

CSHCR

54

SENATE COMMITTEE REPORT

FURTHER

5/3/88

DATE TURNED INTO OFFICE 5/7/88

Mr. President:

Finance Committee considered CSHCR 54 (FIN)

management of mobile homes owned by the Alaska Housing Finance Corp.

and recommended

replace with \_\_\_\_\_ CS \_\_\_\_\_ )  same title  
 or adopt \_\_\_\_\_ CS \_\_\_\_\_ )  new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

letter of intent adopted \_\_\_\_\_

Committee  attached or  adopted fiscal note(s)  
 new  updated or  previous DCED  
 zero  fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]  
Paul Fisher  
[Signature]  
[Signature]  
John R. Bishop

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Signature]  
Chairman signature and recommendation

Committee Backup attached

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: CS HCR 54 (Fin)  
PUBLISH DATE: HOUSE 4/15/88

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Commerce & Econ. Dev.  
 Title: Regarding management of mobile BRU: Alaska Housing Finance Corporation  
homes owned by AHFC  
 Sponsor: House Members of the Joint Comm. on Economic Recovery  
 Requester: House Labor and Commerce Committee

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
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-
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FUNDING: (Thousands of dollars)

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

POSITIONS:

FULLTIME	-0-	-0-	-0-	-0-	-0-	-0-
PARTTIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Ron Lehr, Executive Director Phone: 561-1900  
 Division: Alaska Housing Finance Corporation Date: April 6, 1988  
 Approved by Commissioner: J. Anthony Smith, Chairman Date: 4/16/88  
 Agency: Department of Commerce & Economic Development

Distribution (by preparer):

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

Original sponsor: Rules/House Members  
of the Joint Committee  
on Economic Recovery

1 IN THE HOUSE BY THE FINANCE COMMITTEE  
2 CS FOR HOUSE CONCURRENT RESOLUTION NO. 54 (Finance)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FIFTEENTH LEGISLATURE - SECOND SESSION  
5 Relating to the management of mobile  
6 homes owned by the Alaska Housing Fi-  
7 nance Corporation.  
8 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
9 WHEREAS the legislature finds that some portions of the state are  
10 undergoing a substantial financial crisis in the residential housing mar-  
11 ket; and  
12 WHEREAS the financial crisis has resulted in financial institutions,  
13 various mortgage insurers, nonstate institutional lenders, and state  
14 agencies becoming owners of foreclosed-upon mobile homes; and  
15 WHEREAS a portion of the vacant and unsaleable housing on the market  
16 is substandard and should, if possible, be removed from the market; and  
17 WHEREAS it has been noted that to some extent the financial insti-  
18 tutions and state agencies have not yet developed a coherent policy that  
19 addresses this crisis; and  
20 WHEREAS the state is currently paying in excess of \$373,000 a month in  
21 carrying costs for foreclosed-upon mobile homes; and  
22 WHEREAS removing mobile homes from the market could save the state  
23 considerable money, as well as strengthen the housing market; and  
24 WHEREAS attempts to sell foreclosed-upon properties can unreasonably  
25 depress the remainder of the housing market, endangering the strength of  
26 the remainder of the portfolio of properties; and  
27 WHEREAS removing the foreclosed-upon properties will strengthen the  
28 remainder of the portfolio and would be in the best financial interest of

1 the Alaska Housing Finance Corporation; and

2 WHEREAS a program of removing foreclosed-upon housing can be best  
3 achieved if the various participants work cooperatively, each sharing in  
4 the effort and expense;

5 BE IT RESOLVED by the Alaska State Legislature that the Alaska Housing  
6 Finance Corporation should

7 (1) exercise prudent business judgment in managing its vacant  
8 mobile homes;

9 (2) take immediate action to lower holding costs associated with  
10 its foreclosed-upon mobile homes;

11 (3) consider removing foreclosed-upon mobile homes from the  
12 market, if possible in concert with other institutional owners of fore-  
13 closed residential properties; and

14 (4) analyze and implement alternative ways of managing its  
15 foreclosed-upon mobile homes, including demolition, sales, storage in  
16 storage lots and mobile home parks, and sales out of the market within and  
17 outside of the state.

18 COPIES of this resolution shall be sent to the Honorable Steve Cowper,  
19 Governor; and to Ron Lehr, executive director, and the members of the Board  
20 of Directors of the Alaska Housing Finance Corporation.

Alaska HOUSING FINANCE CORPORATION



MEMO

TO: AHFC Board of Directors

FROM: Ronald D. Lehr *RL*  
Executive Director

DATE: March 9, 1988

RE: Progress to date on AHFC's Repossessed Mobile Home Program and Mobile Homes

Attached is a copy of Board Resolution No. 87-3 which was approved May 4, 1987, giving direction to AHFC regarding AHFC's mobile home program and the marketing and sale of repossessed mobile homes.

What follows are short explanations of what AHFC has done in response to those directions:

1. "AHFC shall conduct a survey of delinquent mobile home loans to determine what steps the Corporation can take to reduce those delinquencies and foreclosures."

AHFC is working on this survey with the Institute of Social and Economic Research. Although our survey has not yet been completed, many steps have been taken to reduce delinquencies and foreclosures. A major effort is the Home Owners' Assistance Program, which was recently instituted to help distressed borrowers make their payments. Mobile home borrowers are eligible for this program.

Even prior to Home Owners' Assistance Program (HOAP), a number of workout and forbearance programs have been conducted. At least partially because of these efforts, delinquencies of the mobile home portfolio have declined from a high of 25.39% in June '87 to 20.65% in January '88.

2. "AHFC shall implement an aggressive and inclusive sales strategy for AHFC mobile homes owned. That strategy shall include:
  - a. that the mobile home marketing activities will be concentrated within the Special Credits Department;

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Re: Mobile Home Program  
March 9, 1988  
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- b. that AHFC will go to a select broker system for property management and sale of AHFC mobile home REOs;
- c. that AHFC will contract with a single servicing agent to service all sales of AHFC mobile home REOs that have AHFC financing; and
- d. that AHFC will offer 95%, 10-year financing for AHFC mobile home REOs.

AHFC has made great strides in implementing this directive. A mobile home marketing specialist position was created within the Special Credits Department to coordinate all mobile home activities within the Corporation. To date, four sales seminars have been held in Anchorage, Fairbanks, and Juneau, to educate real estate agents about AHFC's marketing program. Sixty-five agents are now approved to sell AHFC mobile homes. In calendar year 1987, AHFC sold 256 units.

AHFC recently added another position to work specifically on sales strategy, particularly bulk sales.

On June 6, AHFC issued a Request for Proposal for three contractors, one each in Anchorage, Juneau and Fairbanks, to handle mobile home inventory and management. The selection has since been completed and contracts have been signed with Summit Logistics in Fairbanks, Coldwell Banker/Joe Shaw Realty in Juneau, and Western Enterprises in Anchorage.

3. "AHFC shall negotiate with park owners to obtain significantly lower space rents for vacant AHFC mobile home REOs located in those parks, and, if unsuccessful, AHFC shall obtain off-site sales and storage lots."

As suggested in this directive, AHFC contacted park owners. The results of that contact are in Attachment D. Based upon these figures, AHFC believed it was cost effective to obtain sales/storage lots. On August 24, AHFC issued an Invitation to Bid and selected a sales/storage lot in Anchorage in November. The space rent in this lot is over \$100/month less than in the average space rent from all other parks. AHFC once again contacted park owners to see if they would be willing to lower their rent to match the cost of our sales/storage lot. The results to date are also summarized in Attachment D. I should note that although some of the park owners have characterized the sales/storage lot as a "boneyard" from which we will never sell a mobile home, we do not agree. Others knowledgeable in the industry believe we will have a better sales performance off the lot since it makes it easier for a buyer to "comparison shop."

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Furthermore, many of our recent sales have been of units that have been subsequently moved off their current lot, so again, we do not believe that moving these units to a storage lot will cripple our sales efforts.

At this point I would like to digress and state AHFC is not arbitrarily selecting mobile homes to move. AHFC staff have developed a matrix to determine which homes should be moved. The matrix takes into account such factors as the number of units, cost, location, repairs necessary, ability to move, among others.

4. "AHFC will solicit offers for bulk purchases of AHFC mobile home REOs. Before accepting offers for bulk purchases of AHFC mobile home REOs, AHFC must ascertain that these offers are:
  - a. financially beneficial to AHFC, and
  - b. that they take into consideration the need to stabilize the market by reducing excess supply."

Western Enterprises has been pursuing this, however, most of the offers have not been realistic. With a new staff person on board, more emphasis will be devoted to this subject in the near future.

5. "AHFC shall select a broker to manage the sales and storage lots described in number 3."

This is accomplished through use of the master agents.

6. "AHFC shall offer, on a trial basis, 95%, 10-year loans on all mobile home financing, in addition to AHFC's standard financing."

Same as 2(d), this has been accomplished.

7. "The AHFC Board of Directors will consider adopting a policy that mobile home loan amounts may not exceed the greater of the outstanding loan balance currently financed by AHFC, or the N.A.D.A. "blue book" value adjusted for transportation costs for the mobile homes. AHFC staff is to prepare a recommendation for the Board's consideration at its next meeting."

This was accomplished under regulation changes listed in 2(d).

8. "For mobile homes brought into the state after April 1, 1987, the minimum downpayment for an AHFC loan will be 10% and the maximum loan term will be 12 years."

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This was accomplished under regulation changes cited in 2(d).

9. "Effective May 1, 1987, AHFC will no longer be responsible for back space rent on units not owned by AHFC."
10. "Space rents accumulated prior to May 1, 1987, on units in the process of being repossessed will be reimbursed."
11. "As of June 1, 1987, AHFC will pay space rent due on AHFC's mobile home REOs directly to park owners."

Nine, 10 and 11 were implemented immediately by staff.

12. "If the AHFC Board of Directors considers adopting a program for rental of AHFC mobile home REOs managed by park owners, AHFC will immediately hold public hearings for that purpose."

The Board has not give any further direction on the possible rental of AHFC mobile homes.

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Attachment

RESOLUTION NUMBER 87-3

RESOLUTION OF THE ALASKA HOUSING FINANCE  
CORPORATION CONCERNING THE CORPORATION'S  
REAL ESTATE OWNED MOBILE HOMES

- 1) AHFC shall conduct a survey of delinquent mobile home loans to determine what steps the Corporation can take to reduce those delinquencies and foreclosures.
- 2) AHFC shall implement an aggressive and inclusive sales strategy for AHFC mobile homes owned. That strategy shall include:
  - a. that the mobile home marketing activities will be concentrated within the Special Credits Department;
  - b. that AHFC will go to a select broker system for property management and sale of AHFC mobile home REOs;
  - c. that AHFC will contract with a single servicing agent to service all sales of AHFC mobile home REOs that have AHFC financing; and
  - d. that AHFC will offer 95%, 10-year financing for AHFC mobile home REOs.
- 3) AHFC shall negotiate with park owners to obtain significantly lower space rents for vacant AHFC mobile home REOs located in those parks, and, if unsuccessful, AHFC shall obtain off-site sales and storage lots.
- 4) AHFC will solicit offers for bulk purchases of AHFC mobile home REOs. Before accepting offers for bulk purchases of AHFC mobile home REOs, AHFC must ascertain that these offers are:
  - a. financially beneficial to AHFC; and
  - b. that they take into consideration the need to stabilize the market by reducing excess supply.
- 5) AHFC shall select a broker to manage the sales and storage lots described in number 3.
- 6) AHFC shall offer, on a trial basis, 95%, 10-year loans for all mobile home financing, in addition to AHFC's standard financing.

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Resolution Number 87-3  
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- 7) The AHFC Board of Directors will consider adopting a policy that mobile home loan amounts may not exceed the greater of the outstanding loan balance currently financed by AHFC, or the N.A.D.A. "blue book" value adjusted for transportation costs for the mobile homes. AHFC staff is to prepare a recommendation for the Board's consideration at its next meeting.
- 8) For mobile homes brought into the state after April 1, 1987, the minimum down payment for an AHFC loan will be 10% and the maximum loan term will be 12 years.
- 9) Effective May 1, 1987, AHFC will no longer be responsible for back space rent on units not owned by AHFC.
- 10) Space rents accumulated prior to May 1, 1987, on units in the process of being repossessed will be reimbursed.
- 11) As of June 1, 1987, AHFC will pay space rent due on AHFC's mobile home REO's directly to park owners.
- 12) If the AHFC Board of Directors considers adopting a program for rental of AHFC mobile home REOs managed by park owners, AHFC will immediately hold public hearings for that purpose.

This Resolution shall take effect immediately.

May 4, 1987

There are approximately 130 mobile home parks in Anchorage. Alaska Housing Finance Corporation has received 18 responses, with 11 reductions regarding space rent. Only 6 parks in Anchorage are offering \$125 or less in space rent to AHFC.

Park	Original Space Rent	Proposed Rent Request Letter 7/87	"Meet or Beat" Letter of 1/88
Alaskan Village	\$285	\$130	\$105
Four Seasons	285	130	105
Dimond Estates	225	218	Responded Requesting Meeting
Glencaren Court	230	200	Effective May 1,88 Verbal - \$170
Glen Muldoon	250	Reduced 200	-
Malaspina	265	Responded No reduction offered	-
Glacier Terrace	265	Responded No reduction offered	-
Manoogs Isle	250	Reduced 125	-
Mayflower	225-250	Responded No reduction offered	Responded No reduction indicated
Penland Park	260	Responded No reduction offered	180
Plaza 36	265	Responded No reduction offered	-
Rangeview	215	110	-
Riviera Terrace	250	Withdrawn 150	-
Southwood Manor	290	Reduced 228	-
Idle Wheels	280	-	Responded No reduction offered
Sunset M/H Park	230	Reduced 125	-
Brookside Manor	240	Reduced 190	-
Trails End	225	Reduced 125	-