TITLE Accounting Tech I				RANGE/STEP 12 A/B	DARG. UNIT GEN	PAGE/LINE	COV.	APPROV.	TISBY
2.	TYPE OF POSITION Accounting	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION ANCH	ELECTION DISTRICT	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION					
4.	Type OF EXPENDITURE			AMOUNT						
	1	2	3							
	PERSONAL SERVICES									
5.	Salary	25.2								
6.	Benefits	3.9								
7.	Supplemental Benefits	1.55								
8.	Fixed Benefits	2.64								
9.	TOTAL PERSONAL SERVICES	01	33.3							
10.	Travel	02								
11.	Contractual	03								
12.	Commodities	04	.5							
13.	Equipment	05	5.8							
14.	Other									
15.	TOTAL COST		39.6							

To implement the revolving loan/grant fund proposed in HB190 Section 4. This accounting position will do all the accounting for the Older Alaskans Housing Development Fund which will be a revolving fund from which loans and grants will be made.

RECEIPT CODE	FUNDING SOURCE
16.	Federal Receipts 1002
17.	G.F. Match 1003
18.	General Funds 1004
19.	I-A Receipts 1005
20.	Program Receipts 1020
21.	Other

FOR BSM USE ONLY  
KEY NUMBER \_\_\_\_\_

**REQUEST FOR  
NEW POSITION**

AGENCY Community and Regional Affairs  
 PROGRAM Economic Development  
 BRU Housing Assistance  
 COMPONENT Housing Construction Development

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**FY 86**

1.	POSITION TITLE Clerk Typist III				RANGE/STEP 8 A/B	DARG. UNIT GEN	PAGE/LINE	COY.	APPROV.	DISACT
2.	TYPE OF POSITION clerical	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION ANCH	ELECTION DISTRICT	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION					
4.	ADDITION									
5.	TYPE OF EXPENDITURE									
	1		2		3					
	PERSONAL SERVICES									
5.	Salary		19.9							
6.	Benefits		3.07							
7.	Supplemental Benefits		1.22							
8.	Fixed Benefits		2.63							
9.	TOTAL PERSONAL SERVICES		01		26.8					
10.	Travel		02							
11.	Contractual		03							
12.	Commodities		04		.5					
13.	Equipment		05		5.8					
14.	Other									
15.	TOTAL COST				33.1					
16.	RECEIPT CODE				FUNDING SOURCE					
17.					Federal Receipts 1002					
18.					C.F. Hatch 1003					
19.					General Funds 1004					
20.					I-A Receipts 1005					
21.					Program Receipts 1020					
22.					Other					
FOR BSI USE ONLY										
KEY NUMBER _____										

This position is required to implement HB190 and accomplish clerical work for the three professional positions, also required to implement the proposed legislation.

The equipment budget is for a workstation complete with WANG word processing/computer terminal.

REQUEST FOR  
NEW POSITION

AGENCY Community and Regional Affairs  
 PROGRAM Economic Development  
 BRU Housing Assistance  
 COMPONENT Housing Construction Development

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FY 36

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

REQUEST

Bill/Resolution No.: SB 137  
Title: Senior Citizen Housing

Sponsor: Rodey, Fisher & Zharoff  
Requestor: C&RA Committee  
Date of Request: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: DCRA  
Program Category Affected: \_\_\_\_\_  
Economic Development  
BRU, Program or Subprogram(s) Affected: \_\_\_\_\_  
Housing Assistance Division BRU  
Housing Construction Development Comp.

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES		111.4	146.5	155.3	164.6	174.5
200 TRAVEL		7.0	7.5	8.0	8.5	9.0
300 CONTRACTUAL		47.0	50.0	195.0	56.2	59.6
400 SUPPLIES		1.5	2.1	2.2	2.4	2.5
500 EQUIPMENT		14.1	6.0	6.3	6.7	7.1
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>		<b>181.0</b>	<b>212.1</b>	<b>366.8</b>	<b>238.4</b>	<b>252.7</b>

<b>CAPITAL</b>						
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<b>REVENUE</b>						
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FUNDING: (Thousands of Dollars)

GENERAL FUND		181.0	212.1	366.8	238.4	252.7
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>		<b>181.0</b>	<b>212.1</b>	<b>366.8</b>	<b>238.4</b>	<b>252.7</b>

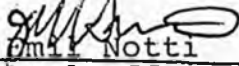
POSITIONS:

FULL-TIME		3	4	4	4	4
PART-TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

ANALYSIS: Attach a separate page if necessary

This proposed legislation would create an "Office of Senior Housing" with substantial additional duties and responsibilities and establish a revolving fund for loans and grants for senior citizen housing. One major assumption we are making is that because only a part of the funding will be used for zero interest loans and these loans are 25 year loans with no repayment until

Prepared By: Clark D. Boston Phone: 561-0900  
Division: Housing Assistance Division Date: 3/28/85

Approved by Commissioner:  Notti Date: 3/28/85  
Agency: Community & Regional Affairs

Distribution (by Agency preparing fiscal note):

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- Impacted Agency(ies)

7/1/84

the loan term is reached or upon resale, the fund is not and never will be totally revolving in nature. Also, the revenue generated by the "shared equity" provisions of the bill will not be retained in the fund but will be required to be returned to the general fund. Based on these assumptions, the funding for the additional positions and other expenses will be from the general fund.

Section 3 of the bill provides for the specific duties of the Office of Senior Housing. The duties outlined in Section 3 (1), (2), and (4) are new and extensive duties requiring an additional position. These duties will be accomplished by a new Administrative Assistant, Range 12 position under the direction of an existing position. Also, to implement the requirements of Section 3, (2), there will be required a \$47,000 contractual amount for the development of regulations, public hearings, development of housing inventory, and advertising the regulation changes, and advertising the availability of grants and loans for the new program.

Section 4 of the bill establishes a revolving fund for loans and grants for senior citizen housing. Because of the nature of a revolving fund, there will be required an additional Accounting Tech I position required to establish and accomplish the accounting requirements of this revolving fund. Also, a new position of Grant Administrator, Range 17 will be required to administer the grants and loans under this revolving fund. These two positions will be under the supervision of an existing position.

In summary, the new positions required for this Office of Senior Housing are:

Grant Administrator	- Range 17
Administrative Assistant	- Range 12
Accounting Tech I	- Range 12

The increase in positions from three to four in FY87 is to add an additional Clerk Typist III to accomplish the clerical needs as this program is fully implemented in the second year. The increase in contractual funds in FY88 is programmed to implement some of the duties of the office that will be deferred for a year or two for implementation.

The request for new position forms are attached to this fiscal note.



# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

*James O. Smith*  
Signature of Camera Operator

*7/25/89*  
Date