

SCOMM

#50:35

Alaska State Legislature

ANCHORAGE
DOWNTOWN
DISTRICT TWELVE

AIRPORT HEIGHTS
CITY VIEW
DOWNTOWN
FAIRVIEW
GOVERNMENT HILL
INLET VIEW
SOUTH ADDITION



House of Representatives

Representative

RICK UEHLING

MEMBER

HOUSE FINANCE COMMITTEE

HOUSE SPECIAL COMMITTEE
ON STATE LOANS

HOUSE FINANCE SUBCOMMITTEE ON
ADMINISTRATION, REVENUE
AND THE GOVERNOR'S OFFICE

To: Rep. John Sund
Chair, House Special Committee on State Loans
From: Rep. Rick Uehling
Subject: " HB 553, An Act making special appropriations to the Department of Community and Regional Affairs for senior citizen housing development grants; and for low cost and low income housing development; and providing for an effective date. "
Date: April 9, 1986

I have asked staff to prepare the following background and information regarding HB 553.

HB553 as written, appropriates \$21,963,000 to the Department of Community and Regional Affairs for the development of senior housing projects throughout the State and \$3,000,000 for the development of low cost and low income housing.

In developing the list of projects to be included in the legislation for Senior Housing, all projects for which applications were received by CR&A were included. The intent was to try to show that there was a need for Senior Housing throughout the State and not just in Anchorage.

In developing the amount for Low Income and Low cost Housing the amount of \$3,000,000 was simply chosen. This program has never received a great deal of funding since its inception and is out of money.

It is obvious under the current revenue situation the outlook for funding of these two programs at the level proposed in the legislation is not probable. There are two ways that the Loans committee could attempt to reduce the amount of the appropriation.

First, with regard to Senior Housing, the committee could chose which projects to fund and include them in the bill or second, the Loans committee could take a dollar amount and appropriate it, letting the Department of Community and Regional Affairs decide who should receive funding. There is a draft committee substitute which takes the second approach. In the draft committee substitute, \$7,000,000 is the amount appropriated to the Department for Senior Housing and 1,500,000 is the amount appropriated for Low income, Low cost Housing. The Department has a grant review committee which reviews the grant applications and awards the grants. The department is familar with the applicants and would be in the best situation to decide who should recieve funding. This would be the preferable approach.

Sec. 44.47.610. Declaration of purpose. There exists in the state a serious shortage of decent, safe and sanitary residential housing available at low or moderate prices or rentals to persons 60 years of age or older. There also exists in the state organizations whose purposes are to provide the kinds of housing needed to alleviate this shortage. Development work to provide such housing involves substantial expense that is often beyond the resources of the organizations. (§ 51 ch 113 SLA 1982)

Sec. 44.47.620. Senior citizens housing development. (a) There is created in the department a senior citizens housing development fund. Subject to direct appropriation or through proceeds of a bond issue the department shall make grants to municipalities or public or private nonprofit corporations designated as tax exempt under 26 U.S.C. 501(c)(3) and (4) (Internal Revenue Code of 1954) for the purpose of developing senior citizen housing. A grant from the proceeds of a bond issue may be made only to municipalities.

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

(c) All projects under this section shall be in accordance with facility procurement policies developed under AS 35.10.160 — 35.10.200 and are public facilities under those sections.

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

(e) In this section "senior citizen housing" means a specific work or improvement undertaken primarily to provide dwelling accommodations for persons 60 years of age or older, including but not limited to 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. (§ 51 ch 113 SLA 1982)

Article 11. Low Cost and Low Income Multiple Family Housing Development Fund.

Section

630. Declaration of purpose

635. Low cost and low income multiple
family housing development

§ 44.47.620

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§ 44.47.630

STATE GOVERNMENT

§ 44.47.635

Sec. 44.47.630. Declaration of purpose. There exists in the state a serious shortage of low cost multiple family residential rental housing, and owner-occupied housing, in the case of property acquired or to be acquired by the Municipality of Anchorage that was formerly the site of the S&S Apartments. There also exist in the state organizations whose purpose is to provide the housing needed to alleviate this shortage. Development work to provide this housing involves substantial expense that is often beyond the resources of the organizations. (§ 21 ch 102 SLA 1983; am § 8 ch 128 SLA 1984)

Effect of amendments. — The 1984 amendment substituted "rental housing, and owner-occupied housing, in the case of property acquired or to be acquired by the Municipality of Anchorage that was

formerly the site of the S&S Apartments" for "housing available at low rentals" in the first sentence and "exist" for "exists" and "purpose is" for "purposes are" in the second sentence.

Sec. 44.47.635. Low cost and low income multiple family housing development. (a) There is created in the department a low cost and low income multiple family housing development fund. Subject to appropriation the department shall make grants to municipalities or public or private nonprofit corporations designated as tax exempt under 26 U.S.C. 501(c)(3) and (4) (Internal Revenue Code of 1954) for the purpose of developing low cost, low income multiple family housing.

(b) Application for a grant under (a) of this section shall be in the form prescribed by the department. The application shall demonstrate the need for low cost, low income multiple family housing in the area to be served, the feasibility of the proposed project, and an adequate management plan that shall demonstrate the ability of the eligible recipient to sustain the proposed project.

(c) All projects under this section shall be in accordance with facility procurement policies developed under AS 35.10.160 — 35.10.200 and are public facilities under those sections.

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

(e) In this section "low cost and low income multiple family housing" means a specific work or improvement undertaken primarily to provide multiple family dwelling accommodations for low income persons. Low cost and low income multiple family housing includes the acquisition, construction, or rehabilitation of land, buildings, improvements, and other nonhousing facilities that are incidental or appurtenant to the housing. (§ 21 ch 102 SLA 1983)

Introduced: 2/7/55
Referred: House Special Committee on
State Loans, Community & Regional
Affairs and Finance

Funding Information

General Fund \$24,963,000
Other Funds --0-
\$24,963,000

BY UEHLING, GOLL AND
BOUCHER

1 IN THE HOUSE

2 HOUSE BILL NO. 553

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations to the Depart-
7 ment of Community and Regional Affairs for senior
8 citizen housing development grants and for low-cost
9 and low-income housing development; and providing for
10 an effective date."

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

12 * Section 1. The sum of \$21,963,000 is appropriated from the general
13 fund to the senior citizens housing development fund in the Department of
14 Community and Regional Affairs for the purpose of making grants under
15 AS 44.47.620 for senior citizen housing development as follows:

16 APPROPRIATION ITEMS	AMOUNT OF APPROPRIATION
17 Cook Inlet Housing Authority	
18 Anchorage Residential II	\$4,500,000
19 Meridian Living, Inc.	
20 Anchorage	3,500,000
21 City of Fairbanks	
22 Fairbanks II	2,500,000
23 City of Haines	
24 Haines	1,500,000
25 Homer Senior Citizens, Inc.	
26 Homer Phase II	2,063,000
27 Tlingit Haida Housing Authority	
28 Kake	1,200,000
29 Alaska State Housing Authority	

BILL SHEFFIELD, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

February 3, 1986

☐ POUCH B
JUNEAU, ALASKA 99811
PHONE: (907) 465-4700
☐ 949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508
PHONE: (907) 563-1073

The Honorable Rick Uehling
Alaska State House
of Representatives
P.O. Box V
Juneau, AK 99811

Dear Representative Uehling:

Following a request from David Cobb of your staff, we are sending you the status of the Senior Citizen Housing Development Program and the State Assisted Rental Housing Program.

Senior Citizen Housing Development

FY 82, 83, 84 and 85

Total Appropriated	\$44,000,000
Total Committed	43,803,651
Total Disbursed	29,202,757
Remaining balance to be paid	14,600,894
Held for Contingency	196,349

Total pending applications \$21,662,345

State Assisted Rental Housing Program

FY 84 and 85

Total Appropriated	8,580,000
Total Committed	8,580,000
Total Disbursed	7,415,000
Remaining balance to be paid	1,165,000
Available to Commit	-0-

We have attached a summary of the committed agencies for both programs and applicant request for Senior Citizen funding. Additionally, our Housing office telecommunicated the applicant request to you on January 30.

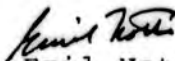
As you know, there was no funding appropriated for either of these programs in FY 86, and there is no funding in the budget for these two programs for FY 87.

Representative Rick Uehling
February 3, 1986
Page Two

I hope this information will assist you at this time, but should you have any questions or desire additional information, please contact Clark Boston of the Housing Assistance Division.

Thank you.

Sincerely,


Emil Notti
Commissioner

Enclosure

cc: Clark D. Boston

REPORT # 0010-SC
DATE: 01/31/86

PAGE 1 OF 3

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
HOUSING ASSISTANCE DIVISION

MASTER LIST - SENIOR CITIZEN HOUSING PROGRAM

FY'82-FY'85 FUNDING

<u>PROJECT LOCATION</u>	<u># OF UNITS</u>	<u>SPONSOR</u>	<u>AMOUNT COMMITTED</u>
ANCHORAGE		COOK INLET HOUSING AUTHORITY	90,000
ANCHORAGE	120	COOK INLET HOUSING AUTHORITY	7,486,000
ANCHORAGE INTERMEDIATE CARE	60	COOK INLET HOUSING AUTHORITY	65,000
ANCHORAGE	0	COOK INLET HOUSING AUTHORITY	250,000
ANCHORAGE RESIDENTIAL II		COOK INLET HOUSING AUTHORITY	50,000
ANCHORAGE CHUGACH VIEW		ASHA	75,000
ANCHORAGE CHUGACH VIEW	120	ASHA	9,925,000
ANCHORAGE		MERIDIAN LIVING	50,000
ANGOON		TLINGIT/HAIDA HSG. AUTH.	30,000
ANGOON	12	TLINGIT/HAIDA HSG. AUTH.	1,150,655
CHUGIAK/EAGLE RIVER PHASE II	20	MUNICIPALITY OF ANCHORAGE	2,500,000
DILLINGHAM	15	CITY OF DILLINGHAM	30,000
DILLINGHAM	15	BBHA	1,335,000
FAIRBANKS		CITY OF FAIRBANKS	49,693

FAIRBANKS	40	ASHA	4,300,000
FAIRBANKS II		CITY OF FAIRBANKS	50,000
HAINES		CITY OF HAINES	30,000
HOMER	24	HOMER SENIOR CITIZENS, INC.	2,400,000
HOMER PHASE II		HOMER SENIOR CITIZENS, INC.	50,000
HOMER PHASE II		HOMER SENIOR CITIZENS, INC.	337,655
KAKE		TLINGIT/HAIDA HSG. AUTH.	30,000
KENAI	24	COOK INLET HOUSING AUTHORITY	1,066,000
KLAWOCK		TLINGIT/HAIDA HSG. AUTH.	30,000
KLAWOCK	10	TLINGIT/HAIDA HSG. AUTH.	846,284
KODIAK		KODIAK SENIOR CITIZENS, INC.	48,425
METLAKATLA	25	CITY OF METLAKATLA	1,383,000
NINILCHIK	10	COOK INLET HOUSING AUTHORITY	500,000
PALMER		ASHA	50,000
PETERSBURG		CITY OF PETERSBURG	30,731
SITKA		CITY & BOROUGH OF SITKA	50,000
SITKA	20	ASHA	1,800,000
ST. MICHAEL	8	CITY OF ST. MICHAEL	12,000
ST. PAUL		CITY OF ST. PAUL	30,000
ST. PAUL	14	CITY OF ST. PAUL	1,275,000
STEBBINS		CITY OF STEBBINS	25,000

TANANA	3	CITY OF TANANA	328,507
VALDEZ		CITY OF VALDEZ	30,000
VALDEZ	15	CITY OF VALDEZ	1,470,000
WASILLA	18	ASHA	1,650,000
WASILLA, PHASE II		ASHA	30,000
WASILLA, PHASE II	14	ASHA	1,260,000
WRANGELL	24	WRANGELL/SENIOR CITIZENS, INC.	1,574,700
YAKUTAT		TLINGIT/HAIDA HSG. AUTH.	30,000
TOTALS	611		43,803,701

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

March 6, 1986

☐ POUCH B
JUNEAU, ALASKA 99811
PHONE: (907) 465-4700

☐ 949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508
PHONE: (907) 563-1073

POSITION PAPER

RE: House Bill 553

SPONSOR: Representatives Uehling, Goll and Boucher

Program Effects of the Bill:

HB-553 is an appropriations bill that provides funds for projects for which the Housing Assistance Division is responsible. The itemized projects are those which have planning completed but have not had construction funds awarded by the Division. This has been due to lack of appropriation for this purpose.

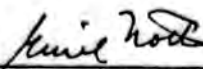
Comments:

This bill would cover all the pending project applications, however, all of the specified projects have not been approved as viable and necessary. Normally a development grant is awarded following a rigorous review by a selection committee. The committee makes recommendations based on 1) a demonstration of need for senior citizen housing in a community 2) a determination of the feasibility of any proposed project and 3) the establishment of a plan which shows the ability of the grant recipient to manage and sustain the project from construction or renovation through operation.

If this bill were to pass, all the listed projects would then become directly funded by a legislative appropriation and the Division would automatically fund these projects whether or not they met the above criteria.

If all the above projects were funded, they would eventually provide 241 units of Senior Citizen housing.

It would be preferred that funding be appropriated on the basis that funds be allocated only for projects that prove to be feasible following a review. The Department would prefer that normal safeguards be mandatory through the use of established guidelines.



Emil Notti, Commissioner

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : _____

REQUEST

Bill/Resolution No. : HB 553
 Title : Approp: Senior and Low cost
Housing.
 Sponsor : Uehling
 Requestor : _____
 Date of Request : _____

FISCAL DETAIL

Agency Affected : DCRA
 BRU : _____
 Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
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						

POSITIONS :

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

ANALYSIS : Attach a separate page if necessary

Prepared by : Clark Boston
 Division : Housing Assistance Division

Phone : 561-0900
 Date : 3/7/86

Approved by Commissioner : Emil Notti
 Agency : Community and Regional Affairs

Date : 3/7/86

Distribution (by Agency preparing fiscal note) :

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



NATIONAL ASSOCIATION OF
SOCIAL WORKERS

March 11, 1986

Representative John Sund, Chair
House Special Committee on Loans
Pouch V
Juneau, Alaska 99811

MAR 14 1986

Dear Representative Sund,

The Alaska Chapter, National Association of Social Workers is writing to advise you of the strong support of our members for the provisions of Section 2 of HB553. The three million dollars proposed for appropriation to the low-income multiple family housing development fund would provide for badly needed low-income housing units in Alaska.

Since 1983, when AS44.47.635 was enacted, social workers around the State have endorsed the Program because our members must daily confront people's desperate needs for affordable housing. We are acutely aware of the housing shortages for people with moderate and low incomes.

As of February 28, 1986, the Alaska State Housing Authority office reported a waiting list of four-hundred ninety-seven families for the available low-income units which ASHA manages in Anchorage alone!! The need for additional affordable housing is obvious.

As oil revenues decline, the Legislature must prioritize spending for the State. Decent housing for all Alaskans should, we believe, be considered as one of the "basics" and identified as a priority for funding. We urge your support for the low-income, multiple family housing development fund appropriation contained in HB553.

Sincerely,

Cecilia Kleinkauf
Cecilia Kleinkauf, Chair
Social Policy & Action Committee
Alaska Chapter, NASW

cc. Representatives Cotten
Fuller
Duncan
Uehling ✓

P.O. Box 101394 • Anchorage, Alaska 99510 • (907) 274-4479

P.O. Box 10430 • Fairbanks, Alaska 99710 • (907) 457-5914

Rep. Peter Goll
Rep. F. Kay Wallis
Rep. Walter Furnace
Rep. Max Gruenberg
Rep. Niilo Koponen
Rep. Albert Adams
Rep. John Ringstad
Rep. John Binkley
Rep. Sam Cotten
Rep. Jim Duncan

Rep. Pat Pourchot
Rep. Steve Rieger
Rep. Mike Szymanski
✓ Rep. Rick Uehling
Rep. Ronald Larson
Rep. Steve Frank
Rep. Andre Marrou
Rep. Randy Phillips

Alaska State Legislature
P.O. Box V, MS 3100
Juneau, Ak 99811

Regarding House Bill No. 553

Please give your full support
to Bill #553. There is a great need
for senior housing in Palmer.

Many seniors live in upstairs apartments.
It gets more & more difficult for them to
climb stairs.

Single seniors find it very difficult
to maintain a yard and would feel more
secure in a housing project.

Sincerely

Mary & George McClure

*

* DELIVER TO: JPOM

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* ORIGINAL

* SENT: 03/19/86 TIME: 15:49

* FROM: BARBARA NORRELL

* SUBJECT: POM

* PRINT DATE: 03/19/86 TIME: 15:50

*

TO: REPS. BOUCHER, GOLL, UEHLING, LARSON, HURLEY

FROM: DAVE HERNDON, 325 E. 3, ANCHORAGE, AK 99501,

SUBJECT: HB 553, SENIOR AND LOW COST HOUSING

OLDER PERSONS ACTION GROUP URGES APPROPRIATION FOR PROJECTS AT PALMER, HAINES AND HOMER. THESE HAVE COMPLETED PLANNING GRANTS AND ARE READY FOR BID AND CONSTRUCTION NOW. OPAG SUPPORTS OTHER PROJECTS BUT URGES PRIORITY FOR THESE NOW AREADY IN ORDER TO MINIMIZE COST INCREASES.

Rep. Peter Goll
Rep. F. Kay Wallis
Rep. Walter Furnace
Rep. Max Gruenberg
Rep. Niilo Koponen
Rep. Albert Adams
Rep. John Ringstad
Rep. Johnne Binkley
Rep. Sam Cotten
Rep. Jim Duncan

Rep. Pat Pourchot
Rep. Steve Rieger
Rep. Mike Szymanski
✓ Rep. Rick Uehling
Rep. Ronald Larson
Rep. Steve Frank
Rep. Andre Marrou
Rep. Randy Phillips

Alaska State Legislature
P.O. Box V, MS 3100
Juneau, Ak 99811

MAR 31 1986

Regarding House Bill No. 553

Dear Legislator

I am concerned that 553 might be Cct.
In Palmer we started on housing
two or three years ago but could not
get the Real estate until last fall. The
surveys at that time was a need for about
thirty but it is now about 70 or 80.
Thank You

Floyd Davis
211 ANNA st.
Palmer.

P.S.

I would not quibbly.

F.D.

ALASKA HOUSING FINANCE CORPORATION

Veterans Mortgage Program

Information as of December 31, 1985

	<u>Veterans Bonds</u>		<u>Balance Remaining</u>
	<u>Authorized</u>	<u>Issued</u>	
1982	\$400.0 million	\$400.0 million	
1983	\$500.0 million	\$405.0 million	\$ 95.0 million
1984	\$700.0 million	\$452.5 million	\$247.5 million

Loans Made:

FY 83	2,484	\$ 54,376,200
FY 84	4,016	467,310,100
FY 85	2,507	289,507,600
FY 86	840	101,838,150
	<u>9,847</u>	<u>\$913,032,050</u>

FY 86 through December 31, 1985

Total AHFC Loans	2,718	100%
AHFC Loans to Qualified Veterans	840	31%

Summary of Projected Veterans Mortgage Bond Issues

<u>Calendar Year</u>	<u>Total Bond Issuance</u>	<u>1984 Authorization</u>	<u>1986 Authorization</u>
1986	\$302.5	\$247.5	\$ 55.0
1987	302.5		302.5
1988	242.5		242.5
	<u>\$847.5</u>	<u>\$247.5</u>	<u>\$600.0</u>

Eligibility under the Veterans Mortgage Program is restricted by Federal requirements to those veterans who entered the service prior to January 1, 1977 and who have not been out of the service for more than 30 years.

In addition to the requirement for State authorization, Veterans Mortgage Bonds are subject to a Federally imposed calendar year cap of \$302.5 million.

The tax proposal recently passed by the House and currently under review by the Senate places the Veterans Mortgage Bonds under a State ceiling of \$200 million. The new ceiling would apply to Industrial Development Bonds, Qualified Mortgage (First Time Homebuyer) Bonds, Multifamily Housing Bonds, Qualified Non-Profit Agency Bonds, and Veterans Mortgage Bonds. Thus, housing bonds, including those for veterans, would be required to compete for their share of the \$200 million State cap.

The uncertainties associated with the recent tax bill currently preclude the issuance of Veterans Mortgage Bonds.

DATE 12/31/85

ALASKA HOUSING FINANCE CORPORATION
STATE GUARANTEED BONDS - VETERANS MORT.
LOAN SUMMARY MORTGAGES PURCHASED

	FY 1984	%	FY 1985	%	FY 1986 THRU(12/31/85)	%
	-----		-----		-----	
SALES PRICE	129,877		130,774		135,381	
APPRAISED VALUE	132,573		133,336		138,956	
NOTE AMOUNT	116,382		115,480		121,236	
MONTHLY INCOME	5,009		4,874		5,025	
AGE OF BORROWER	38.4		38.7		39.0	
SIZE OF HOUSEHOLD	3.1		3.1		3.3	
LOAN TO SALES PRICE RATIO	89.59%		88.31%		89.55%	
WEIGHTED AVG INT. RATE	9.51%		10.49%		9.72%	
MONTHLY P&I	982.01		1,055.88		1,039.20	
DWELLING TYPE..SFR	3,433	85.48	2,179	86.92	753	89.64
CONDO	382	9.01	193	7.70	28	3.33
DUPLEX	91	2.27	22	.88	7	.83
PUD	128	3.19	92	3.67	39	4.64
MOHM	2	.05	17	.68	13	1.55
TRI-PLEX			4	.16	0	.00
FOUR PLEX					0	.00
NEW/EXISTING....NEW	2,048	50.95	1,210	48.26	342	40.71
EXISTING	1,970	48.05	1,297	51.74	498	59.29
1ST TIME HOMEOWNER..YES	1,385	34.49	921	36.74	288	34.29
NO	2,631	65.51	1,586	63.26	552	65.71
INSURANCE TYPE.....FHA					0	.00
VA	1,598	39.74	1,122	44.75	385	43.45
CONVA	2,420	60.26	1,385	55.25	475	56.55
ELIGIBILITY.....STVA	4,016	100.00	2,507	100.00	840	100.00
NON-STVA					0	.00
ORIG. PRINCIPAL BALANCE	487,310,100.00		289,507,800.00		101,838,150.00	
ORIG. NUMBER OF LOANS	4,016		2,507		840	



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 14, 1986

The Honorable Ted Stevens
United States Senate
522 Hart Building
Washington, DC 20510

Dear Senator Stevens:

The U.S. House of Representatives recently approved H.R. 3838, the Tax Reform Act of 1985, which has been sent to the U.S. Senate for consideration. The purpose of this letter is to inform you of how the provisions on tax-exempt bonding would affect the state of Alaska and to request your continued assistance to preserve the benefits of tax-exempt bond financing as an essential component of capital financing in Alaska.

Presently, the state has a federal bond ceiling of \$702.5 million for three types of tax exempt bonds: industrial development bonds (\$200 million), qualified mortgage bonds (\$200 million), and veterans mortgage bonds (\$302.5 million), plus an unlimited volume for other major types, such as multifamily housing bonds and qualified nonprofit agency bonds (e.g., hospitals). Under the House tax bill, the volume limit for all of these purposes (and certain others) would be \$200 million. This is a decrease of over 70 percent. No other state is so severely impacted.

Without belaboring the point, it is clear that the House tax bill unfairly impacts Alaska in the tax-exempt bond provisions. However, we also realize that in the current fiscal environment, some sacrifices must be made, and our requests for assistance are made in that light.

With respect to the volume cap, we have two recommendations. First, we recommend that efforts be made to remove veterans mortgage bonds from the cap. This change would affect five states and a relatively small amount of bonds, as is shown on the attachment. While bond issues may primarily be a tax matter for the federal government, we believe that on a state-by-state basis this is a programmatic issue concerning men and women who have served their nation well. We have already received an indication that the other four affected states are willing to assist in a coordinated effort to remove veterans mortgage bonds from the volume cap. Please let us know if we can assist your office in this effort.

February 14, 1986

Second, we request your assistance in getting the volume floor for states with small populations raised from \$200 million to \$300 million. This change would affect 17 states and amounts to a total possible increase of about \$1.5 billion in bonds. We believe this change would go a long way in minimizing the negative impacts of this tax bill on low-population states. Please note that even with such a modification, a low-population state would have a reduction in its maximum tax-exempt bond ceiling of over 25 percent.

We also ask your help in obtaining a transitional exemption from the bill for the Alaska Industrial Development Authority (AIDA) Red Dog project. AIDA applied last summer for a ruling from the Internal Revenue Service on the project and expects to receive shortly a favorable ruling treating the port portion of the project as qualifying for tax-exempt financing under existing law. The bill would not change the basic rule that ports of this type qualify for tax-exempt financing. The bill does, however, narrow the actual elements of the port that qualify. We would like to be able to carry out this financing under the law as now in effect and as dealt with in the ruling. A draft of language that would grant the exemption is attached for your consideration.

Finally, there is the matter of "sunset" provisions. In this case, the tax bill has one very positive provision in that it eliminates the December 31, 1986, sunset on "small issue" industrial development bonds. This specific provision is particularly helpful to Alaska, and we strongly urge you to see that it is retained. The other sunset date is for qualified mortgage bonds which are now due to sunset on December 31, 1987. This date is not changed by the tax bill. If total bond issuance is going to be as restricted as the tax bill mandates, then at least extension or elimination of this sunset should be granted to provide some relief.

If you would like any additional information, such as the number of homes financed, new investments generated, and so forth, please contact us. Thank you again for your past assistance and future efforts.

Sincerely,

Bill Sheffield
Governor

cc: John W. Katz, Special Counsel
State/Federal Relations

PROPOSED TRANSITIONAL EXEMPTION FROM H.B. 3838

The amendments made by section 701 shall not apply to obligations substantially all of the proceeds of which are to be used to provide financing for a dock and directly related storage facilities which are part of a transportation project to which a State legislature appropriated, effective July 1, 1985, (1) \$12,000,000 in money or marketable securities and (2) notes (or other evidence of debt) representing prior loans from the State or its instrumentalities to persons or businesses in the State with an aggregate unpaid principal balance in excess of \$130,000,000. The aggregate face amount of obligations (exclusive of refunding obligations) to which this paragraph applies shall not exceed \$175,00,000.

ALASKA HOUSING FINANCE CORPORATION

VETERANS BONDS VOLUME CAPS

State	Volume Cap (millions)
Alaska	\$302.5
California	340.0
Oregon	384.0
Texas	250.0
Wisconsin	93.0
TOTAL	\$1,369.5

EFFECT OF \$200 MILLION VERSUS \$300 MILLION VOLUME FLOOR
 (amounts in millions of dollars)

Affected State	Volume Under \$200 Million Floor *	Volume Under \$300 Million Floor
Alaska	\$ 200	\$ 300
Delaware	200	300
Dist. of Columbia	200	300
Hawaii	200	300
Idaho	200	300
Maine	203	300
Montana	200	300
Nebraska	284	300
Nevada	200	300
New Hampshire	200	300
New Mexico	243	300
North Dakota	200	300
Rhode Island	200	300
South Dakota	200	300
Utah	278	300
Vermont	200	300
Wyoming	200	300
TOTAL	\$3,608	\$5,100

* Volume cap is the greater of \$175 per capita or the floor amount

BILL SHEFFIELD
GOVERNOR

1/31



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

11B 533

1/30/86

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that would place before the voters a bond proposition for the sale of up to \$600,000,000 in state-guaranteed veterans' mortgage bonds. Federal law allows the sale of tax-exempt state-guaranteed mortgage revenue bonds for the purchase of residential mortgages made to qualified veterans. The use of tax-exempt bonds enables the Alaska Housing Finance Corporation to purchase qualified veterans' mortgages at a substantial savings to the state.

Similar bond propositions were presented to the voters in 1982, 1983, and 1984, and on each occasion the propositions were approved by substantial margins.

I recommend your prompt consideration and approval of this bill.

Sincerely,

Bill Sheffield

Bill Sheffield
Governor

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

page 142

Revision Date : _____

REQUEST HB 533 #1

FISCAL DETAIL

Bill/Resolution No. : _____
Title : An Act relating to issuance
of tax exempt, state-guaranteed
revenue Bonds - AHFC/veterans
Sponsor : Rules/Rqst of Governor
Requestor : AHFC/Department of Revenue
Date of Request : 9-13-85

Agency Affected : Office of the Governor
BRU : Elections
Components : I

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						

CAPITAL						
---------	--	--	--	--	--	--

REVENUE		3.3 *				
---------	--	-------	--	--	--	--

FUNDING : (Thousands of Dollars)

GENERAL FUND		3.3 *				
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

* Costs included cover 2 to 3 additional pages in each Official Election Pamphlet, for printing and typesetting, and estimated costs of computer programming requirements for vote counting purposes. However, these cost are based on the assumption that all candidates and issues will fit

Prepared by : Linda Edgeworth Phone : x 4611
Division : Division of Elections Date : 12-18-85

Approved by Commissioner : [Signature] Date : 12/19/85
Agency : Office of St. Governor

Distribution (by Agency preparing fiscal note) :

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

DIVISION OF ELECTIONS
FISCAL NOTE
ANALYSIS CONTINUED

HB 533 #1
page 2 of 2

An Act relating to issuance of tax exempt, state-guaranteed revenue bonds - AHFC/veterans

on three ballot cards which is the norm. It should be noted that should the inclusion of this issue require a 4th ballot to be printed, the cost increase at 16¢ each x 320,000 ballots, for a total of \$51.2.

Under these circumstances the fiscal note would be:

54.5

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

Page 1 of 2

Revision Date : _____

REQUEST HB 533 # 2

Bill/Resolution No. : _____
Title : Act relating to issuance of tax-exempt state guaranteed bonds by AHFC for Veterans housing
Sponsor : _____
Requestor : Governor
Date of Request : _____

FISCAL DETAIL

Agency Affected : Revenue
BRU : Alaska Housing Finance Corporation
Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

FUNDING : (Thousands of Dollars)

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

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

SEE ATTACHED

Prepared by : Mark Cameron Phone : 276-5599
Division : Alaska Housing Finance Corporation Date : December 29, 1985
Approved by Commissioner : [Signature] Date : 1/2/86
Agency : _____

Distribution (by Agency preparing fiscal note):

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

HB 533 # 2 - page 2 of 2

The attached bond proposition authorized the issuance of \$600 million state-guaranteed revenue bonds by AHFC to purchase residential loans made to veterans. This proposition will enable the continuation of the Corporation's Veterans Mortgage Program implemented in 1983. A total of \$1,257,000,000 State Guaranteed Veterans bonds have been issued by AHFC through calendar year 1985. The guarantee by the state of Alaska permitted by the favorable passage of bond proposition is necessary under federal law to sell the bonds in the tax-exempt market. Funding of the Veterans Mortgage Program in the tax-exempt market results in a reduction of the state subsidy related to the purchase of the veteran's mortgages by approximately 2/3rds.

It is assumed that the veteran's mortgage loans will be purchased by the Corporation irrespective of the receipt of the tax-exempt bond authorization. Accordingly, there is no fiscal impact on the operating budget.

**STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST

Bill/Resolution No. : Law Log 377-055-86
 Title : _____

 Sponsor : _____
 Requestor : _____
 Date of Request : _____

FISCAL DETAIL

Revision Date : _____
 Agency Affected : _____
 BRU : _____

 Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

FUNDING : (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

No fiscal impact

Prepared by : Charles T. Borg Phone : 243-0656
 Division : Office of the Adjutant General Date : 12-30-85
 Approved by Commissioner : Charles T. Borg Deputy Comm Date : 12-30-85
 Agency : Department of Military & Veterans Affairs

Distribution (by Agency preparing fiscal note) :

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

WORK DRAFT

WORK DRAFT

WORK DRAFT

Ford
4/9/86

Original sponsors: Uehling, Goll,
Boucher, et al

Funding Information

General Fund	\$8,500,000
Other Funds	-0-
	<u>\$8,500,000</u>

BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 553 (Loans)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations to the Depart-
7 ment of Community and Regional Affairs for senior
8 citizen housing development grants and for low-cost
9 and low-income housing development; and providing for
10 an effective date."

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

12 * Section 1. The sum of \$7,000,000 is appropriated from the general
13 fund to the senior citizens housing development fund in the Department of
14 Community and Regional Affairs for the purpose of making grants under
15 AS 44.47.620 for senior citizen housing development.

16 * Sec. 2. The sum of \$1,500,000 is appropriated from the general fund
17 to the low-cost and low-income multiple family housing development fund
18 (AS 44.47.635) in the Department of Community and Regional Affairs for the
19 purpose of developing low-cost, low-income multiple family housing.

20 * Sec. 3. The appropriations made by this Act are for capital projects
21 and are subject to AS 37.25.020.

22 * Sec. 4. This Act takes effect July 1, 1986.