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FISCAL NOTE

REQUEST:

Revision Date: _____ Department of Commerce
 Title: Neighborhood Reinvestment Corp Agency Affected: & Economic Development
 BRU: Business Development
 Sponsor: Rodey Components: _____
 Requestor: Senate Finance

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
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	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Rick Uehling

Prepared by: Senator Rick Uehling, Co-chairman
 Division: Senate Finance Committee

Phone: 465-4821
 Date: April 27, 1990

Approved by Commissioner: _____
 Agency: _____

Date: _____

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

APR 25 1990

6-0606E
Chenoweth
4/24/90

Original sponsor(s): SEN. RODEY, Pearce

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 152 (*FIA*)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act exempting property eligible for development
7 assistance from the Neighborhood Reinvestment Corpo-
8 ration from compliance with certain provisions of the
9 Uniform Common Interest Ownership Act."

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

11 * Section 1. AS 34.08.510(b) is amended to read:

12 (b) A public offering statement and a resale certificate are not
13 required to be prepared or delivered on

14 (1) a gratuitous disposition of a unit;

15 (2) a disposition under a court order;

16 (3) a disposition by a governmental agency;

17 (4) a disposition by foreclosure or deed in lieu of fore-

18 closure;

19 (5) a disposition to a dealer;

20 (6) a disposition that may be canceled at any time and for
21 any reason by the purchaser without penalty; [OR]

22 (7) a disposition of a unit in a planned community in which
23 the declaration limits the maximum annual assessment of a unit to not
24 more than \$300, as adjusted under AS 34.08.820, if

25 (A) the declarant has a reasonable and good faith
26 belief that the maximum stated assessment will be sufficient to
27 pay the expenses of the planned community;

28 (B) the declaration cannot be amended to increase the
29 assessment during the period of declarant control without the

1 consent of all unit owners; and

2 (C) the planned community is not subject to develop-
3 ment rights; or

4 (8) a disposition of property by a nonprofit development
5 corporation if that corporation is eligible for assistance from the
6 Neighborhood Reinvestment Corporation organized under 42 U.S.C. 8101 -
7 42 U.S.C. 8107 (Neighborhood Reinvestment Corporation Act) for neigh-
8 borhood housing services, neighborhood revitalization, and economic
9 development projects in a community.

Patrick M. Rodey
Senator

Alaska State Legislature



Senate

3111 C. St., Suite 510
Anchorage, Alaska 99503
(907) 561-7618

During Session:
P.O. Box V
Juneau, Alaska 99811
(907) 465-3793

DATE: April 26, 1990

TO: Senator John Binkley, Co-Chair
Senator Rick Uehling, Co-Chair
Senate Finance Committee

FROM: Senate Pat Rodey

SUBJECT: Committee Substitute for Senate Bill 152

The committee substitute addresses a simple change to the Uniform Common Interest Ownership Act.

The change will allow the Neighborhood Reinvestment Corporation (NRC), which is authorized under federal law 42 U.S.C. 8101-42 U.S.C. 8107 to be exempt from the requirement to develop a Public Offering Statement.

Because the NRC is organized under federal law they are currently required to do a similar statement and there seems to be no need to duplicate the process. The current state law was established for developers who built condominiums or cooperatives for profit and I believe was not intended for non-profits such as the NRC.

This amendment is designed to be very specific and only deals with corporations like the NRC that develop low income housing. With this exemption they will be able to reduce the costs to the borrower, by reducing the amount of attorney time they need in developing their Public Offering Statements.

This is a very brief explanation of the exemption, but if you have any questions please don't hesitate to call my staff Mark Begich at 3793.

NEIGHBORHOOD REVITALIZATION INITIATIVE

Anchorage Neighborhood Housing Services is part of a network of 220 "Neighborworks" organizations across the country. These non-profit public/private partnerships are creating reinvestment opportunities through a variety of revitalization strategies in both urban and rural communities across the country. Collectively, these 220 Neighborworks have generated \$6 billion in reinvestment in formerly declining neighborhoods throughout the United States.

The Alaska Neighborhood Revitalization Act (the Act) was passed during the last session of the Alaska Legislature. The Act set up a mechanism within the Department of Commerce to establish neighborhood housing services corporations in other communities. The Act requires a partnership between the Neighborhood Reinvestment Corporation (a congressionally chartered entity) and the local community to insure that the non-profit is set up with the right ingredients for success. Neighborhood Reinvestment provides on-going training and technical assistance to the NHS programs as well as some grant support for new program development.

The Act further allows for Neighborhood Housing Services of America (the Neighborworks secondary market) to provide technical assistance and purchase loans made by the local non-profits, thereby making additional loan funds available.

NHSA receives its funds by including private sector contributions through corporate social investment policies that allow for investment in financial acquisitions.

Anchorage Neighborhood Housing Services is currently the only NHS program operating in the state of Alaska, although one has recently been incorporated in Fairbanks. This summary fact sheet details some information about the track record of the Anchorage NHS over its 8 year period of operation.

ANCHORAGE NHS SUMMARY FACT SHEET

* Anchorage Neighborhood Housing Services operates both a commercial/business loan fund as well as a residential loan fund in three neighborhoods. Most loans are made to non-bankable clients or projects, yet the average annual delinquency rate is at 3%.

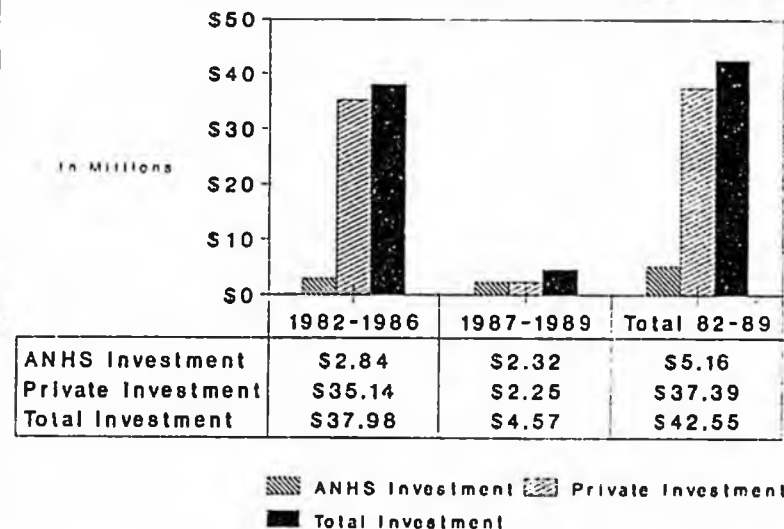
* Direct loans from ANHS total \$5.16 million, stimulating \$37.39 million in private reinvestment.

* ANHS has experience in residential housing loans and activities as well as in commercial economic development.

* The ANHS commercial fund has generated 57 new jobs in its 2 year history. The commercial loan fund and other small business redevelopment activities have stimulated \$26.1 million in commercial activity.

ANHS Neighborhood Construction Activity

1982-1989 in Spauld, Government Hill & Noodin Valley



3/21/90
SB/52

3/21/90
SB 152

The Neighborhood Reinvestment Corporation

A congressionally-chartered, public nonprofit corporation, Neighborhood Reinvestment was established in 1978 (P.L. 95-557) to continue the efforts of the Urban Reinvestment Task Force. Its mission includes the revitalization of declining lower income neighborhoods for the benefit of their current residents, and the provision of affordable housing to neighborhood residents.

The Corporation achieves these goals primarily through the development and support of local neighborhood-based partnerships. The most widely known of these is the Neighborhood Housing Services (NHS) program, a partnership of neighborhood residents, business leaders and local government officials.

These and other local partnership organizations form the NeighborWorks system—the nation's largest and most successful systematic approach to neighborhood revitalization. NeighborWorks members are at work in 239 neighborhoods in 137 cities across the country. An additional 52 formerly-declining neighborhoods have been returned to substantial self-reliance through the efforts of NeighborWorks members.

As the anchor for this national system of local partnerships, Neighborhood Reinvestment provides a range of training and technical assistance to help each local partnership establish neighborhood goals and develop the strategies needed to achieve those goals.

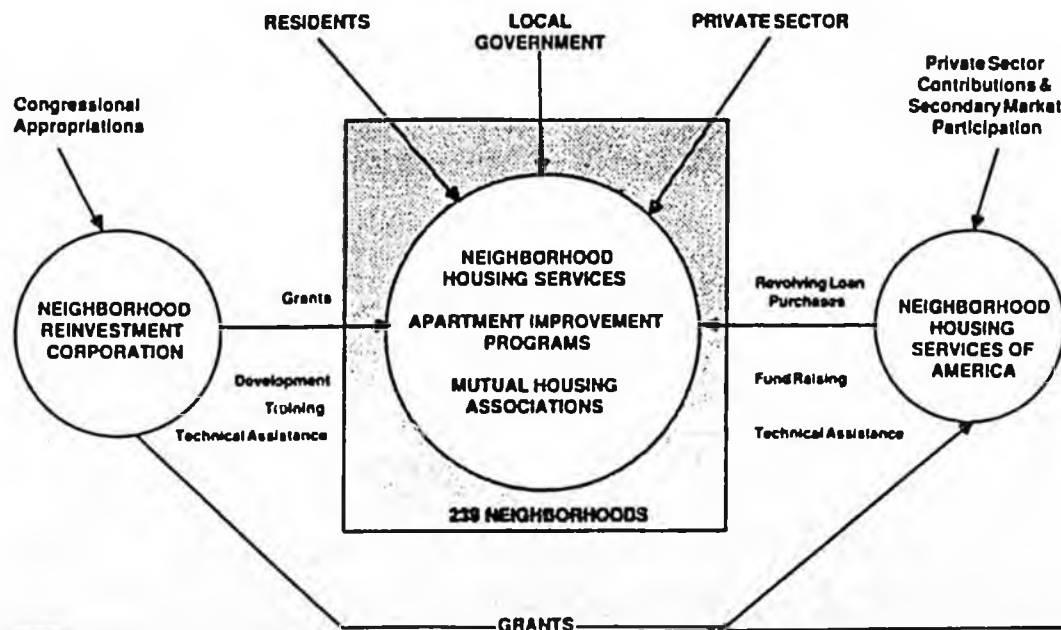
Neighborhood Reinvestment also makes small seed money grants to the local partnerships, which are matched many times over by contributions from local governments, businesses and foundations. In addition, the Corporation provides grants to Neighborhood Housing Services of America, the system's national secondary market.

The Corporation received a \$19 million federal appropriation in fiscal year 1987. Since 1974, a total expenditure of \$135 million in federal appropriations by the Corporation and its predecessor has produced an impact of more than \$4 billion in neighborhoods across the country.

The Corporation's board of directors is composed of a Governor of the Federal Reserve, the Comptroller of the Currency, the Secretary of Housing and Urban Development, the Chairman of the Federal Home Loan Bank Board, the Chairman of the Federal Deposit Insurance Corporation, and the Chairman of the National Credit Union Administration.

Although the Corporation is headquartered in Washington, D.C., the majority of its staff are based in nine districts across the country to better assist the local partnerships they serve.

The NeighborWorks System



FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Neighborhood Revitalization and
Development General Obligation Bonds
Sponsor: Rodey
Requestor: Senate Labor and Commerce

Agency Affected: State Bond Committee
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	385.0	1,566.2	1,566.2
TOTAL OPERATING	0	0	0	385.0	1,566.2	1,566.2
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	385.0	1,566.2	1,566.2
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	385.0	1,566.2	1,566.2

POSITIONS:

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

ANALYSIS: attach a separate page for analysis.

Debt Service

Assumes 10 year bonds at an average interest rate of 7.0 percent.
FY 91 is one semi-annual interest only payment.

Prepared By: Milt Barker *MB*
Division: Treasury

Phone: 465-2350
Date: _____

Approved by Commissioner: *[Signature]*
Agency: Department of Revenue

Date: 2/13/89

Distribution (by preparer):

Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget

Impacted Agency(ies)

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FEB 14 1989

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Neighborhood Revitalization
Initiative
Sponsor: Senator Rodey
Requestor: Senate Labor & Commerce

Agency Affected: Commerce & Econ. Dev.
BRU: Business Development
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES			75.3	202.0	202.0	202.0
TRAVEL			10.0	25.0	20.0	20.0
CONTRACTUAL			110.0	110.0	90.0	90.0
SUPPLIES			3.0	3.0	2.7	2.7
EQUIPMENT			6.0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS			150.0	325.0	405.0	175.0
MISCELLANEOUS						
TOTAL OPERATING			354.3	665.0	719.7	489.7

CAPITAL						
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REVENUE			0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND			354.3	665.0	719.7	489.7
FEDERAL FUNDS						
OTHER						
TOTAL			354.3	665.0	719.7	489.7

POSITIONS:

FULL-TIME			3	4	4	4
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See attached

Prepared by: Tom Lawson, Acting Director Phone: 465-2017
Division: Business Development Date: 2-13-89

Approved by Commissioner: Larry Merculieff Date: 2/13/89
Agency: Department of Commerce & Economic Development

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

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FEB 15 1989

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LEGISLATIVE FINANCE

Fiscal Note DATED

FISCAL NOTE ANALYSIS

SSSB 135--ALASKA NEIGHBORHOOD REVITALIZATION INITIATIVE

Assumptions/Program Summary

SSSB 135 establishes a program which promotes neighborhood revitalization and development through local initiatives of the state's communities with the assistance of financial institutions and the state. The legislation creates a neighborhood revitalization and development fund to be administered by the Department of Commerce and Economic Development. Neighborhood housing services, community revitalization, and economic development projects are eligible. The program requires that any nonprofit organization applying for the grant funds from DCEd must meet the criteria of the Neighborhood Reinvestment Corporation.

(The Neighborhood Reinvestment Corporation was established in 1978 by Congress as a public nonprofit corporation to assist communities in revitalizing declining neighborhoods for the benefit of current residents. That goal is achieved primarily through the development and support of Neighborhood Housing Services (NHS) programs, such as Anchorage Neighborhood Housing Services. In 1986 there were 239 NHS's in 137 cities.)

The bill also establishes the Alaska Main Street Program to provide grants to persons and organizations for economic revitalization and development projects in older central business districts and neighborhoods, using techniques developed by the National Trust for Historic Preservation.

The Neighborhood Revitalization and Development Fund is funded in part by proceeds from a proposed bond issue (SB 152) of \$11,000,000, if approved by the voters. Proceeds from the general obligation bond sale can only be used for capital improvement projects so any administrative costs or grants that are not directly attributable to such projects must be funded through the general fund or other sources.

It is estimated that about 13 communities may be able to participate in the Neighborhood Revitalization and Development Program. Under the Main Street Program it is assumed that approximately twelve to fourteen communities will participate in program grants.

The election on the question of the bond sale (SB 152), the proceeds of which fund the initiative, would be held in November 1990. Assuming voter approval of the initiative, and the bond sale is conducted in a timely manner, the first six months of FY 91 will be spent establishing the new programs, including development of administrative regulations.

Personal Services. In the first year, staff for the Main Street and the Neighborhood revitalization and development Programs includes the following 3 permanent full time six month positions:

Program Coordinator-Development Specialist II (Range 20)	\$29.0
Architect (Range 21)	30.5
Accounting Clerk II (Range 09)	15.8

Note: in the second year (FY92) these position are 12 month positions and salary/benefits cost listed are doubled.

The Statewide coordinator will initiate, coordinate and supervise both programs. The architect will serve as the Alaska Main Street Program architect and will provide design and historic perservation assistance. It is important that the architect position be filled at the beginning of the program in order for the individual to participate in the design and development of the Alaska Main Street program as well as to utilize the training services of the National Trust for Historic Preservation. Under the supervision of the program coordinator, the accounting clerk will administer the grants for both programs and will assist in the administrative details of developing the program.

A second development specialist (DS I, Range 18, \$51.0) will be necessary beginning in FY 91 to fully implement the Neighborhood Revitalization and Development Program.

Travel. Costs include travel to Washington, D.C. by the program coordinator and architect to receive training by the National Trust for Historic Preservation. In addition, once the program is established, one site visit for each community is estimated, with approximately six communities participating the first year. In subsequent years out-of-state travel should diminish while in-state travel will increase, resulting in a slight reduction of expenses.

Contractual Services. Typically, states contract with the National Main Street Center, National Trust for Historic Preservation, for assistance and training in establishing and operating a Main Street Program. The average costs of programs in other states is \$100.0 per year. Technical assistance offered ranges from developing criteria for selecting communities that will participate in the state program to conducting evaluations of local programs. Complete training in revitalization techniques to local programs is provided. Training continues over a three-year period, focusing on increasingly complex issues.

An alternative approach is to contract for the various services needed on a competitive basis. A number of consulting firms in the Northwest and other parts of the country have gained expertise with the Main Street Program over the past ten years and offer Main Street program implementation and training services.

The balance of the contractual service funds (\$10.0) are needed for office related services, including advertising, phone, postage, copying, printing, etc. In subsequent years contractual expenses will decrease.

Supplies. Funds will be used to purchase office supplies and training materials. Costs will decrease in future years.

Equipment. Cost will be just for the first year and will include purchase of a computer/word processor terminal and miscellaneous equipment.

Grants. Under the Main Street Program, grants would be provided to communities to develop and operate a local Main Street Program. Grants to communities would be on a three year track with first year funding at \$50.0, second year - \$25.0, and third year - \$10.0. In the first year (FY 91) through a competitive grant process, three communities would receive grants; in the next two years, five communities would receive first year funding.

	<u>Total</u>
<u>FY 91</u>	
3 1st yr. communities @ \$50.0	\$150.0
<u>FY 92</u>	
5 1st yr. communities @ \$50.0	
3 2nd yr. communities @ \$25.0	325.0
<u>FY 93</u>	
5 1st yr. communities @ \$50.0	
5 2nd yr. communities @ 25.0	
3 3rd yr. communities @ 10.0	405.0
<u>FY 94</u>	
5 2nd yr. communities @ 25.0	
5 3rd yr. communities @ 10.0	175.0

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