

CS SB 65 (Fin)

LETTER OF INTENT

SENATE FINANCE COMMITTEE

IT IS THE INTENT OF THE LEGISLATURE THAT WHEN THE URBAN NON-CONFORMING LOAN PROGRAM IS TRANSFERRED FROM THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS TO THE ALASKA HOUSING FINANCE CORPORATION THAT THE ALASKA HOUSING FINANCE CORPORATION ADOPT EMERGENCY REGULATIONS TO INCORPORATE THOSE DCRA LOAN CONDITIONS IN FORCE FOR RURAL PROGRAMS.

LOAN APPLICATIONS WHICH WERE IN PROCESS PRIOR TO THE 3:30 P.M., JANUARY 22, 1985, DEADLINE ARE QUALIFIED.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No. CSRB 65 (LOANS)
Title: An Act relating to rural housing loans
Sponsor: Kerttula
Requestor: Senate C&RA Devries
Date of Request: 2/7/85

FISCAL DETAIL

Agency Affected: Dent. CRA
Program Category Affected: _____
Division of Housing Assistance
BRU, Program or Subprogram(s) affected: Housing Assistance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS	0	0	0	0	0	0
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Clark D. Poston Phone: 561-0900
Division: Housing Assistance Date: 2/11/85

Approved by Commissioner: Emil Notti Date: 2/12/85
Agency: Community & Regional Affairs

Distribution (by Agency preparing fiscal note):

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

12/1/85

Offered: 5/10/85
Referred: Finance

7/10
Levy

Original sponsor: Kerttula

1 IN THE SENATE

BY THE HOUSE SPECIAL COMMITTEE
ON STATE LOANS

2 HOUSE CS FOR CS FOR SENATE BILL NO. 65 (Loans)

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 housing programs; and providing
7 for an effective date."

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

9 * Section 1. AS 18.55.996(a) is amended to read:

10 (a) The following associations are given the authority specified
11 in (b) of this section:

12 (1) Arctic Slope Native Association (Barrow and Point Hope)

13 (2) Bering Straits Association (Seward Peninsula,
14 Unalakleet, St. Lawrence Island)

15 (3) Northwest Alaska Native Association [INUPIAT HOUSING
16 AUTHORITY] (Kotzebue)

17 (4) Association of Village Council Presidents (southwest
18 coast of Alaska including all villages in the Bethel area and all
19 villages on the Lower Yukon River and Lower Kuskokwim River)

20 (5) Tanana Chiefs Conference (Koyukuk, the middle and upper
21 Yukon River villages and the upper Kuskokwim and Tanana River vil-
22 lages).

23 (6) Cook Inlet Tribal Council (Kenai, Tyonek, Eklutna and
24 Seldovia)

25 (7) Bristol Bay Native Association (Dillingham, Upper
26 Alaska Peninsula)

27 (8) Aleut League (Aleutian Islands, Pribilof Islands and
28 that part of the Alaska Peninsula which is in the Aleut League)

29 (9) North Pacific Rim Native Corp. (Cordova, Tatitlek, Port

1 Graham, English Bay, Valdez, Seward, Eyak and Chenega)

2 (10) Tlingit-Haida Central Council or Alaska Native Brother-
3 hood (Southeastern Alaska including Metlakatla)

4 (11) Kodiak Area Native Association (all villages on and
5 around Kodiak Island)

6 (12) Copper River Native Association (Copper Center,
7 Glennallen, Chitina and Mentasta)

8 (13) Alaska Federation of Natives, Inc.

9 (14) Sitka Community Association (Baranof and Japonski
10 Island).

11 * Sec. 2. AS 18.56 is amended by adding a new section to read:

12 Sec. 18.56.106. NONCONFORMING HOUSING LOAN PROGRAM. (a) There
13 is established in the corporation the nonconforming housing loan
14 program to assist persons to purchase housing that does not conform to
15 minimum building standards under any state or federal program that
16 provides for housing purchases.

17 (b) The corporation shall adopt regulations under this section
18 that establish conditions and terms for nonconforming housing loans
19 including terms and conditions relating to owner and nonowner occu-
20 pancy, the number of loans that may be made to a single borrower, and
21 borrower eligibility requirements.

22 * Sec. 3. AS 44.47.560 is repealed and reenacted to read:

23 Sec. 44.47.560. DEFINITIONS. In AS 44.47.360 - 44.47.560,

24 (1) "director" means the director of the division of hous-
25 ing assistance;

26 (2) "division" means the division of housing assistance;

27 (3) "housing" means owner-occupied, single-family housing
28 and owner-occupied duplexes;

29 (4) "nonconforming housing" means housing that does not

1 conform to minimum building standards under any state or federal
2 program that provides loans for housing purchases;

3 (5) "rural" means

4 (A) a community in the second, third, or fourth judi-
5 cial district of the state with a population of 4,500 or less
6 that is not connected by road or rail to Anchorage or Fairbanks;
7 or

8 (B) a community in the first judicial district of the
9 state with a population of 4,500 or less;

10 (6) "rural housing" means housing whether or not it is
11 nonconforming housing that is located in a rural area of the state.

12 * Sec. 4. AS 44.47.385 and 44.47.460(d) are repealed.

13 * Sec. 5. This Act takes effect immediately in accordance with AS 01.-
14 10.070(c).

HOUSE JOURNAL

HOUSE FINANCE COMMITTEE

LETTER OF INTENT

FOR

HOUSE CS FOR CSSB65 (LOANS)

It is the intent of the House of Representatives that the Department of Community and Regional Affairs, Housing Assistance Division (DCRA-HAD), and the Alaska Housing Finance Corporation (AHFC) work together to provide nonconforming housing loans. Further, the House intends that the agencies make a joint recommendation to the legislature, at the beginning of the second session of the fourteenth legislature, that will insure all Alaskans have access to housing loans through AHFC or DCRA-HAD. In making this recommendation, the agencies shall consider the programmatic effects of the two loan programs as well as the practical problems of access to urban bands. In defining "rural" for the purposes of this legislation, it is not the intent of the legislature to make this specific definition apply to or set a precedent for other programs.

Finally, it is the intent of the House of Representatives that AHFC execute a memorandum of understanding with the Department of Natural Resources to provide housing loans to farmers who possess patents with agricultural covenants.



Al Adams, Chairman
House Finance Committee

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

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May 6, 1985

POSITION PAPER

RE: CSSB 65 (Finance)

SPONSORS: Senator Kerttula

The Department strongly supports the Committee Substitute for Senate Bill 65 (Finance), an Act relating to housing loan programs. The following provides a section-by-section analysis to substantiate our support.

Section 1

Section 1 brings the State statute back into accordance with the Federal government's formal recognition of Regional Native Housing Authorities for the purposes of funding. A 1984 amendment to AS 18.55.996, which was effective July 1, 1984, substituted "Inupiat Housing Authority" for "Alaska Native Association." During implementation of this amendment, the housing authority found that the federal agency, Housing and Urban Development (HUD), would not recognize the new name, as they had formally recognized NANA as the Regional Native Housing Authority. This provision in CSSB 65 (Finance) returns AS 18.55.996 to its form prior to 1984, and again allows conformity to the Federal regulations.

Section 2

Section 2 enables the transfer of the urban Nonconforming Housing Loan Program from the Housing Assistance Division of the Department of Community and Regional Affairs to the Alaska Housing Finance Corporation. Through the transfer, this provision would bring all urban housing loan programs under the jurisdiction and administration of the AHFC. The Department considers this consolidation of programs important for more efficient administration of housing loan programs, for both the Department and the AHFC.

Section 3

Section 3 anticipates declining State revenues by including interest in the calculation for repayment on loans. We believe this provision will reduce the need for large general fund appropriations to the Housing Assistance Loan Fund in the future.

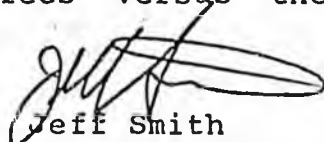
Section 4

Section 4 repeals the existing definitions for the purposes of rural housing loans, bringing the definitions back to their original form as enacted by the legislature in 1982. This section bases the criteria for "rural" on population figures and on inaccessibility by road or rail to Anchorage or Fairbanks. This definition does not differentiate between incorporated or unincorporated communities. It would also enable "suburbs" of non-rural communities to be included in the program, if there are population figures for the "suburb" alone, ie., Saxman, outside of Ketchikan, has a separate population of 343 people. Further, under Section 4, the term "community" could include as many people as 4,500 and as few as one. In this instance, isolated rural homes would be able to participate in the rural housing loan program.

Section 5

This section repeals AS 44.47.385 and AS 44.47.460(d). With the transfer of the nonconforming program to the AHFC, there is no longer a need for the regional allocations provided by AS 44.47.385 for the nonconforming program.

Under AS 44.47.460(d), the Housing Assistance Division of the Department of Community and Regional Affairs is obligated to pay a portion of the higher service fees for loans made for nonconforming housing. To date, the Division has never allowed homes to have the higher service fees, simply because money was never appropriated to HAD to supplement the fees. The Division has negotiated agreements with seller/servicers that provide for 1/2 percent service fees versus the AHFC 3/8 percent service fees.



Jeff Smith
Acting Commissioner

SECTIONAL ANALYSIS CS SB 65(FIN)

SECTION ²~~1~~. TRANSFERS THE URBAN NONCONFORMING HOUSING LOAN PROGRAM FROM THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS TO THE ALASKA HOUSING FINANCE CORPORATION AND GIVES THE CORPORATION THE AUTHORITY TO DEVELOP REGULATIONS TO IMPLEMENT THE PROGRAM.

SECTION ¹~~2~~. CLEAN UP LANGUAGE TO CHANGE THE NAME OF THE NORTHWEST INUPIAT HOUSING AUTHORITY BACK TO ORIGINAL NAME OF "NORTHWEST ALASKA NATIVE ASSOCIATION."

SECTION 3. PROVIDES FOR THE DEPOSIT OF INTEREST PAYMENTS BACK INTO THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS HOUSING ASSISTANCE LOAN FUND.

SECTION 4. CHANGES THE DEFINITION OF THE WORD "RURAL" BACK TO THE 1982 DEFINITION THEREBY ALLOWING THE NEW NONCONFORMING HOUSING LOAN PROGRAM UNDER AHFC TO SERVE ALL OTHER AREAS OF THE STATE.

SECTION 5. REPEALS AS 44.47.385 THAT PROVIDES FOR 20% ALLOCATION OF THE CURRENT HOUSING LOAN PROGRAM IN DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS TO URBAN AREAS OF THE STATE. THIS IS REPEALED IN LIEU OF THE NEW PROGRAM BEING CREATED UNDER AHFC.

REPEALS AS 44.47.460(D) THAT PROVIDES FOR THE DEPARTMENT TO ENTER INTO AGREEMENTS TO PAY FINANCIAL INSTITUTIONS HIGHER THAN A ONE PERCENT LOAN SERVICE AND ORIGINATION FEES IN RURAL COMMUNITIES.

SECTION 6. PROVIDES FOR AN IMMEDIATE EFFECTIVE DATE.

EFFECTS OF CSSB 65
ON RURAL/URBAN
DESIGNATIONS

The following lists communities affected by CSSB 65. This list assumes that the Department considers rural those communities with only parttime road maintenance.

Communities currently URBAN which will be RURAL under CSSB 65:

Alexander	Eyak	Skwentna
Beluga	Halibut Cove	Sunset
Chelatna Lodge	Kustatan	Susitna
China Poot Bay	Ladd	Tabona
Cordova	McDougall	Tatitlek
Ellamar	Port Crawford	Tyonek

Communities currently RURAL which will be URBAN under CSSB 65:

Anderson	Dempsey	Mentasta
Big Delta	Dot Lake	Nabesna
Black Rapids	Ferry	Nenana
Border City	Gakona	North Nenana
Broad Pass	Gardner Creek Camp	Northway Junction
Browne	George Lake Lodge	Paxson
Cantwell	Gulkana	Rex
Cathedral Rapids	Healy	Slana
Chena Hot Springs	Hufmans	Sourdough
Chitina	Julius	Sportsman Lodge
Christochina	Kenny Lake	Suslota
Clear	Lignite	Tetlin Junction
Colorago	Lower Tonzina	Tok
Delta Junction	McKinley Park	Usibelli

These changes take effect immediately upon enactment of CSSB 65.

Offered: 4/12/85
Referred: Rules

Original sponsor: Kerttula

1 IN THE SENATE BY THE FINANCE COMMITTEE
2 CS FOR SENATE BILL NO. 65 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - FIRST SESSION
5 A BILL
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16 AUTHORITY] (Kotzebue)
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18 coast of Alaska including all villages in the Bethel area and all
19 villages on the Lower Yukon River and Lower Kuskokwim River)
20 (5) Tanana Chiefs Conference (Koyukuk, the middle and upper
21 Yukon River villages and the upper Kuskokwim and Tanana River vil-
22 lages)
23 (6) Cook Inlet Tribal Council (Kenai, Tyonek, Eklutna and
24 Seldovia)
25 (7) Bristol Bay Native Association (Dillingham, Upper
26 Alaska Peninsula)
27 (8) Aleut League (Aleutian Islands, Pribilof Islands and
28 that part of the Alaska Peninsula which is in the Aleut League)
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1 Graham, English Bay, Valdez, Seward, Eyak and Chenega)

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15 minimum building standards under any state or federal program that
16 provides for housing purchases.

17 (b) The corporation shall adopt regulations under this section
18 that establish conditions and terms for nonconforming housing loans
19 including terms and conditions relating to owner and nonowner occu-
20 pancy, the number of loans that may be made to a single borrower, and
21 borrower eligibility requirements.

22 * Sec. 3. AS 44.47.380 is amended to read:

23 Sec. 44.47.380. HOUSING ASSISTANCE LOAN FUND. There is created
24 in the department, as a revolving loan fund, the housing assistance
25 loan fund consisting of money appropriated to it by the legislature
26 and repayments of principal and interest on loans made or purchased
27 from the assets of the fund. The director shall administer the hous-
28 ing assistance loan fund in accordance with AS 44.47.360 - 44.47.560
29 and shall use the money in the housing assistance loan fund to

1 originate, purchase, or participate in the purchase, or
2 (1) nonconforming and rural housing mortgage loans;
3 (2) loans made for building materials for nonconforming and
4 rural housing;
5 (3) loans made for renovations or improvements to noncon-
6 forming and rural housing;
7 (4) loans made for the construction of owner-occupied non-
8 conforming and rural housing other than loans to builders or contrac-
9 tors or loans that compensate an owner for the owner's labor or ser-
10 vices in constructing the owner's own housing.

11 * Sec. 4. AS 44.47.560 is repealed and reenacted to read:

12 Sec. 44.47.560. DEFINITIONS. In AS 44.47.360 - 44.47.560,

13 (1) "director" means the director of the division of hous-
14 ing assistance;

15 (2) "division" means the division of housing assistance;

16 (3) "housing" means owner-occupied, single-family housing
17 and owner-occupied duplexes;

18 (4) "nonconforming housing" means housing that does not
19 conform to minimum building standards under any state or federal
20 program that provides loans for housing purchases;

21 (5) "rural" means

22 (A) a community in the second, third, or fourth judi-
23 cial district of the state with a population of 4,500 or less
24 that is not connected by road or rail to Anchorage or Fairbanks;
25 or

26 (B) a community in the first judicial district of the
27 state with a population of 4,500 or less;

28 (6) "rural housing" means housing whether or not it is
29 nonconforming housing that is located in a rural area of the state.

1 * Sec. 5. AS 44.47.385 and 44.47.460(d) are repealed.

2 * Sec. 6. This Act takes effect immediately in accordance with AS 01.-

3 10.070(c).

Introduced: 1/18/85
Referred: Community & Regional Affairs
and Finance

1 IN THE SENATE

BY KERTTULA

2

SENATE BILL NO. 65

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 rural housing loans; and provid-
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15 and owner-occupied duplexes;

16 (4) "nonconforming housing" means housing that does not
17 conform to minimum building standards under any state or federal
18 program that provides loans for housing purchases;

19 (5) "rural" means

20 (A) a community with a population of 4,500 or less in
21 the first or second judicial district of the state;

22 (B) a community with a population of 4,500 or less in
23 the third judicial district of the state that is

24 (i) not connected by road or rail to Anchorage,

25 or

26 (ii) more than 100 nautical miles from the con-
27 forming boundary of jurisdiction of the Municipality of
28 Anchorage; or

29 (C) a community with a population of 4,500 or less in

1 the fourth judicial district of the state that is more than 35
2 nautical miles from the conforming boundary of jurisdiction of
3 the City of Fairbanks;

4 (6) "rural housing" means housing, whether or not it is
5 nonconforming housing, that is located in a rural area of the state.

6 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
7 10.070(c).