

HB 152

HOUSE COMMITTEE REPORT

(11)

Date Referred: April 17, 1991

FURTHER REFERRALS:

Date of Committee Action: 5/4/91

The FINANCE Committee considered:

HB 152

HOUSE BILL NO. 152

ESTAB. ALASKA STATE HOUSING COMMISSION

"An Act relating to housing; creating the Alaska State Housing Commission and setting out duties; providing that the Alaska State Housing Commission is the governing body of the Alaska State Housing Authority and the Alaska Housing Finance Corporation; repealing the boards of directors of the Alaska State Housing Authority and the Alaska Housing Finance Corporation; and establishing the Alaska housing trust fund within the Alaska Housing Finance Corporation."

RECOMMENDATIONS:

be replaced with CS HB 152 (FIN) the same title a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal impact Revenue _____

fiscal note(s) _____

2 zero fiscal note DORA & DCED _____

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
Mike Savara NAUAYRE	<input checked="" type="checkbox"/>	ALBERT BROWN		X	
MARK BROWN BOYER	X	KEO E. JELPH Phillips		<input checked="" type="checkbox"/>	
Jay Brown BROWN	<input checked="" type="checkbox"/>	Carl Sharp sharp		X	
KOPUMEN	<input checked="" type="checkbox"/>	Eileen P. Mullen Mullen		X	
BURNS	X				
WASIN	X				
WILSON	X				

Mike Savara Eileen P. Mullen
CHAIRMAN'S SIGNATURE
MAY 1991

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. CS HB 150

Revision Date: _____ Department Affected: Community & Regional Affairs

Title: "expand directors AHFC...create Alaska State Housing Planning Comm..." BRU: _____

Sponsor: Rep Brown, Ulmer, Koponen, etc. Component: _____

Requestor: _____ COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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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	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Remond Henderson, Director *Remond Henderson* Phone: 465-4708

Division: Administrative Services Date: 5/6/91

Approved by Commissioner: Edgar Blatchford *Edgar Blatchford*

Agency: Community & Regional Affairs Date: 5/6/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agencies.

FISCAL NOTE

0538131

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. _____

Revision Date: 5/6/91 Department Affected: Alaska State Housing Au
Title: A act relating to housing, ARU: Alaska State Housing Authority
creating a housing planning comm. Component: _____

Sponsor: _____
Requestor: Brown, Ulmer, Koponen, Ellis, COMPONENT SERIAL NO.

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Davis

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
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						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

Estimate of current year impact:

ANALYSIS: (Attach a separate page if necessary.) A zero fiscal note is anticipated under the following assumptions:
1. The board meeting will piggyback with scheduled meeting of ASHA Board
2. ASHA will not be the lead agency for development of the CHAS and will only provide data to the designated department.

Prepared By: Barbara Baker Phone: 562-2813 2228
Division: Alaska State Housing Authority Date: 5/6/91

Approved by Commissioner: Commissioner Glen Olds
Agency: Department of Commerce & Economic Development Date: 5-6-91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. CSHB 152

Revision Date: May 3, 1991
Title: An Act relating to housing, expanding AHFC board,
creating AK State Housing Planning Commission
Sponsor: Brown

Department Affected: Revenue
BRU: Alaska Housing Finance Corporation
Componsor: Alaska Housing Finance Corporation

Requestor: Brown

COMPONENT SERIAL NO.

1	1	0
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	15.2	15.8	16.4	17.1	17.7	18.4
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	15.2	15.8	16.4	17.1	17.7	18.4

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 - AHFC operating	15.2	15.8	16.4	17.1	17.7	18.4
TOTAL	15.2	15.8	16.4	17.1	17.7	18.4

POSITIONS:

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

Estimate of current year impact: - 0 -

ANALYSIS: (Attach a separate page if necessary.)

Fees and travel associated with addition of two board members of AHFC Board of Directors.

Prepared By: Mitzi Barker
Division: Alaska Housing Finance Corporation/Planning and Research

Phone: (907)564-9323
Date: May 6, 1991

Approved by Commissioner: [Signature]
Agency: Department of Revenue Date: 5-7-91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

CS FOR HOUSE BILL NO. 152 (FINANCE)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES BROWN, Ulmer, Koponen, Ellis, B.Davis

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to housing; expanding the board of directors of the Alaska Housing
2 Finance Corporation; relating to the management of the Alaska Housing Finance
3 Corporation; creating the Alaska State Housing Planning Commission and establishing its
4 duties; and providing for an effective date."

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

6 * Section 1. FINDINGS. The legislature finds that

7 (1) housing programs in the state are not consolidated and are spread among many state
8 agencies, offices, and divisions, and that a coordinated state housing policy to provide clear direction
9 for addressing housing needs does not exist;

10 (2) there is only limited statistical data on housing needs and, as a result, housing
11 programs are designed with little quantitative information regarding the real needs of Alaskans;

12 (3) low-income and rural housing needs in the state are critical and have not been met
13 with existing housing resources even while it is estimated that nearly 33 percent of Alaskans are
14 considered to be low-income residents; and

1 (4) in order to ensure that all Alaskans are afforded the opportunity to live in safe,
2 sanitary, and energy efficient housing, coordination of the state's varied and disparate housing program
3 initiatives is required.

4 * Sec. 2. AS 18.56.030(a) is repealed and reenacted to read:

5 (a) The corporation shall be governed by a board of directors appointed by the governor
6 as follows:

7 (1) the commissioner of revenue, the commissioner of commerce and economic
8 development, and the commissioner of community and regional affairs;

9 (2) one member who represents the financial community;

10 (3) one member who is licensed as a real estate broker under AS 08.88.171(a);

11 (4) one member who represents the interests of regional housing authorities;

12 (5) two members, one of whom is a rural resident of the state, who represent
13 persons having special housing needs;

14 (6) one public member.

15 * Sec. 3. AS 18.56.030(b) is amended to read:

16 (b) If a member described in (a)(1) [OR (2)] of this section is unable to attend a meeting
17 of the board, the member may, by an instrument in writing filed with the board, designate a
18 deputy or assistant to act in the member's place at the meeting. For all purposes of this chapter,
19 the designee is a member of the board at the meeting.

20 * Sec. 4. AS 18.56.030(c) is amended to read:

21 (c) The board members described in (a)(2) - (6) [AND (a)(3)] of this section serve
22 two-year terms.

23 * Sec. 5. AS 18.56.030(e) is amended to read:

24 (e) The members of the board described in (a)(2) - (6) [(a)(3)] of this section receive
25 \$100 compensation for each day spent on official business of the corporation and may be
26 reimbursed by the corporation for actual and necessary expenses at the same rate paid to
27 members of state boards under AS 39.20.180.

28 * Sec. 6. AS 18.56.090 is amended by adding a new subsection to read:

29 (b) The board shall, in consultation with the Alaska State Housing Planning Commission,
30 provide housing assistance funding to public agencies and private nonprofit organizations to
31 finance the design, construction, development, rehabilitation, or improvement of housing for

1 persons of low and moderate income and for housing in remote, underdeveloped, or blighted
2 areas of the state, including special needs housing. The funding may take the form of deferred
3 loans, interest rate subsidies, building subsidies, participation financing through housing
4 partnerships, or other forms of assistance as provided in regulations adopted by the board. The
5 regulations shall be prepared in consultation with the Alaska State Housing Planning
6 Commission. The regulations must, at a minimum, provide procedures to (1) establish priorities
7 and criteria for funding of housing assistance proposals; (2) establish the types of funding
8 assistance; (3) evaluate competing proposals; (4) approve the award of assistance; and (5) monitor
9 the use of funds and the progress of the program activity. In this subsection, "public agency"
10 includes a state agency or authority, a municipality, or a regional housing authority and "special
11 needs housing" means housing, including emergency shelters, designed to meet the needs of those
12 with specific and special housing needs, including supportive services, including the elderly,
13 individuals with a disability, the mentally ill, and the homeless.

14 * Sec. 7. AS 44.33 is amended by adding new sections to read:

15 ARTICLE 10. ALASKA STATE HOUSING PLANNING COMMISSION.

16 Sec. 44.33.850. ALASKA STATE HOUSING PLANNING COMMISSION. (a) The
17 Alaska State Housing Planning Commission is established in the Department of Commerce and
18 Economic Development. The commission consists of the members of the boards of directors of
19 the Alaska State Housing Authority and the Alaska Housing Finance Corporation. The
20 commission shall elect a chair and other officers from among its members.

21 (b) The members of the commission may receive the compensation and per diem they
22 would be entitled to as members of their respective boards when conducting the business of the
23 commission.

24 (c) Notwithstanding that the commissioner of commerce and economic development is
25 a member of the boards of directors of the Alaska State Housing Authority and the Alaska
26 Housing Finance Corporation, the commissioner shall occupy only one seat on the commission.

27 Sec. 44.33.855. MEETINGS OF COMMISSION. (a) The commission shall meet at least
28 once a year at the call of the chair. Seven members are a quorum.

29 (b) The commission may meet and transact business by electronic media if

30 (1) public notice of the time and locations where the meeting will be held by
31 electronic media has been given in the same manner as if the meeting were held in a single

1 location;

2 (2) participants and members of the public in attendance can hear and have the
3 same right to participate in the meeting as if the meeting were conducted in person; and

4 (3) copies of pertinent reference materials, statutes, regulations, and audio-visual
5 materials are reasonably available to participants and to the public.

6 (c) A meeting by electronic media as provided in this section has the same legal effect
7 as a meeting in person.

8 (d) For the purposes of this chapter public notice of 24 hours or more is adequate notice
9 of a meeting of the commission.

10 Sec. 44.33.860. DUTIES OF COMMISSION. The commission shall

11 (1) coordinate all housing programs administered by state agencies and develop
12 a state housing policy; in implementing this paragraph, the commission shall examine and define
13 state budget needs for housing and shall prepare a proposed coordinated state housing budget
14 with priorities identified for legislative consideration; a state agency that administers a housing
15 program or performs a housing-related function shall assist the commission in the performance
16 of these duties;

17 (2) prepare a Five-Year Housing Plan for the state; the plan shall be released
18 annually and address expected housing problems and needs for the state for the proximate five-
19 year period; the plan must identify housing initiatives, provide a coordinated response to the
20 expected problems and needs, and guide the coordinated state housing budget required by (1) of
21 this section; in the preparation of this plan, the commission shall annually hold hearings and
22 solicit and receive public comments;

23 (3) prepare and periodically update a housing needs assessment of housing and
24 financing availability, including an assessment of needs in rural, underdeveloped, or blighted
25 areas of the state.

26 Sec. 44.33.865. DEFINITION In AS 44.33.850 - 44.33.865, "commission" means the
27 Alaska State Housing Planning Commission.

28 * Sec. 8. Subject to the governor's removal power, a member of the board of directors of the Alaska
29 Housing Finance Corporation under AS 18.56.030(a)(3) as it read before the effective date of this Act,
30 whose term of office expires after June 30, 1991, shall:

31 (1) retain membership on the board of directors until the member's term, as it existed

1 before the effective date of this Act, expires; and

2 (2) occupy the position set out in AS 18.56.030, as amended by sec. 2 of this Act, that
3 corresponds to the position the member held on the board of directors before the effective date of this
4 Act.

5 * Sec. 9. In making original appointments under AS 18.56.030(a), as amended by sec. 2 of this Act,
6 the governor shall appoint one of the members appointed under AS 18.56.030(a)(5) to an initial one-year
7 term.

8 * Sec. 10. This Act takes effect July 1, 1991.

Representative Kay Brown

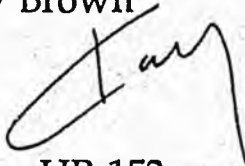
ALASKA STATE LEGISLATURE

Legislative Information Office
3111 C Street #435
Anchorage, Alaska 99503
(907) 561-7627

During Session
P.O. Box V
Juneau, Alaska 99811
(907) 465-4998

TO: Representative Mike Navarre, Co-Chair
Representative Eileen MacLean, Co-Chair
House Finance Committee

FROM: Representative Kay Brown

DATE: May 6, 1991 

SUBJ: Draft Finance CS for HB 152

Based on the testimony taken during the Finance Committee hearing on HB 152 last week, together with discussions at the subcommittee level and additional contact between my office and AHFC, the attached revised draft CS has been prepared for consideration by the full House Finance Committee. I believe that this proposed CS is fully responsive to the concerns previously expressed regarding this legislation.

Briefly, the attached draft CS would:

- Expand the composition of the AHFC board from the current total of 7 members to a total of 9 members. As proposed by the draft, the AHFC board would consist of:
 - the Commissioners of DCED, DCRA and Revenue;
 - a licensed real estate broker;
 - a representative of the financial community;
 - a representative of regional housing authorities;
 - two representatives of special housing needs; and
 - one public member.

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- Establish an Alaska State Housing Planning Commission that would be comprised of the boards of AHFC and ASHA. The Commission, established within DCED, would serve as a coordinating body for state housing programs and would be responsible for the development of a Five-Year Housing Plan. This approach responds to the apprehension that formally replacing the governing board of ASHA with the Alaska Housing Commission (as proposed by the prior version of HB 152) could impair ASHA's positive working relationship with the federal government and specifically embraces a recommendation made by HUD. The Commission would draw on the staff and resources of AHFC, ASHA and DCRA for support and not exist as a separate independent agency.
- Amend the powers of AHFC to direct that the corporation, in consultation with the Alaska State Housing Planning Commission, provide funding to public agencies and private nonprofit organizations. Assistance could be used to finance the design, construction, development, rehabilitation or improvement of low-moderate income and special needs housing. Funding could take the form of grants, loans interest rate subsidies, building subsidies, or matching funds.

Please note that this draft CS would not codify in statute the "dividend" policy recently adopted by the AHFC board, nor require the calculation of unrestricted revenues or assets.

Discussion

The attached CS would respond to the concerns expressed by AHFC, ASHA and others during the House Finance Committee hearing on HB 152.

As an alternative to establishing a commission to serve as the single governing board for AHFC and ASHA, the draft CS would expand the board of AHFC by a total of two members. This would serve two objectives: low-moderate income and special needs housing interests would be better represented in the development of AHFC initiatives and there would be better coordination of AHFC programs and the programs administered by DCRA.

Establishment of an Alaska State Housing Planning Commission, for planning purposes only, would provide an on-going mechanism to ensure cohesive and coordinated state housing policy development. All three of the "major players" in state housing (DCRA, ASHA and AHFC) would be represented on the Commission, yet each agency would retain its autonomy. Bringing the AHFC and ASHA boards together as a planning commission would provide the expansive policy perspective needed to formulate a state housing policy, ensure the identification of unmet housing needs and provide the guidance needed to address state housing issues comprehensively.

7-LS0154W

Luckhaupt

5/3/91

(2nd version)

CS FOR HOUSE BILL NO. 152 ()

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY

Offered:

Referred:

Sponsor(s): REPRESENTATIVES BROWN, Ulmer, Koponen, Ellis, B.Davis

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to housing; expanding the board of directors of the Alaska Housing
2 Finance Corporation; relating to the management of the Alaska Housing Finance
3 Corporation; creating the Alaska State Housing Planning Commission and establishing its
4 duties; and providing for an effective date."

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

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7 (1) housing programs in the state are not consolidated and are spread among many state
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9 for addressing housing needs does not exist;

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11 programs are designed with little quantitative information regarding the real needs of Alaskans;

12 (3) low-income and rural housing needs in the state are critical and have not been met
13 with existing housing resources even while it is estimated that nearly 33 percent of Alaskans are
14 considered to be low-income residents; and

1 (4) in order to ensure that all Alaskans are afforded the opportunity to live in safe,
2 sanitary, and energy efficient housing, coordination of the state's varied and disparate housing program
3 initiatives is required.

4 * Sec. 2. AS 18.56.030(a) is repealed and reenacted to read:

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6 as follows:

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8 development, and the commissioner of community and regional affairs;

9 (2) one member who represents the financial community;

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11 (4) one member who represents the interests of regional housing authorities;

12 (5) two members who represent persons having special housing needs;

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14 * Sec. 3. AS 18.56.030(b) is amended to read:

15 (b) If a member described in (a)(1) [OR (2)] of this section is unable to attend a meeting
16 of the board, the member may, by an instrument in writing filed with the board, designate a
17 deputy or assistant to act in the member's place at the meeting. For all purposes of this chapter,
18 the designee is a member of the board at the meeting.

19 * Sec. 4. AS 18.56.030(c) is amended to read:

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21 two-year terms.

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24 \$100 compensation for each day spent on official business of the corporation and may be
25 reimbursed by the corporation for actual and necessary expenses at the same rate paid to
26 members of state boards under AS 39.20.180.

27 * Sec. 6. AS 18.56.090 is amended by adding a new subsection to read:

28 (b) The board shall, in consultation with the Alaska State Housing Planning Commission,
29 provide housing assistance funding to public agencies and private nonprofit organizations to
30 finance the design, construction, development, rehabilitation, or improvement of housing for
31 persons of low and moderate income and for housing in remote, underdeveloped, or blighted

1 areas of the state, including special needs housing. The funding may take the form of deferred
2 loans, interest rate subsidies, building subsidies, participation financing through housing
3 partnerships, or other forms of assistance as provided in regulations adopted by the board. The
4 regulations shall be prepared in consultation with the Alaska State Housing Planning
5 Commission. The regulations must, at a minimum, provide procedures to (1) establish priorities
6 and criteria for funding of housing assistance proposals; (2) establish the types of funding
7 assistance; (3) evaluate competing proposals; (4) approve the award of assistance; and (5) monitor
8 the use of funds and the progress of the program activity. In this subsection, "public agency"
9 includes a state agency or authority, a municipality, or a regional housing authority and "special
10 needs housing" means housing, including emergency shelters, designed to meet the needs of those
11 with specific and special housing needs, including supportive services, including the elderly,
12 individuals with a disability, the mentally ill, and the homeless.

13 * Sec. 7. AS 44.33 is amended by adding new sections to read:

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17 Economic Development. The commission consists of the members of the boards of directors of
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19 commission shall elect a chair and other officers from among its members.

20 (b) The members of the commission may receive the compensation and per diem they
21 would be entitled to as members of their respective boards when conducting the business of the
22 commission.

23 (c) Notwithstanding that the commissioner of commerce and economic development is
24 a member of the boards of directors of the Alaska State Housing Authority and the Alaska
25 Housing Finance Corporation, the commissioner shall occupy only one seat on the commission.

26 Sec. 44.33.855. MEETINGS OF COMMISSION. (a) The commission shall meet at least
27 once a year at the call of the chair. Seven members are a quorum.

28 (b) The commission may meet and transact business by electronic media if

29 (1) public notice of the time and locations where the meeting will be held by
30 electronic media has been given in the same manner as if the meeting were held in a single
31 location;

1 (2) participants and members of the public in attendance can hear and have the
2 same right to participate in the meeting as if the meeting were conducted in person; and

3 (3) copies of pertinent reference materials, statutes, regulations, and audio-visual
4 materials are reasonably available to participants and to the public.

5 (c) A meeting by electronic media as provided in this section has the same legal effect
6 as a meeting in person.

7 (d) For the purposes of this chapter public notice of 24 hours or more is adequate notice
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9 Sec. 44.33.860. DUTIES OF COMMISSION. The commission shall

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11 a state housing policy; in implementing this paragraph, the commission shall examine and define
12 state budget needs for housing and shall prepare a proposed coordinated state housing budget
13 with priorities identified for legislative consideration; a state agency that administers a housing
14 program or performs a housing-related function shall assist the commission in the performance
15 of these duties;

16 (2) prepare a Five-Year Housing Plan for the state; the plan shall be released
17 annually and address expected housing problems and needs for the state for the proximate five-
18 year period; the plan must identify housing initiatives, provide a coordinated response to the
19 expected problems and needs, and guide the coordinated state housing budget required by (1) of
20 this section; in the preparation of this plan, the commission shall annually hold hearings and
21 solicit and receive public comments;

22 (3) prepare and periodically update a housing needs assessment of housing and
23 financing availability;

24 Sec. 44.33.865. DEFINITION. In AS 44.33.850 - 44.33.865, "commission" means the
25 Alaska State Housing Planning Commission.

26 * Sec. 8. Subject to the governor's removal power, a member of the board of directors of the Alaska
27 Housing Finance Corporation under AS 18.56.030(a)(3) as it read before the effective date of this Act,
28 whose term of office expires after June 30, 1991, shall:

29 (1) retain membership on the board of directors until the member's term, as it existed
30 before the effective date of this Act, expires; and

31 (2) occupy the position set out in AS 18.56.030, as amended by sec. 2 of this Act, that

1 corresponds to the position the member held on the board of directors before the effective date of this
2 Act.

3 * Sec. 9. In making original appointments under AS 18.56.030(a), as amended by sec. 2 of this Act.
4 the governor shall appoint one of the members appointed under AS 18.56.030(a)(5) to an initial one-year
5 term.

6 * Sec. 10. This Act takes effect July 1, 1991.

**STATE OF ALASKA
1991 LEGISLATIVE SESSION**

No. 1
Bill Version: CSHB 152(HFS)
(H) Publish Date: 3/8/91

Revision Date: _____ Department Affected: Alaska State Housing Authority

Title: An Act relating to housing, creating the Alaska State Housing Commission BRU: _____
Component: _____

Sponsor: Brown
Requestor: _____ COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	30.2	31.7	33.3	35.0	36.8	38.6
TRAVEL	37.4	39.3	41.2	43.3	45.5	47.7
CONTRACTUAL	1.0	1.1	1.2	1.3	1.4	1.5
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	68.6	72.1	75.7	79.6	83.7	87.8

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	68.6	72.1	75.7	79.6	83.7	87.8
FEDERAL FUNDS						
OTHER						
TOTAL	68.6	72.1	75.7	79.6	83.7	87.8

POSITIONS:

FULL-TIME	1	1	1	1	1	1
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)
See attached: Assumptions 1) Board members would be appointed from Juneau, Anchorage, Fairbanks, Nome and Bethel. 2) Six (6) meetings would be held annually in Juneau, Fairbanks, Bethel and three (3) in Anchorage. 3) 5% inflation per year. 4) Clerk Typist would support Board activities and distribution of Board materials.

Prepared By: _____ Phone: _____

Division: Alaska State Housing Authority Date: March 4, 1991

Approved by Commissioner: GLENN OLDS TH. J. HOLLOWAY Spec. Asst. - H.

Agency: _____ Date: _____

Distribution (by preparer): Legislative Finance, **COMMITTEE COPY**, Requestor, OMB, & Impacted Agency(ies).

FD 152
 Alaska State Banking Authority Board of Directors Meetings
 Public and Board Of Directors Travel Costs

Board of Directors Meeting Locations	Public		Fishbals		Jensen		Auerberg		Auerberg		Auerberg		Auerberg		Total Travel & Per Diem
	Travel	Per Diem	Travel	Per Diem	Travel	Per Diem	Travel	Per Diem	Travel	Per Diem	Travel	Per Diem	Travel	Per Diem	
Conservation Initiatives															
Home Landscapes															
Jensen	\$772	\$300	\$354	\$300	\$0	\$100	\$436	\$300	\$436	\$300	\$436	\$300	\$436	\$300	\$200
Public	\$772	\$300	\$354	\$300	\$0	\$100	\$436	\$300	\$436	\$300	\$436	\$300	\$436	\$300	\$200
Public	\$772	\$300	\$354	\$300	\$0	\$100	\$436	\$300	\$436	\$300	\$436	\$300	\$436	\$300	\$200
Public	\$2,316	\$900	\$1,662	\$900	\$0	\$300	\$1,308	\$900	\$1,308	\$900	\$1,308	\$900	\$1,308	\$900	\$11,802
Banking Industry															
Auerberg	\$422	\$200	\$300	\$200	\$436	\$200	\$200	\$0	\$100	\$0	\$100	\$0	\$100	\$0	\$100
Public	\$422	\$200	\$300	\$200	\$436	\$200	\$200	\$0	\$100	\$0	\$100	\$0	\$100	\$0	\$100
Public	\$844	\$400	\$600	\$400	\$872	\$400	\$400	\$0	\$200	\$0	\$200	\$0	\$200	\$0	\$200
Special Meetings															
Auerberg	\$422	\$200	\$300	\$200	\$436	\$200	\$200	\$0	\$100	\$0	\$100	\$0	\$100	\$0	\$100
Public	\$0	\$100	\$674	\$300	\$772	\$300	\$422	\$300	\$422	\$300	\$422	\$300	\$422	\$300	\$300
Public	\$422	\$300	\$974	\$300	\$1,208	\$300	\$422	\$400	\$422	\$400	\$422	\$400	\$422	\$400	\$6,372
Public Meetings															
Auerberg	\$772	\$300	\$354	\$300	\$0	\$100	\$436	\$300	\$436	\$300	\$436	\$300	\$436	\$300	\$200
Public	\$674	\$300	\$0	\$100	\$354	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$200
Auerberg	\$422	\$200	\$300	\$200	\$436	\$200	\$200	\$0	\$100	\$0	\$100	\$0	\$100	\$0	\$100
Public	\$786	\$300	\$196	\$300	\$840	\$300	\$362	\$300	\$362	\$300	\$362	\$300	\$362	\$300	\$100
Public	\$2,634	\$1,100	\$1,430	\$900	\$1,830	\$900	\$1,298	\$900	\$1,298	\$900	\$1,298	\$900	\$1,298	\$900	\$15,144
Total:	\$4,236	\$2,700	\$4,626	\$2,700	\$1,930	\$2,100	\$3,028	\$2,000	\$3,028	\$2,000	\$3,028	\$2,000	\$3,028	\$2,000	\$37,434

File: 01231\yr\ub152.wk1

COMMITTEE COPY

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. CSHB 152

Revision Date: _____ Department Affected: Community & Regional Affairs
 Title: Establishing the Alaska State Housing Commission BRU: Housing Assistance
 Component: Housing Loan Administration
 Sponsor: Representative Kay Brown
 Requestor: _____ COMPONENT SERIAL NO.

	6	8	7
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	50	50	50	50	50	50
CONTRACTUAL	117	50	50	50	50	50
SUPPLIES	10	10	10	10	10	10
EQUIPMENT	5	5	5	5	5	5
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	182	115	115	115	115	115

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

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Trust Fund)	182	115	115	115	115	115
TOTAL	182	115	115	115	115	115

POSITIONS:

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

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

--ATTACHED--

Prepared By: Remond Henderson *Remond Henderson* Phone: 465-4708

Division: Administrative Services Date: 4/2/91

Approved by Commissioner: Edgar Blatchford *E. Blatchford*

Agency: Community & Regional Affairs Date: 4/2/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

#B 152

STATE OF ALASKA
1991 LEGISLATIVE SESSION

FISCAL NOTE ANALYSIS

BILL NO: CSHB 152

Department Affected: Community and Regional Affairs

Sponsor: Representative Brown

TITLE:

An act relating to Housing; creating the Alaska State Housing Commission and setting out duties; providing that the Alaska State Housing Commission is the governing body of the Alaska State Housing Authority and the Alaska Housing Finance Corporation; repealing the boards of directors of the Alaska State Housing Authority and the Alaska Housing Finance Corporation; and establishing the Alaska housing trust fund within the Alaska Housing Finance Corporation (AHFC).

FISCAL IMPACT:

It is anticipated the the positions necessary for the administration of the Commission will be provided by existing agencies and funded by the trust fund. We anticipate that at a minimum an Executive Director position and some professional and clerical staff would be necessary to provide the administrative support for the Commission and the trust fund.

Again, it is anticipated that these positions would be provided by existing agencies and in particular AHFC as this agency presently administers the trust fund.

The Alaska State Housing Commission would spend a great amount of time setting up the office and creating a State Housing Policy by consolidating information and resources of the different housing loan programs within the state agencies. This commission would develop and implement a state housing policy, prepare a five year housing plan, prepare and personally update a Housing Needs Assessment of housing and financing availability; provide information and technical assistance to the public; coordinate public education and outreach programs; and would be the designated agency for federal housing funding, which may be grant or matching revolving loan funds. Additionally, the commission would coordinate the efforts of senior housing, low to moderate income housing and energy related programs.

The largest part of this budget is due to the large undertaking of implementing an ongoing statewide housing policy and administering the Alaska Housing Trust Fund, which would be the task of the Alaska State Housing Commission. The largest part (117K) of contractual fees will be to make available funding for a statewide housing survey, to be updated yearly, in addition to an annual report each year.

PERSONAL SERVICES:

<u>Title</u>	<u>Salary</u>
Executive Director	\$ 83,000
Secretary I	<u>28,000</u>
Total	\$111,000*

*Executive Director and secretary to be provided by AHFC with existing positions and funding.

TRAVEL:

Board Member Travel	\$27,000
Board Perdiem for Quarterly Meetings	5,500
Administrative Travel	<u>17,500</u>
Total	\$50,000

CONTRACTUAL:

Housing Study	\$100,000
Advertising & Printing	<u>17,000</u>
Total	\$117,000**

** Reduced to \$50,000 for yearly maintenance (\$20,000) and annual report (\$30,000) in fiscal years 93 through 97.

SUPPLIES:

Office Supplies	\$10,000
-----------------	----------

EQUIPMENT:

Computer & Hookups	<u>\$5,000</u>
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TOTAL OPERATING	\$182,000
-----------------	-----------

5/7/91
Rep. Kay Brown

Sectional Analysis

CS HB 152 (5/3/91 draft - 2nd version)
Alaska State Housing Planning Commission

Section 1

Findings.

Section 2

Amends the composition of the board of the Alaska Housing Finance Corporation to add a total of 2 new members. The board would be comprised of the following members:

- the Commissioners of DCED, DCRA and Revenue;
- a licensed real estate broker;
- a representative of the financial community;
- a representative of regional housing authorities;
- two representatives of special housing needs; and
- one public member.

Section 3

Conforming amendment to AHFC statutes. Allows a commissioner to designate an alternate to serve in the commissioner's place.

Section 4

Conforming amendment to AHFC statutes.

Section 5

Conforming amendment to AHFC statutes.

Section 6

Amends AHFC general powers to direct that the corporation, in consultation with the Alaska State Housing Planning Commission, provide housing assistance funding for public agencies (including municipalities and regional housing authorities) and private nonprofit organizations, to finance the design, construction, development, rehabilitation or improvement of low

and moderate income housing and for housing in remote, underdeveloped or blighted areas of the state, including special needs housing.

Funding may take the form of deferred loans, interest rate subsidies, building subsidies, participation funding through housing partnerships and other forms of assistance under regulations adopted by the corporation. The regulations shall be prepared in consultation with the Alaska State Housing Planning Commission.

Defines "special needs housing" as housing, including emergency shelters, designed to meet the needs of those with specific and special housing needs, including supportive services, including the elderly, individuals with a disability, the mentally ill and the homeless.

Section 7

Establishes the Alaska State Housing Planning Commission within the Department of Commerce and Economic Development. The commission consists of the boards of directors of the Alaska Housing Finance Corporation (AHFC) and the Alaska State Housing Authority (ASHA). The commission shall meet at least once a year and may transact business by electronic media. Seven members are a quorum.

Duties of the commission include the coordination of all housing programs administered by state agencies. The commission is specifically charged with development of a state housing policy. The commission shall examine and define state budget needs for housing and prepare a coordinated state housing budget with priorities defined for legislative consideration. The commission shall prepare a Five-Year Housing Plan. The plan shall be released annually, identify housing initiatives and provide guidance to the Alaska Housing Finance Corporation in undertaking the corporation's additional powers as established by Section 6.

Section 8

Transitional provisions respecting the change in AHFC board composition.

Section 9

Transitional provisions respecting the change in AHFC board composition.

Section 10

Effective date of July 1, 1991.

4/17/91

Sponsor Statement

prepared by
Representative Kay Brown

CSHB 152 (HES)/HB 153 — Alaska Housing Commission & Trust Fund

Summary

CSHB 152 (HES) would establish an Alaska Housing Commission and Alaska Housing Trust Fund.

House Bill 153, a companion funding measure, would appropriate \$100 million to the Alaska Housing Trust Fund from the unrestricted revenues available to the Alaska Housing Finance Corporation.

Background

During 1989-1990, the Alaska Housing Market Council undertook an extensive and comprehensive review of the state's disparate housing programs. As a member of the Council's Housing Policy Development Committee, I had the opportunity to become familiar with the state's severely fragmented housing policy programs and initiatives. CSHB 152 (HES)/HB 153 is a direct outgrowth of the Council's work and recommendations. This legislation would:

- provide for the consolidation of state housing policy-making within a new Alaska Housing Commission; and
- establish a new Alaska Housing Trust Fund to address unmet low-income and special housing needs.

Alaska Housing Commission — Consolidation of Housing Programs

There is broad recognition of the need for consolidation of housing related policy-making to improve the delivery of housing services. In its final report to the Governor and the Legislature, the Alaska Housing Market Council noted that "central to [the Council's] policy recommendations is the need to provide coordinated housing functions within state government." More specifically, the Council's report recommended the creation of an Alaska Housing Commission "to overcome the fragmentation of existing programs and to ensure continuing public involvement in housing issues."

Housing programs in Alaska are spread among numerous different state agencies, offices and divisions. As noted in the Council report, housing

programs are designed with little quantitative information regarding real needs. As a result, there is no cohesive state policy to provide clear direction to meet critical housing needs. At the same time, the recently enacted federal Affordable Housing Act requires that future state and local participation in federal housing programs is contingent upon the development of a comprehensive state housing strategy.

Alaska Housing Trust Fund — Financing for Affordable Housing

Apart from the need to consolidate housing policy-making, there is also widespread recognition that the state's existing housing initiatives have not succeeded in meeting critical housing needs. Even while nearly a third of all Alaskans are considered to be low-income, these housing needs have not been adequately addressed through existing housing programs. The Alaska Housing Trust Fund would provide a financing mechanism to help meet the need for affordable housing.

The Alaska Housing Trust Fund would be capitalized with surplus, unrestricted revenues available to the Alaska Housing Finance Corporation (ie, corporation revenues beyond those needed to meet the corporation's debt obligations). Once the Alaska Housing Trust Fund was capitalized in the amount of \$100 million, AHFC's unrestricted funds would be diverted to the general fund.

The Alaska Housing Commission would use earnings of the Alaska Housing Trust Fund to finance housing assistance by public agencies (including municipalities and regional housing authorities) and private non-profit organizations, and provide a means to finance the design, construction, development, rehabilitation or improvement of low- and moderate-income housing, including special needs housing.

Under the terms of the proposed legislation, financial assistance would take the form of grants, loans interest rate subsidies, building subsidies, matching funds and other forms of assistance as identified under regulations adopted by the Commission.

4/17/91
Rep. Kay Brown

Sectional Analysis

CS HB 152 (HES) — Alaska Housing Commission & Trust Fund

Section 1

Findings.

Section 2

The Alaska State Housing Commission is established within the Department of Community and Regional Affairs consisting of 11 members, including:

- Commissioner of the Department of Community and Regional Affairs;
- Commissioner of the Department of Commerce and Economic Development;
- Commissioner of the Department of Revenue;
- a person employed by the mortgage banking industry;
- two persons representing those who have special housing needs;
- two individuals representing the interests of regional housing authorities;
- one real estate broker; and
- two public members.

The Commission serves as the governing board of both the Alaska Housing Finance Corporation (AHFC) and the Alaska State Housing Authority (ASHA).

An Executive Committee for ASHA Operations is established. The Executive Committee is comprised of seven members designated from among the Commission membership. The Executive Committee for ASHA Operations is authorized to act on behalf of the Commission.

An Executive Committee for AHFC Operations is established. The Executive Committee is comprised of seven members designated from among the Commission membership. The Executive Committee for AHFC Operations is authorized to act on behalf of the Commission.

The Commission shall coordinate all state housing programs and policy, including budget requests to the legislature. The Commission shall prepare a Five Year Housing Plan with full public participation, shall serve as the designated state agency responsible for the receipt and distribution of federal housing grant awards on behalf of the state, and shall administer the Alaska Housing Trust Fund.

Section 3

Amends current statute to provide that the Alaska State Housing Commission is the governing body of the Alaska State Housing Authority (ASHA).

Section 4

Amends current law to require that the Alaska State Housing Authority (ASHA) file reports with the Department of Community and Regional Affairs rather than the Department of Commerce and Economic Development.

Section 5

Amends current law to require that the Alaska State Housing Authority (ASHA) file reports with the Department of Community and Regional Affairs rather than the Department of Commerce and Economic Development.

Section 6

Amends current law to require that the Alaska State Housing Authority (ASHA) file reports with the Department of Community and Regional Affairs rather than the Department of Commerce and Economic Development.

Section 8

Amends current statute to provide that the Alaska State Housing Commission is the governing body of the Alaska Housing Finance Corporation (AHFC).

Section 9

Amends current law to provide that the Alaska State Housing Commission is the governing body of the Alaska Housing Finance Corporation (AHFC).

Section 10

Amends current statute to provide that the Alaska State Housing Commission is the governing body of the Alaska Housing Finance Corporation (AHFC).

Section 11

Adds a new provision to the statutes of the Alaska Housing Finance Corporation (AHFC) to require that a resolution of the corporation that

authorizes the issuance of bonds or bond anticipation notes must reference the reappropriation of funds as provided for by in AS 18 56.400 (see Section 13).

Section 12

Conforming amendment to provide that Alaska State Housing Commission is the governing body of the Alaska Housing Finance Corporation (AHFC).

Section 13

Establishes the Alaska Housing Trust Fund within the Alaska Housing Finance Corporation (AHFC). The Alaska Housing Trust Fund consists of money appropriated to the fund by the legislature.

Each year the Commission shall determine if any portion of the funds administered by the Alaska Housing Finance Corporation (AHFC) is unrestricted, not necessary to meet the financial obligations of the corporation and could be utilized as a part of the Alaska Housing Trust Fund. The amount shall be reported to the legislature. Subject to legislative appropriation, the amount reported shall be deposited into the Alaska Housing Trust Fund. Once the Alaska Housing Trust Fund is fully capitalized at \$100 million, the amount identified annually shall, subject to appropriation by the legislature, be deposited into the general fund.

The Commission shall utilize the Trust Fund to provide housing assistance funding for public agencies (including municipalities and regional housing authorities) and private nonprofit organizations, to finance the design, construction, development, rehabilitation or improvement of low and moderate income housing, including special needs housing. Funding may take the form of grants, loans interest rate subsidies, building subsidies, matching funds and other forms of assistance under regulations adopted by the Commission.

Section 14

Conforming amendment to provide that Alaska State Housing Commission is the governing body of the Alaska Housing Finance Corporation (AHFC).

Section 15

Provides that the principal executive officer of the Alaska State Housing Commission is partially exempt.

Section 16

Establishes the Alaska State Housing Commission as subject to the state conflict of interest disclosure laws.

Section 17

Conforming amendment to provide that Alaska State Housing Commission is the governing body of the Alaska State Housing Authority (ASHA).

Section 18

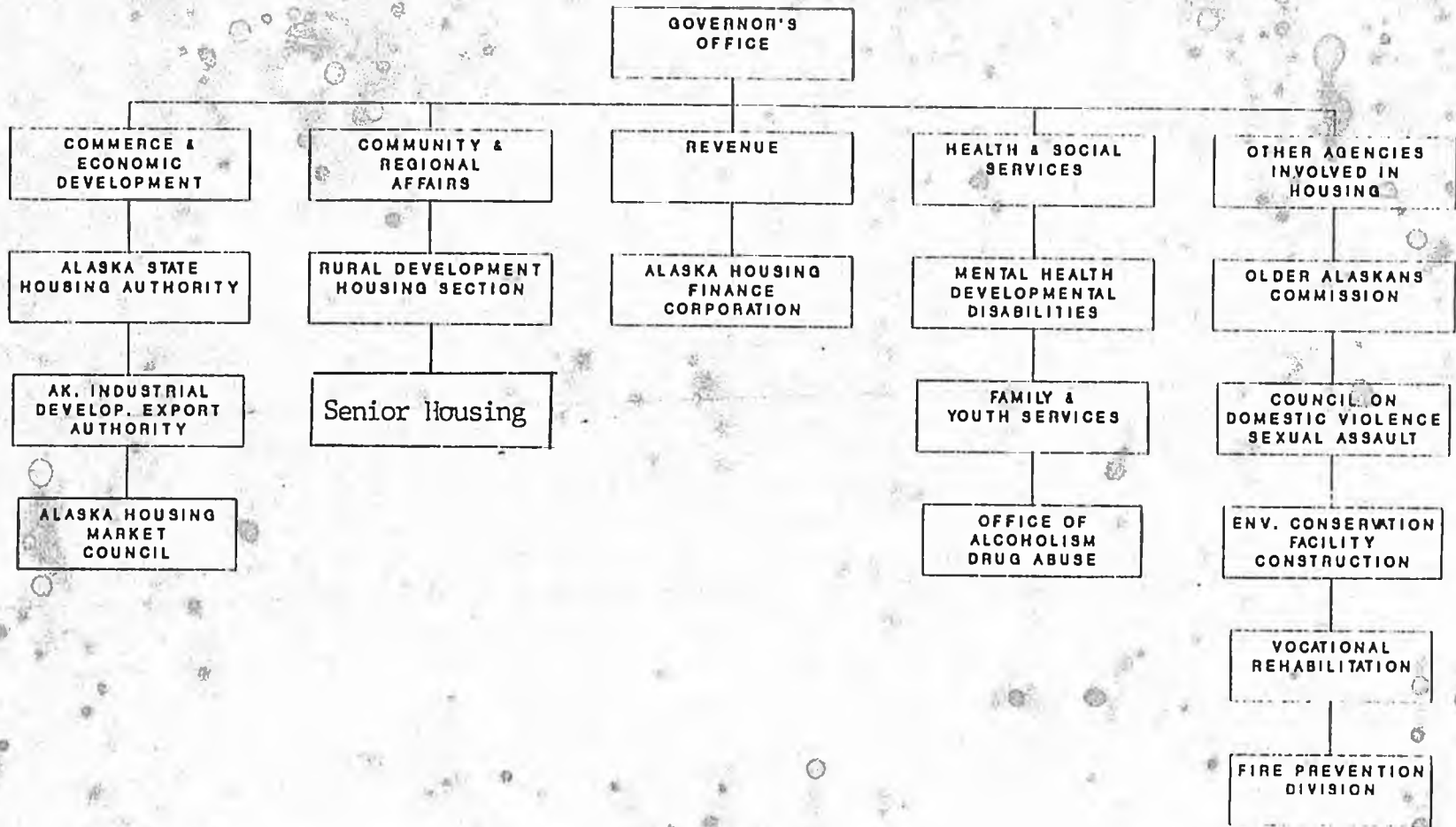
Provides for the Alaska State Housing Commission to serve as the governing body of both the Alaska Housing Finance Corporation (AHFC) and the Alaska State Housing Authority (ASHA) as an exception to the general prohibition against interlocking directorates that could tend to create a monopoly.

Section 19

Provides that nothing in this Act is intended to interfere with or impair a contract, right, liability, bond, note or other obligation of the Alaska State Housing Authority (ASHA) or the Alaska Housing Finance Corporation (AHFC) that exists on the effective date of the Act.

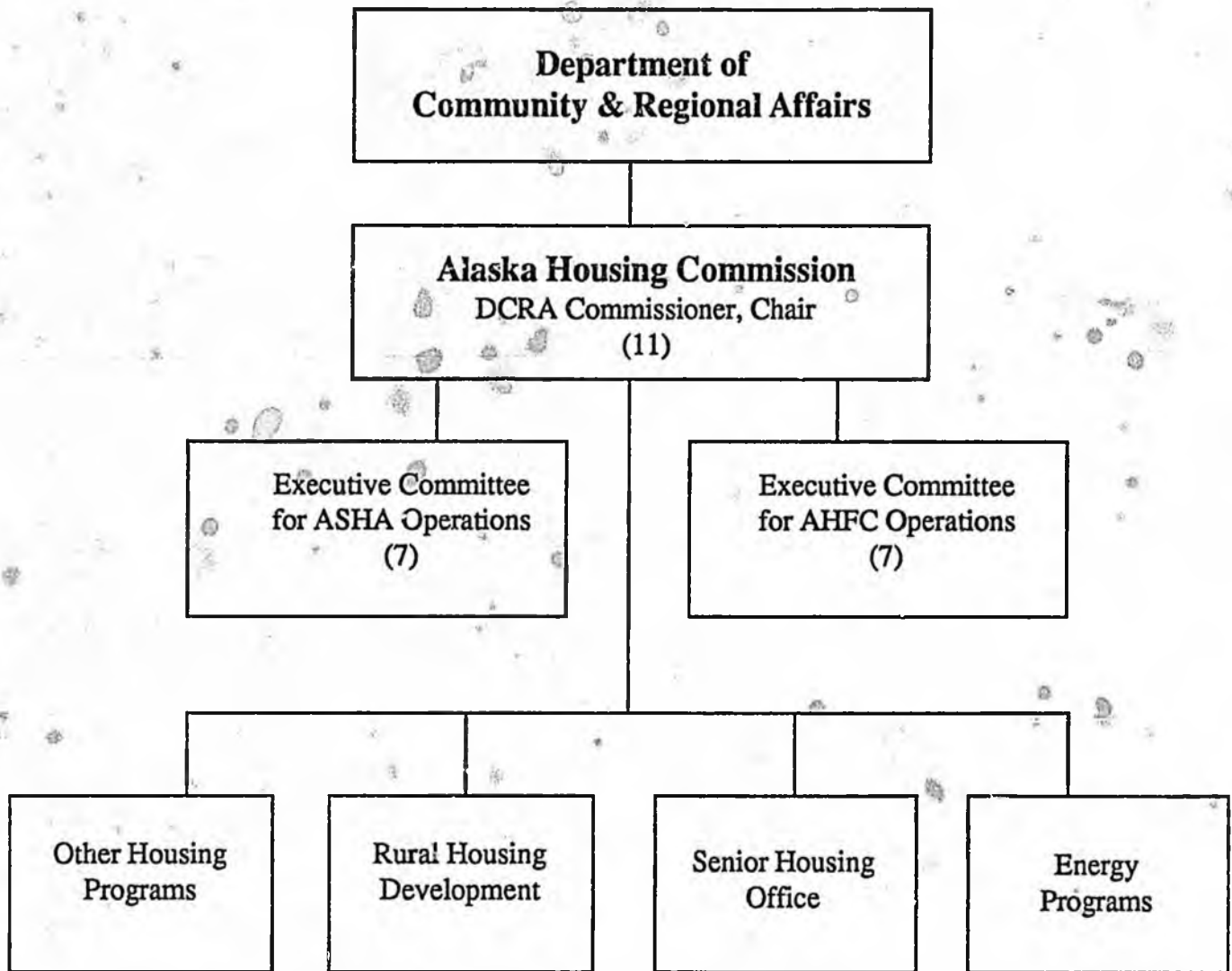
STATE OF ALASKA

AGENCIES WITH HOUSING RESPONSIBILITIES



48

**CS HB 152 (HES) — Alaska Housing Commission
Organizational Chart**



Alaska Coalition for the Homeless

Approved Resolution No. 91-1

(Supporting the Speedy Passage of House Bills 152 and 153)

WHEREAS there is an ever increasing need for low income housing in Alaska; and
WHEREAS Alaska's homeless population includes families with children, veterans, people with physical disabilities, the chronically mentally ill and other vulnerable populations; and

WHEREAS there are not enough beds available in shelters in Alaska to provide a safe place for the homeless to sleep; and

WHEREAS there are individuals, nonprofit corporations and other entities that would develop and build low income housing if money were more readily available; and

WHEREAS House Bills 152 and 153 represent an opportunity to reconfirm the State's commitment to ending homelessness and is a mechanism for providing safe, affordable housing for those Alaskans most at risk;

BE IT RESOLVED that the Alaska Coalition for the Homeless endorses the establishment of an Alaska housing trust fund; and


BE IT FURTHER RESOLVED that the Alaska Coalition for the Homeless supports using the fund to ensure that all Alaskans have safe, sanitary shelter, and affordable long term housing; and

BE IT FURTHER RESOLVED that the Alaska Coalition for the Homeless encourages the Alaska Legislature to pass House Bills 152 and 153 during the first session of the Sixteenth Legislature, so that Alaskans can begin to feel the benefits of this source of funding as soon as possible; and

BE IT FURTHER RESOLVED that the Alaska Coalition for the Homeless encourages Governor Hickel to work with the Legislature toward passage of House Bills 152 and 153, and to sign the measures into law at his earliest convenience.

COPIES OF THIS RESOLUTION shall be sent to the Honorable Ben Grussendorf, Speaker of the Alaska House of Representatives; and to the Honorable Richard Eliason, President of the Alaska Senate; and to the Honorable Walter J. Hickel, Governor of Alaska; and to all other members of the Alaska legislature.

PASSED AND APPROVED THIS 19th DAY OF MARCH, 1991.



Eileen Cummings, Chair

ASSOCIATION OF ALASKA HOUSING AUTHORITIES

Jacqueline L. Johnson, President
P.O. Box 32237
Juneau, Alaska 99803
(907) 789-3800

TESTIMONY OF JACQUELINE L. JOHNSON, PRESIDENT
ASSOCIATION OF ALASKA HOUSING AUTHORITIES
H.B. 152 and H.B. 153
March 7, 1991



I am Jacqueline Johnson and I represent the Association of Alaska Housing Authorities which consists of one state-wide public and 14 Regional Indian Housing Authorities.

In Alaska Market Council's State Housing Policy for the 1990's, it states it is the policy of the State of Alaska in the allocation of state housing resources to give first funding priority to the state's most urgent housing needs. It is the policy of the State of Alaska to improve the availability, accessibility and affordability of housing for people with limited or low incomes.

The State's most urgent housing needs at the time of the report, one year ago, were identified as rural and low income. That need was identified in the 1988 Rural Housing Needs Assessment Study which stated findings of 5,740 new houses needed and another 15,088 homes requiring additions to relieve overcrowding. At the time of the development of the Alaska Housing Market Council's report, AHFC and DCRA's total portfolio showed that only 27% of the mortgage loans went to bush communities.

The Regional Housing Authorities are the major providers of housing in rural Alaska and have been using federal funding with a 20% supplemental from the State. These funding sources have steadily declined in the previous eight years. Last year, Congress appropriated funding for 3,000 units of which the State of Alaska received approximately 10% which recognized to the State about \$41 Million Dollars which is a direct funding line to Regional Housing Authorities. One of the major reasons for the increase of federal dollars in Indian Housing Programs for the 1991 appropriation was because of the critical, recognized need for housing in Rural Alaska. The State cannot continue to rely solely on Federal money to provide housing in Rural Alaska. Once again HUD has submitted in its 1992 budget, zero (0) construction dollars which, of course, means zero (0) construction dollars for Alaska. HUD's administration is promoting the HOME and HOPE Programs which virtually do nothing to ease Alaska's housing crisis. The HOME Program will require matching funds from the State. This will not bring in new additional dollars to the State but reappropriate some of the former construction dollars but at a much lower funding level. If the Federal Programs are not to be consistent in their funding to this State and if the State



ALASKA ASSOCIATION OF REALTORS, INC.[®]
741 Sesame Street, Suite 100 • Anchorage, Alaska 99503
Telephone 907-563-7133

April 19, 1991

Eileen MacLean, Co-chairman
Mike Navarre, Co-chairman
House Finance Committee
Alaska State Legislature
Telefax 463-3241

Dear Representatives MacLean and Navarre:

The Alaska Association of REALTORS[®] goes on record as strongly opposing passage of HB 152 and HB 153.

While AAR supports the concept of developing a cohesive statewide housing policy as referred to in the legislation, the following items are of concern to the Association.

Last session, a great deal of time was spent reworking legislation concerning Alaska Housing Finance Corporation to re-establish it as an agency designed to assist low and moderate income purchasers. This program has not had time to demonstrate its workability, and a major change such as proposed in this legislation could seriously disrupt a viable and major housing assistance program.

Most importantly, there is a major concern as to the perception of the financial stability of this entity and how such a consolidation might affect the bonding capabilities of AHFC and other agencies that depend on sale of bonds for capital. In fact, the Veteran's Mortgage Bond Sale that was scheduled for April 23rd has been postponed, pending the outcome of this legislation. Obviously, this legislation will have a major impact on how financial groups will assess their willingness to purchase AHFC bonds in the future, which may affect an individual's ability to purchase and, ultimately, housing values.

The Alaska Association of REALTORS[®] feels that passage of this legislation in its current form would be imprudent.

Sincerely,


Peggy Ann McConnochie
President

The Voice for Real Estate[™] In Alaska

REALTOR[®] is a registered mark which identifies a professional in real estate who subscribes to a strict Code of Ethics as a member of the NATIONAL ASSOCIATION OF REALTORS[®]





Older Alaskans Commission

Box C
Juneau, Alaska 99811-0209
907/465-3250

Position Paper on HB 152 and HB 153 Creating the Alaska State Housing Commission and Trust Fund

The Older Alaskans Commission supports the creation of the Alaska State Housing Commission in the Department of Community and Regional Affairs, and the Alaska Housing Trust Fund.

In its 1989 senior housing study, the Older Alaskans Commission discovered that many special population groups have special housing needs. In 1990, the Legislature created the Office of Senior Housing located in the Department of Community and Regional Affairs as well as a funding mechanism for senior housing development.

OAC understands that no changes will occur to the Office of Senior Housing or its funding with the passage of HB 152 and HB 153. In fact, the new Housing Commission will enhance the possibilities for senior housing development.

OAC acknowledges the need for a public policy body to foster the development of special needs housing and recognizes that only through State leadership and support will development of such housing occur.

Creating a trust using excess funds from Alaska Housing Finance Corporation makes development money available without threatening the stability of Alaska Housing Finance Corporation. The Commission supports this idea.

As further support for these bills, OAC is pleased to see that two seats on the Alaska State Housing Commission have been designated as representing people with special housing needs. OAC feels confident that between those two seats and the one occupied by the Commissioner of the Department of Community and Regional Affairs, who also sits on the Older Alaskans Commission, the housing needs of seniors will be well coordinated with the new Housing Commission.

Peggy A. Burgin
ags

Peggy A. Burgin, Chair
Older Alaskans Commission

April 17, 1991
Date

PLEASE MICROFILM TOP PAGE ONLY

DOCUMENTS WHICH HAVE NOT BEEN
FILMED BUT ARE AVAILABLE IN THE
ORIGINAL FILE INCLUDE:

→ "State Housing Policy for the 1990's"
Housing Policy Development Committee
AK. Housing Market Council

→ Survey of State and Local Housing Trust
Fund Programs, Jan. 1991
Center for Policy Alternatives

DIVISION OF LEGAL SERVICES

**LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA**

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

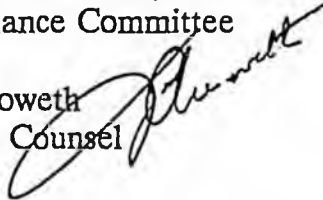
240 Main Street, Suite 500
Juneau, Alaska 99801-2101

MEMORANDUM

May 12, 1992

SUBJECT: SCS CSHB 152 (Finance) (Work Order No. 7LS-0154/T)

TO: Senator Pat Pourchot, Co-Chair
Senate Finance Committee

FROM: Jack Chenoweth
Legislative Counsel 

SCS CSHB 152 (Finance), the product of last night's committee deliberations, has been delivered to the Senate Secretary, per instruction.

Of the amendments adopted by the committee and forwarded to me for inclusion in the bill, I did not include two. As you know, Senator Adams offered an amendment that was adopted, eliminating references in the bill to ASHA. I have made those changes. Thereafter, in the amendment packet, there was an amendment #2 (otherwise identified by our designation as "Q.8") that would have added an "AS 18.55" reference. Since AS 18.55 is a reference to ASHA and everything related to ASHA was stripped from the bill by the Adams amendment, I did not include that amendment. There was also an amendment identified as "Rodey #2" which would have exempted nonfederal activities of the corporation under AS 18.55.010 - 18.55.960 from the reach of the Executive Budget Act after those activities had been transferred from ASHA to AHFC. Since the Adams amendment now excludes ASHA from any transfer, "Rodey #2" was superfluous, and I did not include it.

Everything else that was provided to me for inclusion has been included in the document delivered to the Senate Secretary's office.

JBC:gc
92-380.glc

cc: Representative Kay Brown
Senator Pat Rodey

SENATE FINANCE COMMITTEE REPORT

DATE: 5/7/92

FURTHER:

GR

DATE TURNED INTO OFFICE: 5/11/92

The Finance Committee considered CS FOR HOUSE BILL NO. 152 (FINANCE)

"An Act relating to housing; expanding the board of directors of the Alaska Housing Finance Corporation; relating to the management of the Alaska Housing Finance Corporation; creating the Alaska State Housing Planning Commission and establishing its duties; and providing for an effective date."

and recommends:

replace with S CS CS HB 152 (FINANCE)
or adopt previous _____ CS _____
 attaches amendment(s)

same title
 new title
 technical title change (HB only)

adopts _____ Letter of Intent
 further referral to the _____

- do pass
- do not pass
- no recommendation
- individual recommendations

NEW FISCAL NOTES: Dept/Date

zero fiscal notes _____

fiscal notes _____

DOR - AHFC, # 5126.3 (GF) / 7200.0 (exp) 5-8-92

DOR - Adm. Serv. 6/10 5-7-92

appropriation--no fiscal note

PREVIOUS:

zero _____

fiscal _____

DCED - ASHA 4-10-92

DCRA / Comm. Dev <37.8>

DCRA / Senior Housing <142.4>

DCRA / Housing Dev <2965.27>

DCRA / Statewide Services <64.2>

DCRA / Energy Cons. <1495.1>

DCRA / Adm. Services <112.0>

DO PASS:

[Signature]

1. *[Signature]*
Co-Chair: Signature/Recommendation

OTHER RECOMMENDATIONS:

[Signature] - no Pass

[Signature] - DO NO PASS

[Signature] - No Rec

2. *[Signature]*
Co-Chair: Signature/Recommendation

FISCAL NOTE

STATE OF ALASKA

BILL NO SCSCSHB15(CRA)

1992 LEGISLATIVE SESSION

Revision Date: May 7, 1992

Department Affected: Revenue

Title: An act relating to housing

BRU: Alaska Housing Finance Corporation

Component: Alaska Housing Finance Corporation

Sponsor: Representative Brown

Component Serial No.

Requestor: Senate Finance Committee

0	1	1	0
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	\$ 2406.8	\$ 2406.8	\$ 2406.8	\$ 2406.8	\$ 2406.8	\$ 2406.8
TRAVEL	368.4	368.4	368.4	368.4	368.4	368.4
CONTRACTUAL	2031.7	1761.7	1761.7	1761.7	1761.7	1761.7
SUPPLIES	34.4	34.4	34.4	34.4	34.4	34.4
EQUIPMENT	185.0	10.0	10.0	10.0	10.0	10.0
LAND & STRUCTURES						
GRANTS, CLAIMS	100.0	100.0	100.0	100.0	100.0	100.0
MISCELLANEOUS						
TOTAL OPERATING	5126.3	4680.3	4680.3	4680.3	4680.3	4680.3

CAPITAL	7200.0	7200.0	7200.0	7200.0	7200.0	7200.0
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REVENUE FUND SOURCE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	7200.0	7200.0	7200.0	7200.0	7200.0	7200.0
FEDERAL FUNDS						
OTHER FUND SOURCE:1022	5126.3	4680.3	4680.3	4680.3	4680.3	4680.3
TOTAL	12326.3	11880.3	11880.3	11880.3	11880.3	11880.3

POSITIONS:

FULL-TIME	41.0	41.0	41.0	41.0	41.0	41.0
PART-TIME						
TEMPORARY						

Estimate of current year impact: None.

ANALYSIS: Transfer of programs, staff and functions from DCRA to AHFC, upgrade of computer system and increased travel and contractual costs. Capital item is GF match for fed funding of regional housing authorities.

Prepared by: Judith DeSpain

Phone: 564-9303

Division: AHFC

Date: 5/8/92

Approved by Commissioner: [Signature]

Agency: Revenue

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

ANALYSIS OF FISCAL NOTE
SCS CSHB152

Alaska Housing Finance Corporation

OPERATING	AS SUBMITTED FY93	DCRA	AHFC
PERSONAL SERVICES	2406.8	2406.8	0
TRAVEL	368.4	306.4	62.0
CONTRACTUAL	2031.7	1761.7	270.0
SUPPLIES	34.4	34.4	0
EQUIPMENT	185.0	10.0	175.0
LAND/STRUCTURES	0	0	0
GRANTS, CLAIMS	100.0	100.0	0
MISCELLANEOUS	0	0	0
TOTAL OPERATING	5126.3	4619.3	507.0

Travel

12.0 Travel associated with installation, maintenance, and training of communications and computer equipment.

50.0 Administrative and expanded Board of Director's travel.

Contractual

100.0 Special auditing and accounting services.

10.0 Office move of HAD staff in Anchorage, if necessary.

100.0 Classification study.

60.0 RSA with Department of Revenue, Administrative Services Division

Equipment

175.0 An upgrade to existing IBM AS/400 computer will be necessary to accommodate local and remote user support.

STATE OF ALASKA
992 LEGISLATIVE SESSION

BILL NO. SCS CS HB152 (CRA)

Revision Date: May 7, 1992 Department Affected: Revenue
 Title: Establish Alaska State Housing Commission BRU: Administration and Support
 Component: Administrative Services
 Sponsor: Representative Brown
 Requestor: Senate Finance COMPONENT SERIAL NO. 0 1 2 5

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	60.0	60.0	60.0	60.0	60.0	60.0
TRAVEL						
CONTRACTUAL						
SUPPLIES	1.0	1.0	1.0	1.0	1.0	1.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	61.0	61.0	61.0	61.0	61.0	61.0
CAPITAL						

REVENUE	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
FUND SOURCE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
FEDERAL FUNDS						
OTHER (A Receipts)	61.0	61.0	61.0	61.0	61.0	61.0
FUND SOURCE						
TOTAL	61.0	61.0	61.0	61.0	61.0	61.0

POSITIONS:

FULL-TIME	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PART-TIME						
TEMPORARY						

Estimate of current year impact:

ANALYSIS: (Attach a separate page if necessary.) The 61.0 expenditure in total operating costs reflects the basic personal services and supplies necessary to provide the additional administrative services that will be required. The Department of Revenue serves as a liaison to coordinate personnel, budget, fiscal, and procurement activities with AHFC.

Prepared By: Tracy L. McGill Phone: 465-2313
 Division: Administrative Services Division Date: May 7, 1992
 Approved by Commissioner: Parrel J. Rexwinkel
 Agency: Department of Revenue Date: May 7, 1992

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: April 13, 1992
Title: An Act Relating to Powers and Functions of Alaska Housing Finance Corporation
Sponsor: S State Affairs

Department Affected: CR & A
BRU: Administration & Support
Component: Administrative Services

Requestor: S State Affairs

COMPONENT SERIAL NO. 06814

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	(111.3)	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	(.5)	0	0	0	0	0
SUPPLIES	(.2)	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	(112.0)	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	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 1007 FUND SOURCE: 1064	(29.2) (82.8)	0	0	0	0	0
TOTAL	(112.0)	0	0	0	0	0

POSITIONS:

FULL-TIME	(5)	0	0	0	0	0
PART-TIME	1	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact

ANALYSIS: (Attach a separate page if necessary.)
Programs, responsibilities, staff and functions as outlined in legislation of this component are being transferred to AHFC. This fiscal note represents the transfer from the DCRA FY 93 Operating Budget.

Prepared By: Robert L. Breen
Division: Rural Development

Robert L. Breen 4-10-92

Phone: (907)269-4607
Date: April 10, 1992

Approved by Commissioner: [Signature]
Agency: Community and Regional Affairs

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Reg

Changes in SCS CSHB 152 (CRA) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.
5/17/92 R. Solie
date Comte Aide (initial)

Changes in SCS CSHB 152 (FIN) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.
5-11-92 [Signature]
date Comte Aide/(initial)

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: April 13, 1992
Title: An Act Relating to Powers and Functions of Alaska Housing Finance Corporation
Sponsor: S State Affairs

Department Affected: CR & A
BRU: Employment Training/Rural Dev.
Component: Energy Conservation

Requestor: S. State Affairs

COMPONENT SERIAL NO. 0677

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	(808.2)	0	0	0	0	0
TRAVEL	(95.5)	0	0	0	0	0
CONTRACTUAL	(475.0)	0	0	0	0	0
SUPPLIES	(16.4)	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	(100.0)	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	(1495.1)	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING: (THOUSANDS OF DOLLARS)

GENERAL FUND	(540.4)	0	0	0	0	0
FEDERAL FUNDS	(388.5)	0	0	0	0	0
OTHER FUND SOURCE: 1061	(568.2)	0	0	0	0	0
TOTAL	(1495.1)	0	0	0	0	0

POSITIONS:

FULL-TIME	(13.0)	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact:

ANALYSIS: (Attach a separate page if necessary.)
Programs, responsibilities, staff and functions as outlined in legislation of this component are being transferred to AHFC. This fiscal note represents the transfer from the DCRA FY 93 Operating Budget.

Prepared By: Robert L. Brean
Division: Rural Development

Robert L. Brean 4-10-93

Phone: (907)269-4607
Date: April 10, 1992

Approved by Commissioner: Ray
Agency: Community and Regional Affairs

Changes in SCSCSHB152 (CRA) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.

Date: 4-27-92

Distribution (by preparer): Leg. Fin., Legislative S
Rev 10/91

5/7/92 R. Solie
date Comte Aide (initial)

Agency(ies): _____ Page 1 of 1

Changes in SCS CS HB 152 (FIN) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.
5-11-92 J. Lucas
date Comte Aide (initial)

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Bill Version: SCSCS HB152 (ST)

(S) Publish Date: 4-27-92

Revision Date: April 13, 1992
Title: An Act Relating to Powers and Functions of Alaska Housing Finance Corporation
Sponsor: S State Affairs

Department Affected: CR & A
BRU: Employment Training/Rural Dev
Component: Statewide Service Delivery

Requestor: S. State Affairs

COMPONENT SERIAL NO. 11718

Expenditures/Revenue: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	(32.1)	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	(32.1)	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	(64.2)	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	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 FUND SOURCE: 1084	(64.2)	0	0	0	0	0
TOTAL	(64.2)	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

Estimate of current year impact:

ANALYSIS: (Attach a separate page if necessary.)
Programs, responsibilities, staff and functions as outlined in legislation of this component are being transferred to AHFC. This fiscal note represents the transfer from the DCRA FY 93 Operating Budget.

Prepared By: Robert L. Braan Robert L. Braan 4-10-92 Phone: 907-269-4607
Division: Rural Development Date: April 10, 1992

Approved by Commissioner: ECR BERRY
Agency: Community and Regional Affairs Date: 4-23-92

Distribution (by preparer): Leg. Fin., Legl
Rev 10/91

Changes in SCSCS HB152 (CRA)
reflect NO FISCAL CHANGE from the original
fiscal note. This fiscal note is appropriate.

Impacted Agency(ies).

5/7/92 R. Solie
date Comte Aide (initial)

Changes in SCS CS HB 152 (R10)
reflect NO FISCAL CHANGE from the original
fiscal note. This fiscal note is appropriate.
5-11-92 A. A. ...
date Comte Aide (initial)

STATE OF ALASKA
1992 LEGISLATIVE SESSION

(S) Publish Date: 4-27-92

Revision Date: April 13, 1992
Title: An Act Relating to Powers and Functions of Alaska Housing Finance Corporation
Sponsor: S State Affairs

Department Affected: CR S A
BRU: Employment Training/Rural Dev.
Component: Housing Loan Administration

Requestor: S. State Affairs

COMPONENT SERIAL NO. 0687

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	(1474.4)	0	0	0	0	0
TRAVEL	(190.9)	0	0	0	0	0
CONTRACTUAL	(1274.9)	0	0	0	0	0
SUPPLIES	(15.0)	0	0	0	0	0
EQUIPMENT	(10.0)	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	(2965.2)	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	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 FUND SOURCE: 1064	(2965.2)	0	0	0	0	0
TOTAL	(2965.2)	0	0	0	0	0

POSITIONS:

FULL-TIME	(24)	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact:

ANALYSIS: (Attach a separate page if necessary.)
Programs, responsibilities, staff and functions as outlined in legislation of this component are being transferred to AHFC. This fiscal note represents the transfer from the DCRA FY 93 Operating Budget.

Prepared By: Robert L. Breen
Division: Rural Development

Phone: 1507289-4507
Date: April 10, 1992

Approved by Commissioner: [Signature]
Agency: Community and Regional Affairs

Date: 4-13-92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Leg. Office & Impacted Agency(ies).

Changes in SCS CSUB 152 (FIN) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.
5-11-92 date
[Signature] Comte Aide (initial)

Changes in SCSCSHB152 (CRA) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.
5/11/92 date
R. Solie Comte Aide (Initial)

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: April 13, 1992
Title: An Act Relating to Powers and Functions of Alaska Housing Finance Corporation
Sponsor: S State Affairs

Department Affected: CR & A
BRU: Employment Training/Rural Dev.
Component: Senior Housing Development

Requestor: S. State Affairs

COMPONENT SERIAL NO. 1415

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	(107.6)	0	0	0	0	0
TRAVEL	(20.0)	0	0	0	0	0
CONTRACTUAL	(11.8)	0	0	0	0	0
SUPPLIES	(3.0)	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	(142.4)	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	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 FUND SOURCE: 1007	(142.4)	0	0	0	0	0
TOTAL	(142.4)	0	0	0	0	0

POSITIONS:

FULL-TIME	(2)	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact:

ANALYSIS: (Attach a separate page if necessary.)
Programs, responsibilities, staff and functions as outlined in legislation of this component are being transferred to AHFC. This fiscal note represents the transfer from the DCRA FY 93 Operating Budget.

Prepared By: Robert L. Broan
Division: Rural Development

Robert L. Broan 4-10-92

Phone: (907)269-1607
Date: April 10, 1992

Approved by Commissioner: _____
Agency: Community and Regional Affairs

Date: 4-15-92

Distribution (by preparer): Leg. Fin., Legislative Spons
Rev 10/91

Changes in SCSCS HB 152 (CRA) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.

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Page 1 of 1

Changes in SCS CSHA 152 (CRA) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.

5-11-92
date J. Green
Comte Aide (initial)

5/7/92
date R. Solie
Comte Aide (initial)

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Bill Version: SCSCSHA 152 CSTA

(S) Publish Date: 4-27-92

Revision Date: April 13, 1992
Title: An Act Relating to Powers and Functions of Alaska Housing Finance Corporation
Sponsor: S State Affairs

Department Affected: CR & A
BRU: Employment Training/Rural Dev.
Component: Community Development

Requestor: S. State Affairs

COMPONENT SERIAL NO. 11179

Expenditures/Revenue: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	(19.4)	0	0	0	0	0
TRAVEL	(7.0)	0	0	0	0	0
CONTRACTUAL	(2.3)	0	0	0	0	0
SUPPLIES	(9.1)	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	(37.8)	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	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 FUND SOURCE: 1064	(37.8)	0	0	0	0	0
TOTAL	(37.8)	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

Estimate of current year impact:

ANALYSIS: (Attach a separate page if necessary.)
Programs, responsibilities, staff and functions as outlined in legislation of this component are being transferred to AHFC. This fiscal note represents the transfer from the DCRA FY 93 Operating Budget.

Prepared By: Robert L. Braun *Robert L. Braun* 4-10-92
Division: Rural Development

Phone: (907)289-4607
Date: April 10, 1992

Approved by Commissioner: Sen. Beth
Agency: Community and Regional Affairs

Date: 4-13-92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/OBR, Gov. Leg. Office & Impacted Agency(ies).

Changes in SCS CSHB 152 (FIN) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.

6mt

5-11-92 2 Gues
date Comte Aide (initial)

Changes in SCS CSHB 152 (CPA) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.
5/9/92 K. Colie
date Comte Aide (initial)

FISCAL NOTE

No. 6

Bill Version SCSCSHB 152 (STA)

(S) Publish Date: 4-27-92

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: 4/10/92

Department Affected: DCED

Title: Merger of Housing Programs:
ASHA and DCRA under AHFC

BRU: Alaska State Housing Authority

Sponsor: Representative Brown

Component: _____

Requestor: _____

COMPONENT SERIAL NO.

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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
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
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
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
FUND SOURCE:						

FUNDING: (Thousands of Dollars)

ASHA removed from SC5 (Fin)

GENERAL FUND						
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	Changes in <u>SCS CSHB 152 (FIN)</u> have no fiscal impact. This fiscal note is appropriate.	Changes in <u>SCS CSHB 152 (CPA)</u> reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.
PART-TIME		
TEMPORAL		
Estimate of:	<u>5-11-92</u> date <u>Y. Lucas</u> Comte Aide (initial)	<u>5/1/92</u> date <u>H. S. S. S.</u> Comte Aide (initial)

ANALYSIS: (Attach a separate page if necessary.)

It is our understanding, from discussions with the Alaska Housing Finance Corporation, that AHFC will assume all costs related to the merger that could not be attributed to HUD programs,

Prepared By: Wayne Mundy, Executive Director Phone: 562-2813
Division: Alaska State Housing Authority Date: April 10, 1992

Approved by Commissioner: _____

SENATE CS FOR CS FOR HOUSE BILL NO. 152 (FINANCE)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 5/12/92

Referred: Rules

Sponsor(s): REPRESENTATIVES BROWN, Ulmer, Koponen, Ellis, B.Davis, Boyer

SENATOR Fahrenkamp

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to housing; expanding the board of directors of the Alaska Housing
 2 Finance Corporation; relating to the management of the Alaska Housing Finance
 3 Corporation; creating the Alaska State Housing Planning Commission and establishing its
 4 duties; and providing for an effective date."

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

6 * Section 1. FINDINGS. The legislature finds that

7 (1) housing programs in the state are not consolidated and are spread among many state
 8 agencies, offices, and divisions, and that a coordinated state housing policy to provide clear direction
 9 for addressing housing needs does not exist;

10 (2) there is only limited statistical data on housing needs and, as a result, housing
 11 programs are designed with little quantitative information regarding the real needs of Alaskans;

12 (3) low-income and rural housing needs in the state are critical and have not been met
 13 with existing housing resources;

14 (4) in order to promote and improve the opportunity for all Alaskans to live in safe,

1 sanitary, and energy efficient housing, coordination of the state's varied and disparate housing program
2 initiatives is required;

3 (5) coordination of the state housing programs can be best effectuated by a merger of the
4 housing programs of the Department of Community and Regional Affairs into the Alaska Housing
5 Finance Corporation; and

6 (6) the replacement of two agencies, each dealing with a part of the state's housing
7 programs, with a single agency, the Alaska Housing Finance Corporation, with an expanded mission,
8 governed by a board of directors to make policy and to provide for the financing, acquisition,
9 rehabilitation, construction, weatherization, and operation of housing for low- and moderate-income
10 Alaskans and Alaskans in rural Alaska will serve a public purpose in benefitting the people of the state.

11 * Sec. 2. PURPOSE. (a) To provide for the consolidation of housing programs under the Alaska
12 Housing Finance Corporation,

13 (1) the provisions of secs. 3 - 6 of this Act; of AS 18.56.400 - 18.56.650, added by
14 sec. 22 of this Act; and of secs. 44 and 45 of this Act transfer certain programs of the Department of
15 Community and Regional Affairs related to housing to the expanded Alaska Housing Finance
16 Corporation;

17 (2) the provisions of AS 18.56.700 - 18.56.810, added by sec. 22, and secs. 44 and 46
18 of this Act transfer the responsibility for the operation of the senior citizen housing office and for the
19 provision of senior citizens housing programs under AS 44.47.585 - 44.47.620 from the Department of
20 Community and Regional Affairs into the expanded Alaska Housing Finance Corporation;

21 (3) the provisions of AS 18.56.850, added by sec. 22, and secs. 44 and 47 of this Act
22 transfer the responsibility for development of home energy conservation and weatherization programs
23 from the Department of Community and Regional Affairs into the expanded Alaska Housing Finance
24 Corporation;

25 (4) the provisions of secs. 24 and 25 of this Act assign to the Alaska Housing Finance
26 Corporation the exclusive responsibility for provision of replacement housing planning loans and a
27 coordinate responsibility in the provision of assistance to state agencies for replacement housing under
28 the state program that authorizes and directs relocation assistance due to acquisition of real property for
29 state agency activities.

30 (b) With anticipated state revenue expected to decrease substantially during state fiscal year
31 1993, the legislature looks to reduce general fund expenditures and to increase the state general fund

1 balance available during that fiscal year to meet the costs of state government operations, its loan
2 programs, and its capital improvements program. The purpose of sec. 51 of this Act is to authorize the
3 purchase by the Alaska Housing Finance Corporation, at a discount, of the mortgage notes now held by
4 the Department of Community and Regional Affairs for the loans it has made under the department's
5 various housing assistance programs set out in AS 44.47.370 - 44.47.560 and 44.47.585 - 44.47.635, and
6 to require the deposit of amounts paid to the department for its notes into the state general fund. The
7 purchase of the notes and transfer of money to the state general fund, as authorized by sec. 51 of this
8 Act, when coupled with a transfer of revenue to the state expected to be approved by the board of
9 directors of the Alaska Housing Finance Corporation during 1992, will increase the balance of the state
10 general fund by approximately \$200,000,000, thereby materially reducing the expected state deficit for
11 state fiscal year 1993.

12 (c) The provisions of secs. 28 - 40, 43, and 52 of this Act validate certain nonconforming and
13 rural housing mortgage loans and loan commitments, redesignated as small community loans, entered
14 into by the Department of Community and Regional Affairs after December 31, 1991, and before the
15 effective date of those sections.

16 (d) It is the intent of the legislature that

17 (1) existing housing programs being merged into the Alaska Housing Finance Corporation
18 continue without interruption, and that the program of weatherization assistance for low-income persons
19 continue the use of subgrantees and contractors under 10 CFR 440.15; and

20 (2) appropriate training be provided to the staff and board of the corporation as necessary
21 to effectuate the purpose of the merger.

22 (e) The Alaska Housing Finance Corporation is empowered to act in behalf of the state and its
23 people in exercising the state housing programs and functions as a public purpose for the benefit of the
24 people of the State of Alaska.

25 * Sec. 3. AS 18.55.997(a) is amended to read:

26 (a) In addition to the powers authorized to a regional housing authority under
27 AS 18.55.996, a regional housing authority may, in accordance with procedures and policies
28 adopted and approved by the Alaska Housing Finance Corporation [DEPARTMENT OF
29 COMMUNITY AND REGIONAL AFFAIRS], make loans for the purchase or development of
30 residential housing in rural areas of the state, other than in an area where the corporation
31 [DEPARTMENT] has a loan office. A loan shall be secured by collateral in an amount

1 acceptable to the corporation [DEPARTMENT OF COMMUNITY AND REGIONAL
2 AFFAIRS]. The rate of interest on a loan authorized by this section may not exceed the interest
3 rate on a loan originated or purchased under AS 18.56.400 - 18.56.600 [AS 44.47.370 -
4 44.47.560].

5 * Sec. 4. AS 18.55.997(b)(2) is repealed and reenacted to read:

6 (2) "rural" has the meaning given the term "small community" in AS 18.56.600.

7 * Sec. 5. AS 18.55.998(a) is amended to read:

8 (a) There is created in the Alaska Housing Finance Corporation [DEPARTMENT OF
9 COMMUNITY AND REGIONAL AFFAIRS] a supplemental housing development grant fund.
10 Using corporate earnings or other available funds [SUBJECT TO THE AVAILABILITY OF
11 APPROPRIATIONS FOR THE PURPOSE], the corporation [DEPARTMENT] shall make grants
12 to regional housing authorities established under AS 18.55.996 for the cost of on-site sewer and
13 water facilities, road construction to project sites, energy efficient design features in homes, and
14 extension of electrical distribution facilities to individual residences.

15 * Sec. 6. AS 18.55.998(d) is amended to read:

16 (d) The Alaska Housing Finance Corporation [DEPARTMENT] shall adopt regulations
17 to carry out the purposes of this section. The provisions of AS 18.56.088(a) and (b) [THE
18 ADMINISTRATIVE PROCEDURE ACT (AS 44.62)] apply to regulations adopted under this
19 section.

20 * Sec. 7. AS 18.55.998 is amended by adding a new subsection to read:

21 (e) In order to make grants authorized by (a) of this section in its administration of the
22 supplemental housing development grant fund established by this section, the board of directors
23 of the corporation shall identify in the corporation's proposed operating budget the money
24 available to the corporation, including the corporation's own assets, to supplement available
25 federal development money.

26 * Sec. 8. AS 18.56.010(c) is amended to read:

27 (c) The legislature finds and declares further that, in accomplishing this purpose, the
28 creation of the Alaska Housing Finance Corporation is essential to assist in the acquisition and
29 development of land and the construction, rehabilitation, financing, management, maintenance,
30 sale, and rental of dwelling units for persons of lower and moderate income or persons in remote,
31 underdeveloped, or blighted areas and that these activities serve a public purpose in benefiting

1 the people of the state. [THE ALASKA HOUSING FINANCE CORPORATION IS
2 EMPOWERED TO ACT ON BEHALF OF THE STATE AND ITS PEOPLE IN SERVING
3 THIS PUBLIC PURPOSE FOR THE BENEFIT OF THE GENERAL PUBLIC.]

4 * Sec. 9. AS 18.56.030(a) is repealed and reenacted to read:

5 (a) The corporation shall be governed by a board of directors consisting of

6 (1) the commissioner of revenue;

7 (2) the commissioner of community and regional affairs; and

8 (3) seven public members appointed by the governor, as follows:

9 (A) one member who represents the financial community or who is a
10 licensed real estate broker under AS 08.88.171(a);

11 (B) one member who represents the interests of regional housing
12 authorities;

13 (C) one member who represents special needs housing interests, including
14 low-income and senior housing;

15 (D) one member who is a representative of the residential energy efficient
16 homebuilding and weatherization interests in the state; and

17 (E) three public members, at least one of whom shall be a rural resident
18 of the state.

19 * Sec. 10. AS 18.56.030(c) is amended to read:

20 (c) The board members described in [(a)(2) AND] (a)(3) of this section serve two-year
21 terms.

22 * Sec. 11. AS 18.56.030 is amended by adding a new subsection to read:

23 (f) The governor shall appoint the members under (a)(3) of this section to give the board
24 of directors a reasonable geographic balance among regions of the state. The members of the
25 board appointed under (a)(3) of this section shall have recognized competence and wide
26 experience in housing, finance, or other business management-related fields.

27 * Sec. 12. AS 18.56.084 is amended to read:

28 Sec. 18.56.084. INTERNATIONAL BORROWING. For the purpose of obtaining access
29 to international capital markets to borrow money for the special mortgage loan purchase program
30 (AS 18.56.098), as an addition to the powers of the corporation under AS 18.56.090, the
31 corporation may (1) establish or cause to be established, subsidiary corporations incorporated in

1 the state or in another state, or under the laws of a foreign jurisdiction; (2) invest in corporations
2 established under this section; (3) issue bonds and borrow money for investments in corporations
3 established under this section; (4) borrow from corporations established under this section; (5)
4 guarantee the obligations of corporations established under this section; or (6) enter into
5 agreements with corporations established under this section or with other persons. In exercising
6 a power under this section, the corporation may not subject its assets to risk of loss through
7 foreign currency exchange. A guarantee under this section constitutes a bond of the corporation
8 as defined in AS 18.56.390 [AS 18.56.900].

9 * Sec. 13. AS 18.56.088(c) is amended to read:

10 (c) The board may adopt regulations to carry out the purposes of this chapter, and shall
11 adopt regulations necessary for the following purposes:

12 (1) determination of borrower eligibility including, but not limited to, income
13 limitations and the determination of remote, underdeveloped, or blighted areas of the state;

14 (2) loan guidelines and terms including but not limited to maximum loan amounts
15 and required loan-to-value ratios, but excluding mortgage loan interest rates;

16 (3) characteristics of housing eligible for loans or purchase of loans, including
17 compliance with the requirements of AS 18.56.300;

18 (4) the qualifications of loan originators and servicers and the method of
19 allocating amounts available for the purchase of loans; [AND]

20 (5) establishment of a procedure, including a fee schedule, for the commitment
21 for one year or less of money for the purchase of an individual mortgage loan at a specific
22 interest rate; and

23 (6) establishment of the program of housing assistance authorized by
24 AS 18.56.090(b) including program regulations that, at minimum,

25 (A) establish priorities and criteria for providing money and other
26 forms of authorized assistance in response to housing assistance proposals;

27 (B) define the forms of housing assistance authorized under
28 AS 18.56.090(b);

29 (C) set out procedures to evaluate housing assistance proposals;

30 (D) set out procedures to approve the award of housing assistance;

31 and

1 (E) prescribe methods of monitoring the use of money paid out under
2 AS 18.56.090(b) and the progress of activity under the approved housing assistance
3 program.

4 * **Sec. 14.** AS 18.56.089(a) is repealed and reenacted to read:

5 (a) The provisions of AS 37.07 (Executive Budget Act)

6 (1) apply to

7 (A) the operating budget of the corporation;

8 (B) amounts payable from corporate earnings or assets of the corporation
9 for grants or grant programs authorized by this chapter;

10 (C) interest rate subsidies and building subsidies as determined by the
11 corporation, except subsidies payable from the corporation's arbitrage earnings;

12 (2) do not apply to activities of the corporation under this chapter except as
13 provided in (1) of this subsection or as otherwise specifically provided in this chapter.

14 * **Sec. 15.** AS 18.56.090(16) is amended to read:

15 (16) make and execute [AGREEMENTS,] contracts [,] and other instruments
16 necessary or convenient in the exercise of the powers and functions of the corporation under this
17 chapter, including contracts with any person, firm, corporation, governmental agency, or other
18 entity;

19 * **Sec. 16.** AS 18.56.090 is amended by adding new subsections to read:

20 (b) The corporation may, subject to (c) of this section,

21 (1) reserve money to itself, or provide money for, or provide deferred loans,
22 interest rate subsidies, building subsidies, participation financing through housing partnerships,
23 and other forms of housing assistance as set out in regulations of the corporation to, another
24 governmental agency, a municipality, a regional housing authority, or a private nonprofit
25 organization, to pay for the design, construction, development, rehabilitation, or improvement of
26 housing for persons of low and moderate income, for housing in remote, undeveloped, or blighted
27 areas of the state, and for congregate and special needs housing;

28 (2) provide money for, and provide deferred loans, interest rate subsidies, building
29 subsidies, participation financing through housing partnerships, and other forms of housing
30 assistance as set out in regulations of the corporation to, corporations and project sponsors for
31 congregate and special needs housing; and

1 (3) receive money for a purpose described in (1) or (2) of this subsection.

2 (c) The corporation may not provide money or another form of housing assistance
3 authorized by (b) of this section unless the board of directors of the corporation identifies in the
4 corporation's proposed operating budget the money available to the corporation, including the
5 corporation's own assets, for the proposed housing assistance. The provisions of this subsection
6 apply to

7 (1) subsidies authorized by the home ownership assistance program under
8 AS 18.56.091;

9 (2) mortgage subsidies authorized by the graduated payment mortgage loan
10 program under AS 18.56.098(c);

11 (3) interest rate deductions authorized in the housing development fund under
12 AS 18.56.100(b)(1) and (l);

13 (4) money or another form of housing assistance payable from corporate earnings
14 or assets of the corporation, other than money appropriated to the corporation for the specific
15 purpose, for a program set out in AS 18.56.400 - 18.56.850.

16 * Sec. 17. AS 18.56.096(c) is amended to read:

17 (c) The corporation may not make, participate in the making of, purchase, or participate
18 in the purchase of a loan for a residential building if construction of the building began
19 [BEGINS] after December 31, 1991, unless the building complies with the thermal and lighting
20 energy standards required by AS 46.11.040. The corporation

21 (1) may adopt regulations to implement this subsection; and

22 (2) shall, by regulation, establish

23 (A) procedures by which the person responsible for the construction of the
24 building may demonstrate that the building complies with the thermal and lighting energy
25 standards, including

26 (i) self-certification, if the contractor responsible for the building
27 construction provides satisfactory evidence that the contractor has completed a
28 training program of the Alaska Craftsman Home Program or equivalent training
29 program and the training program is satisfactory to the corporation
30 [COMMISSIONER OF COMMUNITY AND REGIONAL AFFAIRS];

31 (ii) submission of the certificate of a registered architect, registered

1 engineer, or a building inspector, and the architect, engineer, or building inspector
2 has completed a training program of the Alaska Craftsman Home Program or
3 equivalent training program and the training program is satisfactory to the
4 corporation [COMMISSIONER OF COMMUNITY AND REGIONAL
5 AFFAIRS];

6 (iii) submission of the certificate of occupancy issued by the
7 municipality in which the building is located, if the certificate is issued by a
8 municipality in which the municipal building code meets or exceeds the thermal
9 and lighting energy standards, as determined by the corporation
10 [COMMISSIONER OF COMMUNITY AND REGIONAL AFFAIRS];

11 (iv) another method approved by the corporation
12 [COMMISSIONER OF COMMUNITY AND REGIONAL AFFAIRS] in
13 regulations adopted by the [COMMISSIONER AFTER CONSULTATION WITH
14 THE EXECUTIVE DIRECTOR OF THE] corporation; and

15 (B) criteria by which the energy conservation standards may be met; for
16 purposes of this subparagraph, the residential building complies with the energy standards
17 if the residence has received a rating under the rating system developed by Energy Rated
18 Homes of Alaska if, in the judgment of the corporation [COMMISSIONER OF
19 COMMUNITY AND REGIONAL AFFAIRS], the rating meets or exceeds the thermal
20 energy standards required by AS 46.11.040.

21 * Sec. 18. AS 18.56.100(b) is amended to read:

22 (b) Consistent with AS 18.56.090, the corporation may make temporary and permanent
23 loans from the housing development fund, at an interest rate or rates determined by the
24 corporation, and with the security for repayment that is necessary and practicable, to purchase,
25 make, or participate in the making of mortgage loans

26 (1) to borrowers who are sponsors [INDIVIDUALS], nonprofit corporations, or
27 agencies of the state or a municipal government, for permanent loans to develop, build, repair,
28 remodel, or rehabilitate residential housing that is to be used and occupied as congregate housing;
29 or

30 (2) that are not federally insured or guaranteed for residential housing, if the
31 corporation determines that the loans are not otherwise available, wholly or in part, from private

1 lenders upon reasonably equivalent terms and conditions.

2 * Sec. 19. AS 18.56.200(d) is amended to read:

3 (d) The corporation shall include in its annual report under (b) of this section

4 (1) a summary of its efforts to implement a program to extend the operation of
5 the [LOAN] programs authorized under this chapter to rural communities;

6 (2) an evaluation of the corporation's ability to fulfill the objectives of
7 AS 18.56.010(b) - (e); and

8 (3) the amount of interest rate, building, and other subsidies for each
9 program of the corporation for which subsidies are given.

10 * Sec. 20. AS 18.56 is amended by adding a new section to read:

11 Sec. 18.56.220. DUTY TO ADVISE ABOUT CORPORATION'S PROGRAMS. The
12 corporation shall make a reasonable effort, through seminars, training sessions, and other forms
13 of technical assistance, to assist local governments, regional housing authorities, nonprofit
14 organizations, and other organizations and individuals to understand the corporation's housing
15 programs and the opportunities that exist to obtain financial assistance from the corporation.

16 * Sec. 21. AS 18.56.300(d) is amended to read:

17 (d) This section does not apply to a nonconforming housing loan made or purchased
18 by the corporation [UNDER AS 18.56.106].

19 * Sec. 22. AS 18.56 is amended by adding new sections to read:

20 Sec. 18.56.390. DEFINITIONS FOR AS 18.56.010 - 18.56.390. In AS 18.56.010 -
21 18.56.390, unless the context clearly indicates a different meaning,

22 (1) "adjustable rate mortgage loan" means a mortgage loan with respect to which
23 the interest rate varies or is expected to vary from time to time by reference to an index or
24 formula or other reference point;

25 (2) "bond" or "obligation" means a bond, bond anticipation note, or other note of
26 the corporation authorized to be issued by the corporation under this chapter, or a mortgage
27 participation certificate issued with respect to mortgages of the corporation;

28 (3) "construction loan" means a construction loan for land development or
29 residential housing that is secured by a federally insured or guaranteed mortgage or that is
30 insured or guaranteed by the United States or an instrumentality of the United States, or for
31 which there is a commitment by the United States or an instrumentality of the United States to

1 insure or guarantee such a loan, or a construction loan for land development or residential
2 housing which land development or residential housing will be secured by a mortgage loan;

3 (4) "development costs" means the costs approved by the corporation as
4 appropriate expenditures that may be incurred by sponsors, builders, and developers of residential
5 housing, before commitment and initial advance of the proceeds of a construction loan or of a
6 mortgage loan, including but not limited to

7 (A) payments for options to purchase properties on the proposed
8 residential housing site, deposits on contracts of purchase, or, with prior approval of the
9 corporation, payments for the purchase of the properties;

10 (B) legal and organizational expenses, including payments of attorney fees,
11 project manager, clerical, and other staff salaries, office rent, and other incidental
12 expenses;

13 (C) payment of fees for preliminary feasibility studies and advances for
14 planning, engineering, and architectural work;

15 (D) expenses for tenant surveys and market analyses; and

16 (E) necessary application and other fees;

17 (5) "governmental agency" means any department, division, public agency,
18 political subdivision, or other public instrumentality of the state or the federal government;

19 (6) "housing development fund" means the housing development fund created by
20 AS 18.56.100;

21 (7) "land development" means the process of acquiring land primarily for
22 residential housing construction for persons of lower and moderate income and making, installing,
23 or constructing nonresidential housing improvements, including water, sewer, and other utilities,
24 roads, streets, curbs, gutters, sidewalks, storm drainage facilities, and other installations or works,
25 whether on or off the site, that the corporation considers necessary or desirable to prepare the
26 land primarily for residential housing construction;

27 (8) "mortgage" or "mortgage loan" means a mortgage loan for residential housing
28 insured or guaranteed by the United States or an instrumentality of the United States or for which
29 there is a commitment by the United States or an instrumentality of the United States to insure
30 or guarantee such a mortgage, or if not so insured or guaranteed or if there is no such
31 commitment, that is secured upon such terms and conditions as the corporation considers

1 necessary or practicable to insure all repayments;

2 (9) "persons of lower and moderate income" means a person or persons
3 considered by the corporation to require assistance available under this chapter on account of
4 insufficient or inadequate personal or family income or otherwise limited personal financial
5 resources, taking into consideration, without limitation, such factors as

6 (A) the amount of the total income of the persons available for housing
7 needs;

8 (B) the size of the family;

9 (C) the cost and condition of housing facilities available;

10 (D) standards established for various federal programs determining
11 eligibility based on income of the persons; and

12 (E) the ability of the persons to compete successfully in the normal
13 housing market and to pay the amounts at which private enterprise is providing decent,
14 safe, and sanitary housing;

15 (10) "remote, underdeveloped, or blighted areas" means areas considered by the
16 corporation to require assistance available under this chapter on account of insufficient
17 availability of the residential housing necessary to promote, develop, or maintain the economic
18 growth or potential of the area, taking into consideration, without limitation, the following:

19 (A) the population, resources, and environment of the area;

20 (B) the present availability and condition of residential housing in and near
21 the area;

22 (C) the cost of construction and rehabilitation of residential housing in the
23 area;

24 (D) the availability of other federal or state sponsored programs to
25 facilitate the development of residential housing in the area; and

26 (E) the ability of residents of the area to finance the purchase of
27 residential housing or to rent or lease residential housing at rates comparable to those in
28 effect in other areas of the state;

29 (11) "residential building" or "residential housing"

30 (A) means a specific work or improvement undertaken primarily to
31 provide dwelling accommodations without limitation as to form of lawful occupancy,

1 whether rental, under contract, fee ownership, cooperative housing, condominium, mobile
2 home, or other lawful form of ownership;

3 (B) includes

4 (i) special needs housing; and

5 (ii) the acquisition, construction, or rehabilitation of land,
6 buildings, and improvements to them, and other nonhousing facilities as may be
7 incidental or appurtenant to the land or buildings;

8 (12) "special needs housing"

9 (A) means residential housing designed to meet the needs of persons with
10 specific and special housing needs, including supportive services;

11 (B) includes

12 (i) housing for the elderly and individuals with a disability or
13 mental illness;

14 (ii) emergency shelter for the homeless; and

15 (iii) transitional housing;

16 (13) "sponsors" means individuals, public and private corporations, associations,
17 partnerships or other entities, whether or not operated for profit; and consumer housing
18 cooperatives, associations, partnerships, or other entities organized under law for the primary
19 purpose of providing housing to individuals and families of lower and moderate income; it
20 includes organizations engaged in the production, origination, and development of residential
21 housing units intended to qualify for financial assistance under 42 U.S.C. 1437f (sec. 8, Housing
22 Act of 1937), as amended.

23 ARTICLE 2. HOUSING ASSISTANCE.

24 Sec. 18.56.400. POWERS OF CORPORATION RELATED TO HOUSING
25 ASSISTANCE. The board may

26 (1) adopt regulations in accordance with AS 18.56.088 to implement
27 AS 18.56.400 - 18.56.600;

28 (2) make and execute agreements, contracts, and other instruments necessary or
29 convenient in the exercise of the powers and functions granted under AS 18.56.400 - 18.56.600;

30 (3) purchase or participate in the purchase of small community housing mortgage
31 loans under AS 18.56.400 - 18.56.600;

1 (4) purchase or participate in the purchase of loans for building materials for
2 small community housing under AS 18.56.400 - 18.56.600;

3 (5) procure insurance against loss in connection with the corporation's functions
4 under AS 18.56.400 - 18.56.600;

5 (6) acquire real or personal property, or an interest in real or personal property,
6 by purchase, transfer, or foreclosure, when the acquisition is necessary or appropriate to protect
7 a loan in which the corporation has an interest; sell, transfer and convey that property to a buyer;
8 and, if the sale, transfer or conveyance cannot be effected with reasonable promptness or at a
9 reasonable price, rent or lease the property to a tenant pending the sale, transfer or conveyance;

10 (7) do all acts necessary, convenient or desirable to carry out the powers expressly
11 granted or necessarily implied in AS 18.56.400 - 18.56.600;

12 (8) originate and service direct loans made to qualified buyers under
13 AS 18.56.400 - 18.56.600.

14 Sec. 18.56.410. ALASKA ENERGY EFFICIENT HOME GRANT FUND. (a) There
15 is established in the corporation the Alaska energy efficient home grant fund consisting of money
16 appropriated to it by the legislature and deposited in it by the corporation. The corporation shall
17 administer the Alaska energy efficient home grant fund under the provisions of this section.

18 (b) Subject to appropriation, the corporation may grant funds from the Alaska energy
19 efficient home grant fund to agencies of the state or federal government, individuals, or
20 businesses that retrofit existing single family dwellings or build new single family dwellings that
21 meet criteria adopted by the corporation.

22 (c) The corporation shall adopt guidelines and procedures for the fund after consultation
23 with the board of directors of the Alaska Craftsman Home Program.

24 Sec. 18.56.420. HOUSING ASSISTANCE LOAN FUND. (a) There is created in the
25 corporation, as a revolving loan fund, the housing assistance loan fund consisting of money
26 appropriated to it by the legislature and deposited in it by the corporation, and repayments of
27 principal and interest on loans made or purchased from the assets of the fund. The corporation
28 shall

29 (1) adopt regulations to administer the housing assistance loan fund under
30 AS 18.56.400 - 18.56.600; and

31 (2) subject to appropriation, provide money for a rural assistance loan program

1 to originate, purchase, or participate in the purchase of

2 (A) small community housing mortgage loans;

3 (B) loans made for building materials for small community housing;

4 (C) loans made for renovations or improvements to small community
5 housing;

6 (D) loans made for the construction of owner-occupied small community
7 housing other than loans to builders or contractors or loans that compensate an owner for
8 the owner's labor or services in constructing the owner's own housing.

9 (b) Money in the fund may be used by the legislature to make appropriations for costs
10 of administering the housing assistance program.

11 Sec. 18.56.430. HOME OWNERSHIP ASSISTANCE FUND. (a) There is created in
12 the corporation the home ownership assistance fund consisting of money appropriated to it by
13 the legislature and deposited in it by the corporation. Money in the fund shall be used solely to
14 assist persons of lower and moderate income to purchase or construct single-family homes
15 financed under AS 18.56.400 - 18.56.600 by providing a subsidy to those persons.

16 (b) The subsidy provided by this section may not exceed the amount that is necessary
17 to reduce the annual interest rate paid on the mortgage loan to six percent.

18 (c) A mortgage loan that is subsidized from the home ownership assistance fund may not
19 exceed \$120,000.

20 (d) The corporation shall adopt regulations that establish maximum income-to-loan
21 payment ratios for persons who apply for a subsidy under this section.

22 (e) In this section, "persons of lower and moderate income" means individuals considered
23 by the corporation to require assistance under this section because of inadequate income or other
24 limited personal financial resources, taking into consideration

25 (1) the amount of total income available for housing needs;

26 (2) the size of the family;

27 (3) the cost and condition of available housing;

28 (4) standards established in various federal programs for determining eligibility
29 based on income;

30 (5) the ability to enter the private housing market and to pay market amounts for
31 decent, safe, and sanitary housing; and

1 (6) other factors considered relevant by the corporation.

2 Sec. 18.56.440. LIMITATIONS ON USE OF HOUSING ASSISTANCE LOAN FUND.

3 The corporation may not use the money in the housing assistance loan fund to

4 (1) originate a direct loan or purchase or participate in the purchase of a small
5 community housing mortgage loan that exceeds the limitations on mortgage loans purchased by
6 the Federal National Mortgage Association as to principal amount or loan-to-value ratio;

7 (2) originate a direct loan or purchase or participate in the purchase of a loan
8 made for building materials for small community housing

9 (A) that exceeds \$45,000 or exceeds

10 (i) 80 percent of the appraised value of the work completed on the
11 small community housing for which the loan is made if the small community
12 housing is pledged as collateral for the loan; or

13 (ii) 90 percent of the value of other property that is pledged as
14 security for the loan and that is satisfactory to the corporation as collateral;

15 (B) unless the terms of the loan agreement require inspections and
16 certifications, as required by regulations of the corporation, at the expense of the
17 borrower; and

18 (C) unless the period of time allowed for repayment of the loan is equal
19 to or less than 15 years;

20 (3) originate direct loans or purchase or participate in the purchase of a small
21 community housing mortgage loan that is secured by real property the marketable title to which
22 is shown under AS 18.56.480(b)(2) if the total amount of outstanding small community housing
23 mortgage loans held by the corporation exceeds 10 times the amount of money in the restricted
24 title loss reserve account established by AS 18.56.490;

25 (4) originate a direct loan for small community housing or purchase or participate
26 in the purchase of a small community housing mortgage loan, other than a loan for the repair,
27 remodeling, rehabilitation, or expansion of an existing owner-occupied residence, if the borrower
28 has an outstanding housing loan made under a state loan program, other than a loan for
29 nonowner-occupied housing under AS 18.56.580 or under former AS 44.47.520, that bears
30 interest at a rate that was less than the prevailing market interest rate for similar housing loans
31 at the time the loan was made;

1 (5) originate a direct mortgage loan or purchase or participate in the purchase of
2 a mortgage loan for rental housing unless the borrower agrees not to discriminate against tenants
3 or prospective tenants because of sex, marital status, changes in marital status, pregnancy,
4 parenthood, race, religion, color, national origin, or status as a student;

5 (6) originate, purchase, or participate in a loan to a person who has a past due
6 child support obligation established by court order or by the child support enforcement division
7 under AS 25.27.160 - 25.27.220 at the time of application.

8 Sec. 18.56.450. OPERATING LOSS RESERVE ACCOUNT. (a) There is established
9 an operating loss reserve account for the purpose of meeting legal expenses incurred through the
10 foreclosure of properties acquired by the corporation under AS 18.56.400(6) and making repairs
11 to these properties so that they may be sold to new buyers.

12 (b) The operating reserve loss account consists of money appropriated to it by the
13 legislature and deposited in it by the corporation. To the extent that money is paid out of the
14 operating loss reserve account for the purposes stated in this section, this money shall be replaced
15 with money received as interest on loans authorized by AS 18.56.400 - 18.56.600.

16 Sec. 18.56.460. SECURITY FOR LOANS. (a) The corporation shall adopt regulations
17 in accordance with AS 18.56.088 establishing acceptable security for loans originated or
18 purchased in whole or in part under AS 18.56.420.

19 (b) A person may pledge as security for the repayment of a loan originated or purchased
20 in whole or in part under AS 18.56.420 a preference right that person holds to receive title to
21 land the person occupies as a primary place of residence, primary place of business, subsistence
22 campsite, or as headquarters for reindeer husbandry. The preference right must be conveyed to
23 the person by the Native corporation to which the land was granted under 43 U.S.C. 1613
24 (Alaska Native Claims Settlement Act) before it may be pledged as security under this
25 subsection. The corporation shall prescribe procedures and standard forms for establishing,
26 pledging, and appraising the value of a preference right held by a person to secure the repayment
27 of a loan originated or purchased in whole or in part under AS 18.56.420.

28 Sec. 18.56.470. INTEREST ON LOANS. (a) The interest rate on a mortgage loan
29 originated or purchased in whole or in part under AS 18.56.420 for small community housing
30 is one percent less than the interest rate, as determined under AS 18.56.098(g)(1) - (4), on a
31 mortgage loan purchased under AS 18.56.098(a) from the proceeds of the most recent applicable

1 issue of taxable bonds before the origination or purchase of the mortgage loan originated or
2 purchased under AS 18.56.420.

3 (b) Notwithstanding the requirements of (a) of this section, if there has not been an
4 applicable issue of taxable bonds issued within six months before the origination or purchase of
5 a loan under this section, the corporation may estimate the interest rate that an issue of taxable
6 bonds would bear.

7 Sec. 18.56.480. TITLE. (a) Before the corporation originates or purchases a small
8 community housing mortgage loan in whole or in part, the corporation may require a borrower
9 to show marketable title to real property offered as security for the loan to be purchased.

10 (b) A borrower may show marketable title to real property for the purposes of (a) of this
11 section

12 (1) by purchasing title insurance from a title insurance company authorized to do
13 business in the state; or

14 (2) by delivering to the corporation a copy of a letter of intent signed by an
15 authorized representative of the United States Department of the Interior that shows the transfer
16 of title to the property from the United States government to the borrower if

17 (A) the borrower is an Alaska Native; and

18 (B) title to the property was originally transferred from the United States
19 government, directly or indirectly, to the borrower under federal law.

20 (c) For the purposes of this section, a deed which federal law prohibits or limits the
21 power to transfer or encumber and which would otherwise constitute marketable title to real
22 property is considered marketable title to real property if the United States Bureau of Indian
23 Affairs or another appropriate federal agency waives immunity under the federal law from
24 foreclosure or other alienation of the real property.

25 Sec. 18.56.490. RESTRICTED TITLE LOSS RESERVE ACCOUNT. (a) There is
26 established in the corporation the restricted title loss reserve account. The restricted title loss
27 reserve account consists of money appropriated to it by the legislature and deposited to it by the
28 corporation, and shall be administered by the corporation.

29 (b) The corporation may withdraw money from the restricted title loss reserve account
30 in an amount equal to the loss to the corporation on a small community housing mortgage loan
31 originated or purchased in whole or in part by the corporation if marketable title to the real

1 property used to secure the loan was shown under AS 18.56.480(b)(2). Money withdrawn from
2 the restricted title loss reserve account under this section shall be deposited in the housing
3 assistance loan fund.

4 Sec. 18.56.500. FIRE INSURANCE. Before purchasing or participating in the purchase
5 of a small community housing mortgage loan, the corporation may require the borrower to agree
6 to purchase and maintain fire insurance for the real property for which the loan is made in an
7 amount not less than the outstanding principal balance of the loan.

8 Sec. 18.56.510. LOAN ORIGINATION AND SERVICING. (a) Before purchasing or
9 participating in the purchase of a small community housing mortgage loan, the corporation shall
10 enter into a loan servicing agreement with the private financial institution from which the loan
11 is to be purchased.

12 (b) The corporation may execute service agreements with private lending institutions or
13 with regional native housing authorities established under AS 18.55.996 to service loans
14 originated by the corporation or loans originated under AS 18.55.997.

15 (c) Under the servicing agreement, the private financial institution or the regional native
16 housing authority shall administer the loan and may charge the corporation a negotiated
17 origination or servicing fee on the corporation's share of the loan. When appropriate, the private
18 financial institution or the regional native housing authority may also charge the borrower a
19 reasonable originator fee not to exceed one percent.

20 Sec. 18.56.520. APPRAISALS. Before originating or purchasing or participating in the
21 purchase of a small community housing mortgage loan, the corporation may have or may require
22 the borrower to have an appraisal made of the fair market value of the real property, including
23 structures on the real property, for which the loan is made. In conducting an appraisal under this
24 section, the appraiser shall give full value to insulation and other features of construction in
25 structures on the real property that add to the energy efficiency of the structures.

26 Sec. 18.56.530. ENERGY AUDIT EXEMPTION. In making loans under AS 18.56.400 -
27 18.56.600, the corporation is exempt from the requirements of AS 46.11.050(b).

28 Sec. 18.56.540. TOLL-FREE TELEPHONE NUMBER. For the purposes of
29 administration of AS 18.56.400 - 18.56.600, the corporation shall arrange for and maintain a
30 toll-free telephone number for the corporation so that private financial institutions and their
31 borrowers may contact the corporation from any location in the state by telephone without a toll

1 charge.

2 Sec. 18.56.550. FIELD OFFICES; CONTRACT SERVICES; ASSISTANCE TO
3 OTHERS. (a) The corporation may establish field offices under AS 18.56.400 - 18.56.600, may
4 hire one or more lending officers, and may contract for the services of

5 (1) real property appraisers who are familiar with housing and construction in
6 small communities; and

7 (2) engineers who are familiar with engineering problems in arctic and subarctic
8 regions.

9 (b) The personnel described in (a) of this section may make visits to the regions
10 established under AS 18.56.570(a) to provide preconstruction and post-construction inspections
11 of real property for which loans are originated or purchased by the corporation in whole or in
12 part under AS 18.56.420 and to provide assistance to private financial institutions and their
13 borrowers in the regions. Authority for final approval of loans may not be exercised by the
14 personnel described in this section.

15 Sec. 18.56.560. DEMONSTRATION PROJECTS AND INFORMATION. The
16 corporation may enter into agreements with public and private agencies to provide demonstration
17 projects and information concerning housing construction in each of the regions established under
18 AS 18.56.570(a).

19 Sec. 18.56.570. REGIONAL ALLOCATION. (a) The corporation, by regulations
20 adopted in accordance with AS 18.56.088, shall establish and may amend the boundaries of
21 reasonably compact and contiguous regions in the state.

22 (b) Unless otherwise required by an appropriation, the corporation shall allocate the
23 money in the housing assistance loan fund among the regions established under (a) of this section
24 for the purpose of originating or purchasing each type of loan described in AS 18.56.420. In
25 making an allocation under this subsection, the corporation shall consider the past and potential
26 lending activity of private financial institutions in the region as well as the need for loans in the
27 region. The corporation may reallocate the money among the regions as the corporation
28 considers necessary.

29 Sec. 18.56.580. LOANS FOR NONOWNER OCCUPIED HOUSING. (a) In addition
30 to the powers authorized by AS 18.56.400, the corporation may adopt regulations under
31 AS 18.56.088 allowing the use of money in the housing assistance loan fund to make loans for

1 the purchase or development of nonowner occupied housing in small communities.

2 (b) The rate of interest on a loan authorized by this section may not exceed 10-1/2
3 percent a year.

4 (c) The principal amount of loans made for nonowner occupied housing under this
5 section may not exceed 20 percent of the total principal amount of loans made for small
6 community housing under AS 18.56.400 - 18.56.600.

7 (d) In this section

8 (1) "development" means the construction of a new residence or the repair,
9 remodeling, rehabilitation, or expansion of an existing residence;

10 (2) "nonowner occupied housing" means a single-family residence or a
11 multi-family residence having up to eight dwelling units and that is not occupied by the owner;
12 the corporation may modify this definition if it determines that there is a special need for
13 nonowner occupied housing and that a change in the definition is necessary to enable the
14 corporation to meet that need.

15 Sec. 18.56.590. ANNUAL REPORT. To further ensure effective budgetary decision
16 making by the legislature, the corporation shall present a complete accounting of the housing
17 assistance revolving fund to the legislature each year by January 10. The accounting must consist
18 of an audit by an independent outside auditor for that year. The accounting must include a full
19 description of all mortgage loan interest and principal repayments and program receipts for
20 purposes of programs under AS 18.56.400 - 18.56.600, including mortgage loan commitment
21 fees, received by or accrued to the corporation during the preceding fiscal year, and all income
22 earned on assets held by the corporation for purposes of programs under AS 18.56.400 -
23 18.56.600 during that period.

24 Sec. 18.56.600. DEFINITIONS. In AS 18.56.400 - 18.56.600,

25 (1) "housing" means owner-occupied, single-family housing and owner-occupied
26 duplexes in which not more than 25 percent of the gross floor area is or will be devoted to
27 commercial use;

28 (2) "small community" means a community with a population of 5,500 or less
29 that is not connected by road or rail to Anchorage or Fairbanks, or with a population of 1,400
30 or less that is connected by road or rail to Anchorage or Fairbanks; in this paragraph, "connected
31 by road" does not include a connection by the Alaska marine highway system.

1 ARTICLE 3. LOW COST AND LOW INCOME MULTIPLE FAMILY
2 HOUSING DEVELOPMENT FUND.

3 Sec. 18.56.650. LOW COST AND LOW INCOME MULTIPLE FAMILY HOUSING
4 DEVELOPMENT. (a) There is created in the corporation a low cost and low income multiple
5 family housing development fund. Subject to appropriation the corporation shall make grants to
6 municipalities or public or private nonprofit corporations designated as tax exempt under 26
7 U.S.C. 501(c)(3) and (4) (Internal Revenue Code of 1954) for the purpose of developing low
8 cost, low income multiple family housing.

9 (b) Application for a grant under (a) of this section shall be in the form prescribed by
10 the corporation. The application

11 (1) shall demonstrate the need for low cost, low income multiple family housing
12 in the area to be served, the feasibility of the proposed project; and

13 (2) must include an adequate management plan that shall demonstrate the ability
14 of the eligible recipient to sustain the proposed project.

15 (c) A low cost and low income multiple family housing project developed under this
16 section

17 (1) shall be prepared in accordance with facility procurement policies developed
18 by the Department of Transportation and Public Facilities under AS 35.10.160 - 35.10.200; and

19 (2) is a public facility under AS 35.10.160 - 35.10.200.

20 (d) The corporation shall adopt regulations under AS 18.56.088 to carry out the purposes
21 of this section.

22 (e) In this section, "low cost and low income multiple family housing"

23 (1) means a specific work or improvement undertaken primarily to provide
24 multiple family dwelling accommodations for low income persons;

25 (2) includes the acquisition, construction, or rehabilitation of land, buildings,
26 improvements, and other nonhousing facilities that are incidental or appurtenant to the housing.

27 ARTICLE 4. SENIOR HOUSING OFFICE.

28 Sec. 18.56.700. SENIOR HOUSING OFFICE. (a) There is established in the
29 corporation a senior housing office. The office shall promote a comprehensive response to the
30 needs of senior citizens for adequate, accessible, secure, and affordable housing in the state. In
31 order to fulfill this purpose, the office may

- 1 (1) study the needs of senior citizens in the state for housing to meet their needs;
2 (2) seek financial assistance from appropriate sources for the development of
3 housing alternatives for senior citizens;
4 (3) administer the senior housing loan program established under AS 18.56.700 -
5 18.56.799;
6 (4) cooperate and coordinate with other public and private agencies to respond
7 to the housing needs of senior citizens;
8 (5) offer public education programs to increase the awareness of alternatives to
9 large residential facilities for senior citizens;
10 (6) provide information to senior citizens to help them understand their financial
11 alternatives related to homes they might already own and to help them coordinate with other
12 senior citizens in finding housing alternatives, including information and coordination on home
13 equity conversion and home sharing; and
14 (7) disseminate information to construction contractors to educate them about
15 remodeling projects that would meet the needs of many senior citizens for accessible and secure
16 housing.

17 (b) In order to avoid duplication of efforts and to benefit from the commission's
18 expertise, the office shall consult with the Older Alaskans Commission in the performance of the
19 office's duties under AS 18.56.700 - 18.56.799 so that the housing needs of senior citizens can
20 be met most efficiently and effectively.

21 Sec. 18.56.710. SENIOR HOUSING REVOLVING FUND. (a) The senior housing
22 revolving fund is established. The revolving fund consists of appropriations made to it by the
23 legislature, the proceeds of bonds sold under AS 18.56.790 as they are deposited into it by the
24 corporation for specific projects, and money or other assets transferred to the revolving fund by
25 the corporation. The corporation may pledge amounts deposited in the revolving fund for bonds
26 issued under AS 18.56.790 and used by the corporation for making, purchasing, or participating
27 in

- 28 (1) senior housing mortgage loans;
29 (2) loans made for building materials for senior housing;
30 (3) loans made for renovation or improvement of or for senior housing, including
31 loans for renovation or improvement of congregate or individual residences; and

1 (4) loans made for the construction of senior housing.

2 (b) For each loan proposed to be made under AS 18.56.700 - 18.56.799, the corporation
3 shall determine the financial feasibility of the project for which the loan would be used and the
4 extent to which the project would meet senior housing needs in the area for which it is proposed.

5 Sec. 18.56.720. INTEREST RATE. The interest rate on loans made under
6 AS 18.56.700 - 18.56.799 that are funded by a bond issue under AS 18.56.790 is equal to the
7 cost of funds of that bond issue plus

8 (1) two percentage points for a construction loan;

9 (2) one-half of one percentage point for a permanent loan.

10 Sec. 18.56.730. CONDITIONS ON LOANS. (a) The corporation shall adopt regulations
11 under AS 18.56.088(a) and (b) establishing acceptable security for loans originated or purchased
12 in whole or in part under AS 18.56.700 - 18.56.799.

13 (b) The corporation

14 (1) may condition a loan under AS 18.56.700 - 18.56.799 on an agreement by the
15 borrower to maintain the financed project as senior housing for a time period specified by the
16 corporation; and

17 (2) shall establish by regulation the criteria it will use for specifying time periods
18 under (1) of this subsection and for determining under what circumstances the time periods can
19 be decreased after the loan is made.

20 Sec. 18.56.740. FIRE INSURANCE. Before purchasing or participating in the purchase
21 of a senior housing mortgage loan, the corporation shall require the borrower to agree to purchase
22 and maintain fire insurance for the real property for which the loan is made in an amount not less
23 than the outstanding principal balance of the loan.

24 Sec. 18.56.750. LOAN ORIGINATION AND SERVICING. (a) Before purchasing or
25 participating in the purchase of a senior housing loan, the corporation shall enter into a loan
26 servicing agreement with the private financial institution from which the loan is to be purchased.

27 (b) The corporation may execute service agreements with private lending institutions or
28 with regional native housing authorities established under AS 18.55.996 to service loans
29 originated by the office.

30 (c) Under the servicing agreement, the private financial institution or the regional native
31 housing authority shall administer the loan and may charge the corporation a negotiated

1 origination or servicing fee on the office's share of the loan. When appropriate, the private
2 financial institution or the regional native housing authority may also charge the borrower a
3 reasonable origination fee not to exceed one percent.

4 Sec. 18.56.760. APPRAISALS. Before originating or purchasing or participating in the
5 purchase of a senior housing mortgage loan, the corporation may have or may require the
6 borrower to have an appraisal made of the fair market value of the real property, including
7 structures on the real property, for which the loan is made. In conducting an appraisal under this
8 section, the appraiser shall give full value to insulation and other features of construction in
9 structures on the real property that add to the energy efficiency of the structures.

10 Sec. 18.56.770. TOLL-FREE TELEPHONE NUMBER. The corporation shall arrange
11 for and maintain a toll-free telephone number for senior housing purposes so that private financial
12 institutions and their borrowers may contact the office from any location in the state by telephone
13 without a toll charge.

14 Sec. 18.56.780. CONTRACTING FOR SERVICES. The corporation may contract for
15 the services of persons who will assist the office in performing its duties under AS 18.56.700 -
16 18.56.799.

17 Sec. 18.56.790. BONDS FOR SENIOR HOUSING. (a) Under the procedures of this
18 chapter, the corporation may issue bonds in a total amount not exceeding \$30,000,000 to fund
19 senior housing loans made under AS 18.56.700 - 18.56.799 that are approved by the corporation
20 under (b) of this section.

21 (b) Before issuing its bonds under this section, the corporation shall compile a list of
22 approved senior housing projects that it has determined are financially feasible and meet housing
23 needs for senior citizens as required under AS 18.56.710(b).

24 (c) The proceeds of bonds issued under this section for approved projects shall be
25 deposited in the senior housing revolving fund administered by the senior housing office under
26 AS 18.56.700 - 18.56.799 on a schedule determined by the corporation.

27 (d) There is established in the corporation a senior housing bond account. The account
28 consists of proceeds of bonds issued under this section, money appropriated to the account,
29 repayments of principal the corporation collects for a loan made under AS 18.56.700 - 18.56.799
30 that was funded by bonds issued under this section, and the corporation's right, title, and interest
31 in property financed through a loan made under AS 18.56.700 - 18.56.799 that was funded by

1 bonds issued under this section. The corporation may pledge assets in the account and in the
2 senior housing revolving fund for the payment of bonds issued under this section and may use
3 money in the account for payment of the bonds.

4 (e) In this section, "bond" has the meaning given in AS 18.56.390.

5 Sec. 18.56.799. DEFINITIONS. In AS 18.56.700 - 18.56.799,

6 (1) "office" means the senior housing office established under AS 18.56.700;

7 (2) "senior housing"

8 (A) means construction or improvement undertaken primarily to provide
9 dwelling accommodations for persons 60 years of age or older, including conventional
10 housing, housing for frail elderly, group homes, congregate housing, residential horizontal
11 property regimes organized under AS 34.07, residential cooperatives organized under
12 AS 10.15 or AS 34.08, residential condominiums organized under AS 34.08, and other
13 housing that meets special needs of the elderly;

14 (B) includes acquisition, construction, or rehabilitation of land, buildings,
15 improvements, and other nonhousing facilities that are incidental or appurtenant to the
16 housing described in (A) of this paragraph.

17 ARTICLE 5. SENIOR CITIZENS HOUSING DEVELOPMENT FUND.

18 Sec. 18.56.800. DECLARATION OF PURPOSE. There exists in the state a serious
19 shortage of decent, safe and sanitary residential housing available at low or moderate prices or
20 rentals to persons 60 years of age or older. There also exists in the state organizations whose
21 purposes are to provide the kinds of housing needed to alleviate this shortage. Development
22 work to provide such housing involves substantial expense that is often beyond the resources of
23 the organizations.

24 Sec. 18.56.810. SENIOR CITIZENS HOUSING DEVELOPMENT. (a) There is created
25 in the corporation a senior citizens housing development fund. Subject to direct appropriation
26 or through proceeds of a bond issue, the corporation shall make grants to municipalities or public
27 or private nonprofit corporations designated as tax exempt under 26 U.S.C. 501(c)(3) and (4)
28 (Internal Revenue Code of 1954) for the purpose of developing senior citizen housing. A grant
29 from the proceeds of a bond issue may be made only to municipalities.

30 (b) Application for a grant under (a) of this section shall be in the form prescribed by
31 the corporation. The application

1 (1) shall demonstrate the need for senior citizen housing in the area to be served
2 and the feasibility of the proposed project; and

3 (2) must include an adequate management plan that shall demonstrate the ability
4 of the eligible recipient to sustain the proposed project.

5 (c) A senior citizen housing project developed under this section

6 (1) shall be prepared in accordance with facility procurement policies developed
7 by the Department of Transportation and Public Facilities under AS 35.10.160 - 35.10.200; and

8 (2) is a public facility under AS 35.10.160 - 35.10.200.

9 (d) The corporation shall adopt regulations to carry out the purposes of this section. The
10 provisions of AS 18.56.088(a) and (b) apply to regulations adopted under this section.

11 (e) In this section, "senior citizen housing" has the meaning given "senior housing" in
12 AS 18.56.799.

13 ARTICLE 6. ENERGY CONSERVATION.

14 Sec. 18.56.850. HOME ENERGY CONSERVATION AND WEATHERIZATION
15 PROGRAM. (a) The corporation shall plan, study, implement, and assist programs for home
16 energy conservation and weatherization including, without limitation, the

- 17 (1) Alaska craftsman home program;
18 (2) energy rated homes of Alaska program;
19 (3) home energy loan program;
20 (4) rural capital retrofit program; and
21 (5) low income weatherization program.

22 (b) In the development of a home energy conservation or weatherization program under
23 (a) of this section, the corporation may not consider the value of Alaska longevity bonus
24 payments under AS 47.45 or permanent fund dividends under AS 43.23 in determining whether
25 a person meets income guidelines established under AS 18.56.088 and (a) of this section for a
26 state or, to the extent permitted by federal law, a federal energy conservation or weatherization
27 program.

28 * Sec. 23. AS 18.56.900 is repealed and reenacted to read:

29 Sec. 18.56.900. DEFINITIONS. In this chapter,

- 30 (1) "board" means the board of directors of the corporation;
31 (2) "corporation" means the Alaska Housing Finance Corporation created by this

1 chapter.

2 * Sec. 24. AS 34.60.135 is amended to read:

3 Sec. 34.60.135. PLANNING LOANS FOR ADDITIONAL HOUSING. In addition to
4 the other programs authorized by this chapter, the Alaska Housing Finance Corporation [A
5 STATE AGENCY] may make loans in order to encourage and facilitate the construction or
6 rehabilitation of housing to meet the needs of displaced persons. These loans are a part of the
7 federally assisted project cost and may be made to nonprofit, limited dividend, or cooperative
8 organizations, or to public bodies. The loans may be made only for necessary and reasonable
9 expenses, before construction, for planning and obtaining federally insured mortgage financing
10 for the rehabilitation or construction of housing for displaced persons. The loans may not exceed
11 80 percent of the reasonable costs expected to be incurred in planning, and in obtaining financing
12 for housing for displaced persons. Reasonable costs include but are not limited to costs for
13 preliminary surveys and analysis of market needs, preliminary architectural fees, site acquisition,
14 application and mortgage commitment fees, and construction loan fees and discounts. Loans to
15 an organization established for profit shall bear interest at a market rate established by the Alaska
16 Housing Finance Corporation [STATE AGENCY]. All other loans shall be without interest.
17 The Alaska Housing Finance Corporation [STATE AGENCY] shall require repayment of loans
18 made under this section [,] under terms and conditions that it may prescribe [ESTABLISHED
19 BY THE STATE AGENCY]. Repayment shall be made upon completion of the project or
20 sooner, and except in the case of a loan to an organization established for profit, the Alaska
21 Housing Finance Corporation [STATE AGENCY] may cancel any part or all of a loan if the
22 corporation determines [FOLLOWING A DETERMINATION BY THE STATE AGENCY] that
23 a permanent loan to finance the rehabilitation or construction of the housing cannot be obtained
24 in an amount adequate for repayment of the loan.

25 * Sec. 25. AS 34.60.137 is amended to read:

26 Sec. 34.60.137. HOUSING REPLACEMENT ASSISTANCE AS LAST RESORT. If a
27 federal aided program or project cannot proceed to actual construction because comparable
28 replacement sale or rental housing is not available, and the state agency determines that housing
29 cannot otherwise be made available, the agency may take, or may request the Alaska Housing
30 Finance Corporation to take, action necessary or appropriate to provide the housing either by
31 use of funds authorized for the project or by use of money available to the corporation.

1 * Sec. 26. AS 44.21.230(a)(9) is amended to read:

2 (9) give assistance, on request, to the senior housing office in the Alaska Housing
3 Finance Corporation [DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS] in
4 administration of the senior housing loan program under AS 18.56.710 - 18.56.799
5 [AS 44.47.587 - 44.47.609] and in the performance of the office's other duties under
6 AS 18.56.700 [AS 44.47.585]; and

7 * Sec. 27. AS 44.21.240(6) is amended to read:

8 (6) "senior citizen housing" has the meaning given "senior housing" in
9 AS 18.56.799 [AS 44.47.620(e)].

10 * Sec. 28. AS 44.47.370 is amended to read:

11 Sec. 44.47.370. POWERS OF COMMISSIONER. The commissioner may

12 (1) adopt regulations in accordance with the Administrative Procedure Act
13 (AS 44.62) to implement AS 44.47.370 - 44.47.560;

14 (2) make and execute agreements, contracts, and other instruments necessary or
15 convenient in the exercise of the commissioner's powers and functions under AS 44.47.370 -
16 44.47.560;

17 (3) purchase or participate in the purchase of small community
18 [NONCONFORMING AND RURAL] housing mortgage loans under [IN ACCORDANCE
19 WITH] AS 44.47.370 - 44.47.560;

20 (4) purchase or participate in the purchase of loans for building materials for
21 small community [NONCONFORMING AND RURAL] housing under [IN ACCORDANCE
22 WITH] AS 44.47.370 - 44.47.560;

23 (5) procure insurance against loss in connection with the director's functions
24 under AS 44.47.370 - 44.47.560;

25 (6) acquire real or personal property, or an interest in real or personal property,
26 by purchase, transfer, or foreclosure, when the acquisition is necessary or appropriate to protect
27 a loan in which the department has an interest; sell, transfer, and convey that property to a buyer;
28 and, if the sale, transfer, or conveyance cannot be effected with reasonable promptness or at a
29 reasonable price, rent or lease the property to a tenant pending the sale, transfer, or conveyance;

30 (7) do all acts necessary, convenient or desirable to carry out the powers expressly
31 granted or necessarily implied in AS 44.47.370 - 44.47.560;

1 (8) originate and service direct loans made to qualified buyers under [IN
2 ACCORDANCE WITH] AS 44.47.370 - 44.47.560.

3 * Sec. 29. AS 44.47.380(a) is amended to read:

4 (a) There is created in the department, as a revolving loan fund, the housing assistance
5 loan fund consisting of money appropriated to it by the legislature and repayments of principal
6 and interest on loans made or purchased from the assets of the fund. The commissioner shall
7 administer the housing assistance loan fund under [IN ACCORDANCE WITH] AS 44.47.370 -
8 44.47.560 and shall use the money in the housing assistance loan fund to originate, purchase, or
9 participate in the purchase of

10 (1) small community [NONCONFORMING AND RURAL] housing mortgage
11 loans;

12 (2) loans made for building materials for small community [NONCONFORMING
13 AND RURAL] housing;

14 (3) loans made for renovations or improvements to small community
15 [NONCONFORMING AND RURAL] housing;

16 (4) loans made for the construction of owner-occupied small community
17 [NONCONFORMING AND RURAL] housing other than loans to builders or contractors or loans
18 that compensate an owner for the owner's labor or services in constructing the owner's own
19 housing.

20 * Sec. 30. AS 44.47.390 is amended to read:

21 Sec. 44.47.390. LIMITATIONS ON USE OF HOUSING ASSISTANCE LOAN FUND.

22 The commissioner may not use the money in the housing assistance loan fund to

23 (1) originate a direct loan or purchase or participate in the purchase of a small
24 community [NONCONFORMING OR RURAL] housing mortgage loan that exceeds the
25 limitations on mortgage loans purchased by the Federal National Mortgage Association as to
26 principal amount or loan-to-value ratio;

27 (2) originate a direct loan or purchase or participate in the purchase of a loan
28 made for building materials for small community [NONCONFORMING OR RURAL] housing

29 (A) that exceeds \$45,000 or exceeds

30 (i) 80 percent of the appraised value of the work completed on the
31 small community [NONCONFORMING OR RURAL] housing for which the loan

1 is made if the small community [NONCONFORMING OR RURAL] housing is
2 pledged as collateral for the loan; or

3 (ii) 90 percent of the value of other property that is pledged as
4 security for the loan and that is satisfactory to the commissioner as collateral;

5 (B) unless the terms of the loan agreement require inspections and
6 certifications, as required by regulations of the commissioner, at the expense of the
7 borrower; and

8 (C) unless the period of time allowed for repayment of the loan is equal
9 to or less than 15 years;

10 (3) originate direct loans or purchase or participate in the purchase of a small
11 community [NONCONFORMING OR RURAL] housing mortgage loan that is secured by real
12 property the marketable title to which is shown under [IN ACCORDANCE WITH] AS
13 44.47.420(b)(2) if the total amount of outstanding small community [NONCONFORMING AND
14 RURAL] housing mortgage loans held by the department exceeds 10 times the amount of money
15 in the restricted title loss reserve account (AS 44.47.430);

16 (4) originate a direct loan for small community [NONCONFORMING OR
17 RURAL] housing or purchase or participate in the purchase of a small community
18 [NONCONFORMING OR RURAL] housing mortgage loan, other than a loan for the repair,
19 remodeling, rehabilitation, or expansion of an existing owner-occupied residence, if the borrower
20 has an outstanding housing loan made under a state loan program, other than a loan for
21 nonowner-occupied housing under former AS 44.47.520, that bears interest at a rate that was less
22 than the prevailing market interest rate for similar housing loans at the time the loan was made;

23 (5) originate a direct mortgage loan or purchase or participate in the purchase of
24 a mortgage loan for rental housing unless the borrower agrees not to discriminate against tenants
25 or prospective tenants because of sex, marital status, changes in marital status, pregnancy,
26 parenthood, race, religion, color, national origin, or status as a student;

27 (6) originate, purchase, or participate in a loan to a person who has a past due
28 child support obligation established by court order or by the child support enforcement division
29 under AS 25.27.160 - 25.27.220 at the time of application.

30 * Sec. 31. AS 44.47.410(b) is amended to read:

31 (b) The interest rate on a mortgage loan originated or purchased in whole or in part under

1 AS 44.47.380 for small community [RURAL] housing is one percent less than the interest rate,
2 as determined under AS 18.56.098(g)(1) - (4), on a mortgage loan purchased under
3 AS 18.56.098(a) from the proceeds of the most recent applicable issue of taxable bonds before
4 the origination or purchase of the mortgage loan originated or purchased under AS 44.47.380.

5 * Sec. 32. AS 44.47.420(a) is amended to read:

6 (a) Before the commissioner originates or purchases a small community
7 [NONCONFORMING OR RURAL] housing mortgage loan in whole or in part, the commissioner
8 may require a borrower to show marketable title to real property offered as security for the loan
9 to be purchased.

10 * Sec. 33. AS 44.47.430(b) is amended to read:

11 (b) The commissioner may withdraw money from the restricted title loss reserve account
12 in an amount equal to the loss to the department on a small community [NONCONFORMING
13 OR RURAL] housing mortgage loan originated or purchased in whole or in part by the
14 department if marketable title to the real property used to secure the loan was shown under [IN
15 ACCORDANCE WITH] AS 44.47.420(b)(2). Money withdrawn from the restricted title loss
16 reserve account under this section shall be deposited in the housing assistance loan fund.

17 * Sec. 34. AS 44.47.440 is amended to read:

18 Sec. 44.47.440. FIRE INSURANCE. Before purchasing or participating in the purchase
19 of a small community [NONCONFORMING OR RURAL] housing mortgage loan, the
20 commissioner may require the borrower to agree to purchase and maintain fire insurance for the
21 real property for which the loan is made in an amount not less than the outstanding principal
22 balance of the loan.

23 * Sec. 35. AS 44.47.470 is amended to read:

24 Sec. 44.47.470. APPRAISALS. Before originating or purchasing or participating in the
25 purchase of a small community [NONCONFORMING OR RURAL] housing mortgage loan, the
26 commissioner may have or may require the borrower to have an appraisal made of the fair
27 market value of the real property, including structures on the real property, for which the loan
28 is made. In conducting an appraisal under this section, the appraiser shall give full value to
29 insulation and other features of construction in structures on the real property that add to the
30 energy efficiency of the structures.

31 * Sec. 36. AS 44.47.490(a) is amended to read:

1 (a) The commissioner may establish field offices under this chapter, may hire one or
2 more lending officers, and, under AS 36.30 (State Procurement Code), may contract for the
3 services of

4 (1) real property appraisers who are familiar with housing and [RURAL]
5 construction in small communities; and

6 (2) engineers who are familiar with engineering problems in arctic and subarctic
7 regions.

8 * Sec. 37. AS 44.47.520(a) is amended to read:

9 (a) In addition to the powers authorized by AS 44.47.370 the commissioner may adopt
10 regulations allowing the use of money in the housing assistance loan fund to make loans for the
11 purchase or development of nonowner occupied housing in small communities [RURAL AREAS
12 OF THE STATE].

13 * Sec. 38. AS 44.47.520(c) is amended to read:

14 (c) The principal amount of loans made for nonowner occupied housing under this
15 section may not exceed 20 percent of the total principal amount of loans made for small
16 community [NONCONFORMING AND RURAL] housing under AS 44.47.370 - 44.47.560.

17 * Sec. 39. AS 44.47.520(d) is amended to read:

18 (d) In this section,

19 (1) "development" means the construction of a new residence or the repair,
20 remodeling, rehabilitation, or expansion of an existing residence;

21 (2) "nonowner occupied housing" means a single-family residence or a
22 multi-family residence having up to eight dwelling units [, THAT IS NOT NONCONFORMING
23 HOUSING,] and is not occupied by the owner; the commissioner may modify this definition if
24 the commissioner determines that there is a special need for nonowner occupied housing and that
25 a change in the definition is necessary to enable the department to meet that need.

26 * Sec. 40. AS 44.47.560 is amended to read:

27 Sec. 44.47.560. DEFINITIONS. In AS 44.47.370 - 44.47.560,

28 (1) [REPEALED

29 (2) REPEALED

30 (3)] "housing" means owner-occupied, single-family housing and owner-occupied
31 duplexes in which not more than 25 percent of the gross floor area is or will be devoted to

1 commercial use;

2 (2) "small community" [(4) "NONCONFORMING HOUSING" MEANS
3 HOUSING THAT DOES NOT CONFORM TO MINIMUM BUILDING STANDARDS UNDER
4 ANY STATE OR FEDERAL PROGRAM THAT PROVIDES LOANS FOR HOUSING
5 PURCHASES;

6 (5) "RURAL"] means

7 [(A)] a community [IN THE SECOND, THIRD, OR FOURTH JUDICIAL
8 DISTRICT OF THE STATE] with a population of 5,500 [4,500] or less that is not
9 connected by road or rail to Anchorage or Fairbanks [;] or with a population of
10 1,400 or less that is connected by road or rail to Anchorage or Fairbanks; in
11 this paragraph "connected by road" does not include a connection by the
12 Alaska marine highway system

13 [(B) A COMMUNITY IN THE FIRST JUDICIAL DISTRICT OF THE
14 STATE WITH A POPULATION OF 4,500 OR LESS;

15 (6) "RURAL HOUSING" MEANS HOUSING WHETHER OR NOT IT IS
16 NONCONFORMING HOUSING THAT IS LOCATED IN A RURAL AREA OF THE STATE].

17 * Sec. 41. AS 46.11.040 is amended to read:

18 Sec. 46.11.040. APPLICABILITY OF THERMAL AND LIGHTING ENERGY
19 STANDARDS TO RESIDENTIAL BUILDINGS. State financial assistance may not be approved
20 or granted for the construction of or purchase of a loan for a residential building if construction
21 of the building began [BEGINS] after December 31, 1991, unless

22 (1) the building is in compliance with thermal and lighting energy standards;

23 (2) the building is in compliance with the building code of a municipality and the
24 standards for thermal and lighting energy of the municipal building code meet or exceed the
25 thermal and lighting energy standards;

26 (3) the building

27 (A) is constructed under an exception to the municipal building code
28 granted because the exception will result in increased energy efficiency; or

29 (B) is located or is to be located in an area where thermal and lighting
30 energy standards are not justified because of the high cost of implementation of the
31 standards, with specific consideration given to the availability of inexpensive home

1 heating energy sources, as determined under regulations adopted by the Alaska Housing
2 Finance Corporation [COMMISSIONER OF COMMUNITY AND REGIONAL
3 AFFAIRS]; or

4 (4) the applicant agrees, in writing, that the building will be brought into
5 compliance with thermal and lighting energy standards within one year of conveyance.

6 * Sec. 42. AS 46.11.900(8) is amended to read:

7 (8) "thermal and lighting energy standards" means the thermal and lighting energy
8 standards

9 (A) established by the American Society of Heating, Refrigeration, and
10 Air Conditioning Engineers as revised

11 (i) by the commissioner of transportation and public facilities under
12 AS 44.42.020(a) for public facilities; or

13 (ii) by the Alaska Housing Finance Corporation
14 [COMMISSIONER OF COMMUNITY AND REGIONAL AFFAIRS] for
15 buildings and structures that are not public facilities; or

16 (B) developed in regulations adopted

17 (i) by the commissioner of transportation and public facilities under
18 AS 44.42.020(a) for public facilities; or

19 (ii) by the Alaska Housing Finance Corporation
20 [COMMISSIONER OF COMMUNITY AND REGIONAL AFFAIRS] for
21 buildings and structures that are not public facilities.

22 * Sec. 43. AS 44.47.410(a) is repealed.

23 * Sec. 44. AS 18.56.083, 18.56.210(a)(10), AS 44.47.050(a)(18), 44.47.050(b), 44.47.370, 44.47.378,
24 44.47.380, 44.47.382, 44.47.390, 44.47.395, 44.47.400, 44.47.410(b), 44.47.420, 44.47.430, 44.47.440,
25 44.47.460, 44.47.470, 44.47.475, 44.47.480, 44.47.490, 44.47.500, 44.47.510, 44.47.520, 44.47.530,
26 44.47.560, 44.47.585, 44.47.587, 44.47.589, 44.47.591, 44.47.593, 44.47.595, 44.47.597, 44.47.599,
27 44.47.601, 44.47.603, 44.47.609, 44.47.610, 44.47.620, 44.47.630 and 44.47.635 are repealed.

28 * Sec. 45. TRANSITIONAL PROVISIONS RELATING TO TRANSFER OF HOUSING
29 PROGRAMS FROM THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS. (a) All
30 contracts, rights, liabilities, bonds, notes, or other obligations of the Department of Community and
31 Regional Affairs under former AS 44.47.370 - 44.47.560 and 44.47.635 created by or under a law

1 amended or repealed by this Act and in effect on the effective date of this section, remain in effect
2 notwithstanding this Act's taking effect, with all contracts, rights, liabilities, bonds, notes, or other
3 obligations of the Department of Community and Regional Affairs incurred under former AS 44.47.370 -
4 44.47.560 and 44.47.635 becoming contracts, rights, liabilities, bonds, notes, and other obligations of the
5 Alaska Housing Finance Corporation.

6 (b) All records, equipment, appropriations, and other property of the Department of Community
7 and Regional Affairs held under former AS 44.47.370 - 44.47.560 and 44.47.635 shall be transferred to
8 the Alaska Housing Finance Corporation to implement the provisions of this Act.

9 (c) Employees of the Department of Community and Regional Affairs responsible for
10 administration of the programs set out in former AS 44.47.370 - 44.47.560 and 44.47.635 become
11 employees of the Alaska Housing Finance Corporation on the effective date of this section.

12 (d) Notwithstanding sec. 51(b) of this Act, on the effective date of this section, the cash balance
13 of the housing assistance loan fund of former AS 44.47.380, exclusive of the loan purchases made under
14 sec. 51(a) of this Act, becomes the cash balance of the housing assistance loan fund established in
15 AS 18.56.420, added by sec. 22 of this Act.

16 * Sec. 46. TRANSITIONAL PROVISIONS RELATING TO TRANSFER OF SENIOR CITIZEN
17 HOUSING PROGRAMS FROM THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS.

18 (a) All contracts, rights, liabilities, bonds, notes, or other obligations of the Department of Community
19 and Regional Affairs under former AS 44.47.585 - 44.47.620 created by or under a law amended or
20 repealed by this Act and in effect on the effective date of this section, remain in effect notwithstanding
21 this Act's taking effect, with all contracts, rights, liabilities, bonds, notes, or other obligations of the
22 Department of Community and Regional Affairs incurred under former AS 44.47.585 - 44.47.620
23 becoming contracts, rights, liabilities, bonds, notes, and other obligations of the Alaska Housing Finance
24 Corporation.

25 (b) All records, equipment, appropriations, and other property of the Department of Community
26 and Regional Affairs secured under former AS 44.47.585 - 44.47.620 shall be transferred to the Alaska
27 Housing Finance Corporation to implement the provisions of this Act.

28 (c) Employees of the Department of Community and Regional Affairs responsible for
29 administration of the programs set out in former AS 44.47.585 - 44.47.620 become employees of the
30 Alaska Housing Finance Corporation on the effective date of this section.

31 (d) All bonds issued under former AS 18.56.083 and in effect on the effective date of this

1 section remain in effect notwithstanding this Act's taking effect.

2 * Sec. 47. TRANSITIONAL PROVISIONS RELATING TO TRANSFER OF HOME ENERGY
3 CONSERVATION AND WEATHERIZATION PROGRAMS FROM THE DEPARTMENT OF
4 COMMUNITY AND REGIONAL AFFAIRS. (a) All contracts, rights, liabilities, bonds, notes, or other
5 obligations of the Department of Community and Regional Affairs under AS 44.47.050(a)(18) and
6 44.47.050(b) created by or under a law repealed by secs. 43 and 44 of this Act and in effect on the
7 effective date of this section, remain in effect notwithstanding this Act's taking effect, with all contracts,
8 rights, liabilities, bonds, notes, or other obligations of the Department of Community and Regional
9 Affairs incurred under AS 44.47.050(a)(18) and 44.47.050(b) becoming contracts, rights, liabilities,
10 bonds, notes, and other obligations of the Alaska Housing Finance Corporation.

11 (b) All records, equipment, appropriations, and other property of the Department of Community
12 and Regional Affairs secured under AS 44.47.050(a)(18) and 44.47.050(b) shall be transferred to the
13 Alaska Housing Finance Corporation to implement the provisions of AS 18.56.850, added by sec. 22 of
14 this Act, and sec. 44 of this Act.

15 (c) Employees of the Department of Community and Regional Affairs responsible for
16 administration of the home energy conservation and weatherization programs set out in
17 AS 44.47.050(a)(18) and 44.47.050(b), repealed by sec. 44 of this Act, become employees of the Alaska
18 Housing Finance Corporation on the effective date of this section.

19 * Sec. 48. TRANSITIONAL PROVISION: MEMBERSHIP OF ALASKA HOUSING FINANCE
20 CORPORATION BOARD OF DIRECTORS. (a) Notwithstanding AS 18.56.030(a)(3)(A) - (E),
21 repealed and reenacted by sec. 9 of this Act, the public members of the board of directors of the Alaska
22 Housing Finance Corporation who are serving on the effective date of this section continue to serve their
23 unexpired terms. Thereafter, the governor shall fill vacancies on the board of directors among the
24 members under the provisions of AS 18.56.030(a)(3)(A) - (E), as repealed and reenacted by sec. 9 of
25 this Act, and AS 18.56.030(f), added by sec. 11 of this Act.

26 (b) Notwithstanding AS 18.56.030(c), of the members first appointed to fill the additional seats
27 on the board of directors authorized by AS 18.56.030(a)(3), amended by sec. 9 of this Act, one shall be
28 appointed for a term of one year and two shall be appointed for a term of two years. The governor shall
29 specify the length of the term of each member.

30 * Sec. 49. TRANSITIONAL PROVISION: REPORT OF TRANSFERRED ASSETS. The
31 Department of Community and Regional Affairs shall prepare or direct the preparation of all necessary

1 financial reports of the assets to be transferred by it under this Act as of the close of business on the day
2 before the effective date of the transfer.

3 * Sec. 50. ALASKA STATE HOUSING PLANNING COMMISSION. (a) The Alaska State
4 Housing Planning Commission is established within the Office of the Governor. The commission
5 consists of five members as follows:

- 6 (1) a representative of the Office of the Governor, designated by the governor;
- 7 (2) the commissioner of commerce and economic development;
- 8 (3) the commissioner of community and regional affairs;
- 9 (4) a representative of the Alaska Housing Finance Corporation, designated by the board
10 of directors of the corporation; and
- 11 (5) a public member who is a representative of low income, homeless, or special needs
12 housing interests.

13 (b) In addition to the members specified in (a) of this section, the governor may invite the
14 United States Department of Housing and Urban Development to designate a representative of that
15 department to serve with the Alaska State Housing Planning Commission in an advisory capacity.

16 (c) The Alaska State Housing Planning Commission shall

17 (1) assist with the merger of the state housing programs as set out in this Act to ensure
18 that housing program service delivery is maintained efficiently and without interruption during the
19 transitional period; and

20 (2) make recommendations to the legislature regarding further statutory changes that may
21 be necessary or appropriate to enhance the delivery of housing programs and services in the state.

22 (d) A majority of the members appointed under (a) of this section constitutes a quorum for
23 organization of the commission and for conducting the business and exercising the powers of the
24 commission. The commission shall elect a chair from among its membership. The commission shall
25 meet at the call of the chair.

26 * Sec. 51. ALASKA HOUSING FINANCE CORPORATION MAY PURCHASE HOUSING LOANS
27 OF DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS. (a) Subject to existing law, the
28 Alaska Housing Finance Corporation may purchase, at an appropriate discount mutually satisfactory to
29 the board of directors of the Alaska Housing Finance Corporation and the commissioner of community
30 and regional affairs, the mortgage loans and other housing-related loans that are held on the effective
31 date of this section by the Department of Community and Regional Affairs for the loans it has made

1 under the department's various housing assistance programs set out in AS 44.47.370 - 44.47.560 and
2 44.47.585 - 44.47.635. In determining an appropriate discount applicable to the purchase price of the
3 loans, the corporation and the commissioner shall take into consideration the cash balance in the housing
4 assistance loan fund on the day before the effective date of this section and the corporation's retention
5 of sufficient unreserved assets of the corporation to capitalize the housing assistance loan fund as
6 reconstituted in AS 18.56.420, added by sec. 22 of this Act.

7 (b) The commissioner of community and regional affairs shall deposit the full amount received
8 from the purchase made under (a) of this section in the state general fund.

9 * Sec. 52. VALIDATION OF CERTAIN LOANS OF THE DEPARTMENT OF COMMUNITY AND
10 REGIONAL AFFAIRS. (a) Sections 28 - 40 and 43 of this Act are retroactive to January 1, 1992, and
11 apply to all loans and loan commitments for small community housing loans made after December 31,
12 1991.

13 (b) Notwithstanding (a) of this section, nonconforming housing loans made by the Department
14 of Community and Regional Affairs under AS 44.47.370 - 44.47.560 after December 31, 1991, and
15 before the effective date of this section are valid.

16 * Sec. 53. Section 50 of this Act is repealed July 1, 1993.

17 * Sec. 54. Sections 28 - 40, 43, and 49 - 52 of this Act take effect immediately under
18 AS 01.10.070(c).

19 * Sec. 55. Except as provided in sec. 54 of this Act, this Act takes effect July 1, 1992.

5/9/92



Alaska State Legislature

HOUSE OF REPRESENTATIVES

Official Business

State Capitol
Juneau, AK 99801-1182

Amendments JFC

TO: Senator Pat Pourchot, Co-Chair
 Senator Jay Kerttula, Co-Chair
 Senate Finance Committee

FROM: Senator Pat Rodey
 Representative Kay Brown

DATE: May 9, 1992

SUBJ: Proposed Senate Finance Amendments to HB 152

The purpose of this memorandum is to proposed a package of amendments to SCS CS HB 152 (CRA) that we believe responds to the concerns expressed by members of the committee.

AHFC Grant Powers (Adams Amendment #1)

This proposed amendment has two parts. #1

ADOPT

Part 1 - The first part would delete certain language that was referenced by the department of Law as the existing legal basis relied upon by AHFC in making homeless shelter grants. The proposed legislation would expressly clarify that the corporation may make grants only as authorized by the legislature subject to the Executive Budget Act.

Recommendation: The amendment should be adopted in concert with the other provisions of the bill that clarify AHFC's grant authority.

*NOT
included*

Part 2 - The second part would delete Section 91. After consultation with Senator Adams' staff, and in recognition that subsection (c) of Section 91 subjects the corporation to the Executive Budget Act when it seeks to exercise the authorities in Section 91, it appears that deletion of this section is not needed. ✓

Recommendation: In light of subsection (c) of Section 91, it is recommended that this part of the amendment not be adopted.

AHFC Reporting Requirements (Adams #2)

ADOPT #2

This amendment would clarify certain reporting requirements regarding the corporation's assets.

Recommendation: This amendment should be adopted.

Purchase of the HAD Portfolio (Hoffman Amendment)

ADOPT #3

The effect of this amendment would be to clarify that the corporation may purchase the HAD portfolio under existing statutory authority and, if it did so, would retain these loans and provide for some method of mortgage insurance (possibly self-insure).

Recommendation: This amendment should be adopted.

Corporation Board Composition (Brown #1)

ADOPT #4

This amendment would provide for a nine member board with two (2) commissioners (Revenue and DCRA) and seven (7) public members to be appointed by the governor.

Recommendation: This amendment should be adopted.

Transition Commission Composition (Brown #2)

ADOPT #5

This amendment would provide for a five (5) member temporary Alaska State Housing Planning Commission that would assist with the transition. The Commission would sunset July 1, 1993.

Recommendation: This amendment should be adopted.

Title Amendment (Rodey #1)

ADOPT #6

ADOPT

This amendment would correct an inadvertent title change made in the Senate Community and Regional Affairs Committee CS.

Recommendation: This amendment should be adopted.

Application of the Executive Budget Act (Rodey #2)

ADOPT #7

This amendment would clarify the applicability of the Executive Budget Act to the corporation's activities as they pertain to ASHA and clarify that the EBA applies to non-federal activities.

Recommendation: This amendment should be adopted.

/

Insert another new section after section 80:

AS 18.56.010 (c): The legislature finds and declares that, in accomplishing this purpose, the creation of the Alaska Housing Finance Corporation is essential to assist in the acquisition and development of land and the construction, rehabilitation, financing, management, maintenance, sale and rental of dwelling units for persons of lower and moderate income or persons in remote, underdeveloped or blighted areas and that these activities serve a public purpose in benefitting the people of the state. [The Alaska Housing Finance Corporation is empowered to act on behalf of the state and its people in serving the public purpose for the benefit of the general public.]

Part #1

Add another section after 88:

AS 18.56.090 (16) make and execute [agreements,] contracts, and other instruments necessary or convenient in the exercise of the powers and functions of the corporation under this chapter, including contracts with any person, firm, corporation, governmental agency or other entity;

Part #2

Delete section 91 in its entirety.

A M E N D M E N T

#2

OFFERED IN THE SENATE

BY SENATOR ADAMS

TO: SCS CSHB 152 (CRA)

Page 42, following line 7:

Insert a new bill section to read:

** Sec. 91. AS 18.56.089(b) is amended to read:

(b) To further ensure effective budgetary decision making by the legislature, the corporation shall

(1) annually review the corporation's assets, including the assets of the Alaska housing finance revolving fund under AS 18.56.082, to determine whether assets of the corporation exceed an amount required to fulfill the purposes of the corporation as defined in AS 18.55 and this chapter; in making its review, the board shall determine whether, and to what extent, assets in excess of the amount required to fulfill the purposes of the corporation during the next fiscal year are available without

(A) breaching any agreement entered into by the corporation;

(B) materially impairing the operations or financial integrity of the corporation; or

(C) materially affecting the ability of the corporation to

(i) stabilize the market price of and demand for residential housing;

and

(ii) ensure an adequate long-term supply of residential housing for persons of lower and moderate income; and

(2) present to the legislature by January 10 of each year a complete accounting of all assets of the corporation, including assets of the Alaska housing finance revolving fund under AS 18.56.082, and a report of the review and determination made under (1) of this subsection; the accounting shall be audited by an independent outside auditor and must include a full description of all mortgage loan interest and principal repayments and program receipts, including

AMENDMENT
SCS CSHB 152(CRA)

BY HOFFMAN

SECTION 137 LINE 3 PAGE 76
DELETE, REFERENCE TO A.S. 18.56.210(a)(10),

SECT.145 LINE 8 PAGE 80

ALASKA HOUSING FINANCE CORPORATION MAY PURCHASE HOUSING
LOANS OF DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS.
[(a) Notwithstanding AS 18.56.210(a)(10).] SUBJECT TO EXISTING
LAW, the Alaska Housing Finance Corporation may purchase, at an
appropriate discount mutually satisfactory to the board of directors of
the Alaska Housing Finance Corporation and the Commissioner of
Community and Regional Affairs, the mortgage loans and other.....

DELETE SECTION (e)
LINE 6 THRU 9 ON PAGE 77

AMENDMENT

by BROWN #1

Page 39, line 20 through page 39, line 31

Delete all material.

Insert:

"(a) The corporation shall be governed by a board of directors consisting of

(1) the commissioner of revenue;

(2) the commissioner of community and regional affairs;

(3) seven public members appointed by the governor as follows:

(A) one member who represents the financial community or who is a licensed real estate broker under AS 08.88.171 (a);

(B) one member that represents the interests of regional housing authorities;

(C) one member who represents special needs housing interests, including low-income and senior housing;

(D) one member who is a representative of the residential energy efficient homebuilding and weatherization interests in the state; and

(D) three public members, at least one of whom shall be a rural resident of the state."

Make corresponding referencece amendments to other sections.

(A) mortgage loan commitment fees received by or accrued to the corporation during the preceding fiscal year; [,] and

(B) all income earned on assets of the corporation during that period, including earnings on assets of the state assisted mortgage fund."

Renumber the following bill sections accordingly.

Renumber internal bill section references accordingly.

AMENDMENT

by BROWN #2

Page 79, line 6 after "Section 141" through Page 80, line 13 delete all material.

Insert:

ALASKA STATE HOUSING PLANNING COMMISSION. (a) The Alaska State Housing Planning Commission is established within the Office of the Governor. The commission consists of five members

- (1) a representative of the Office of the Governor, designated by the governor;
- (2) the commissioner of commerce and economic development;
- (3) the commissioner of community and regional affairs;
- (4) a representative of the Alaska Housing Finance Corporation, designated by the board of directors of the corporation; and
- (5) a public member, appointed by the governor, who is a representative of low income, homeless, or special needs housing interests.

(b) In addition to the members specified in (a) of this section, the governor may invite the United States Department of Housing and Urban Development to designate a representative of that department to serve with the Alaska State Housing Planning Commission in an advisory capacity.

(c) The Alaska State Housing Planning Commission shall

(1) assist with the merger of the state housing programs as set out in this Act to ensure that housing program service delivery is maintained efficiently and without interruption during the transitional period; and

(2) make recommendations to the legislature regarding further statutory changes that may be necessary or appropriate to enhance the delivery of housing programs and services in the state.

(d) A majority of the members appointed under (a) of this section constitutes a quorum for organization of the commission and for conducting the business and exercising the powers of the commission. The commission shall elect a chair from among its membership. The commission shall meet at the call of the chair.

AMENDMENT

by RODEY #2

Page 42, line 4, after "earnings;"

Insert:

"(D) non-federal activities of the corporation under AS18.55.010 -
18.55.960."

/

Amendment for HB 152

By Adams

Insert another new section after section 80:

AS 18.56.010 (c): The legislature finds and declares that, in accomplishing this purpose, the creation of the Alaska Housing Finance Corporation is essential to assist in the acquisition and development of land and the construction, rehabilitation, financing, management, maintenance, sale and rental of dwelling units for persons of lower and moderate income or persons in remote, underdeveloped or blighted areas and that these activities serve a public purpose in benefitting the people of the state. [The Alaska Housing Finance Corporation is empowered to act on behalf of the state and its people in serving the public purpose for the benefit of the general public."]

Add another section after 88:

AS 18.56.090 (16) make and execute [agreements,] contracts, and other instruments necessary or convenient in the exercise of the powers and functions of the corporation under this chapter, including contracts with any person, firm, corporation, governmental agency or other entity;

Delete section 91 in its entirety.

MEMORANDUM

State of Alaska

Department of Law

TO: Barry Hulin
Executive Director
Alaska Housing Finance Corp.

DATE: February 3, 1992

FILE NO: 661-92-0410

TEL NO: 269-5200

SUBJECT: AHFC grant authority

FROM:

Joseph McKinnon *JM*
Assistant Attorney General
Commercial Section-Anchorage

You have asked whether the Alaska Housing Finance Corporation (AHFC) has the power to enter into an agreement with the Municipality of Anchorage to provide transitional housing for homeless families with children. We have concluded that AHFC does have such authority.

On December 17, 1991, AHFC entered into a grant agreement with the Municipality of Anchorage. The agreement calls for the Municipality to provide certain services to meet the temporary housing needs of homeless families with children. It authorizes the Municipality to "renovate structures to meet basic health and safety requirements, rent or purchase necessary equipment and furnishings, pay for social work, shelter supervision and maintenance services, purchase foodstuffs, pay utilities (including heat, light and telephone) or other such items and activities as may be customarily associated with the operation of an emergency shelter for the homeless."

As a legislatively created agency, AHFC is limited in its operations to those powers which are expressly conferred or necessarily implied. 3A Sands, Sutherland Statutory Construction, §65.02 (4th Ed. 1986). In interpreting the extent of an agency's powers, courts have tended to adopt a strict interpretation of statutes where administrative agencies seek to exercise powers that tend to interfere with established property rights, freedom of contract or personal freedom and liberty. Id. However, where the statutory purpose is the promotion of the broad public welfare, courts are inclined towards a broad and liberal interpretation to aid in the beneficial purposes of an enactment. Id. at §65.03.

We believe that AHFC has statutory authorization to enter into an agreement for the operation of a transitional housing facility. AHFC has received a very broad grant of authority at AS 18.56.010.

661-92-0410

Sec. 18.56.010. Findings and purpose. (a) There exists a serious shortage of decent, safe and sanitary residential housing available at low and moderate prices or rentals to persons of lower and moderate income. There also exist within the state remote, underdeveloped and blighted areas where the development of decent, safe and sanitary housing is necessary to economic growth. These conditions are inimical to the safety, health, welfare and prosperity of the residents of the state and to the sound growth of urban and rural communities.

(b) The legislature finds and declares that private enterprise has not been able to provide, without assistance, an adequate supply of decent, safe and sanitary homes at prices or rents that persons of lower or moderate income can afford, or to achieve rehabilitation of much of the present housing for persons of lower and moderate income, or to provide without assistance the housing necessary to promote the economic growth of remote, underdeveloped or blighted areas, and that existing state and federal programs are inadequate to meet the housing needs of persons of lower and moderate income or of remote, undeveloped or blighted areas. It is imperative that the supply of housing necessary to promote the economic growth of remote, underdeveloped or blighted areas be increased and that coordination and cooperation among private enterprise, state and local government be encouraged to sponsor, build and rehabilitate residential housing for these persons.

(c) The legislature finds and declares that, in accomplishing this purpose, the creation of the Alaska Housing Finance Corporation is essential to assist in the acquisition and development of land and the construction, rehabilitation, financing, management, maintenance, sale and rental of dwelling units for persons of lower and moderate income or persons in remote, underdeveloped or blighted areas and that these activities serve a public purpose in benefitting the people of the state. The Alaska Housing Finance Corporation is empowered to act on behalf of the state and its people in serving this public purpose for the benefit of the general public. (Emphasis Added.)

The language of AS 18.56.010(c) is somewhat unusual. "Findings and purpose" sections are generally statements of policy describing the legislature's reasons for adopting a particular

661-92-0410

statute. They usually do not include language which purports to empower agency action. The legislature's use of the word "empowered," however, is important. There is a presumption that every word, sentence, or provision in a statute was intended for some useful purpose and has some force and effect, that no superfluous words or provisions were used and that some effect is to be given to each. Alaska Transp. Com'n. v. AIRPAC, Inc., 685 P.2d 1248 (Alaska 1984). It must be presumed that, by specifically using language of empowerment in AS 18.56.010(c), the legislature was making an affirmative grant of power to the corporation.

Where a statute delegating power to an administrative agency does not expressly define the extent of that power, it may be implied from the general policy and purposes underlying the legislative enactment. State, Department of Labor v. University of Alaska, 664 P.2d 575 (Alaska 1983). AS 18.56.010(c) declares that the "acquisition and development of land and the construction, rehabilitation, financing, management, maintenance, sale and rental of dwelling units for persons of lower and moderate income" are activities that serve a public purpose. AHFC is then specifically "empowered to act on behalf of the state and its people in serving this public purpose." We interpret this provision as empowering AHFC to take those actions which reasonably promote the specific activities set forth at AS 18.56.010(c).

The agreement with the Municipality of Anchorage is for the purpose of rehabilitating, managing and maintaining residential housing for lower income persons. These activities fall within the scope of those set forth at AS 18.56.010(c). We believe that AS 18.56.090(16), when read in conjunction with AS 18.56.010, authorizes AHFC to enter into the agreement. AS 18.56.090(16) provides:

Sec. 18.56.090. General Powers. In addition to other powers granted in this chapter, the corporation may, for the purposes of providing housing for persons of lower and moderate income or persons located in remote, underdeveloped, or blighted areas of the state and for its other corporate purposes,

(16) make and execute agreements, contracts, and other instruments necessary or convenient in the exercise of the powers and functions of the corporation under this chapter, including contracts with any person firm, corporation, governmental agency or other entity;

661-92-0410

This section authorizes AHFC not only to make and execute contracts, but also to make and execute "agreements." The legislature did not specify the distinction between agreements and contracts but obviously intended to draw one. Any statutory construction of this section should attempt to give effect to both words. Alaska Transp. Com'n, supra.

Black's Law Dictionary (5th Ed. 1979) defines "agreement" as "a concord of understanding and intention between two or more parties with respect to the effect upon their relative rights and duties of certain past or future facts or performances." Black's notes that "[a]lthough often used as synonymous with 'contract', agreement is a broader term; e.g. an agreement might lack an essential element of a contract."

The word "agreement" is generally the term used to describe the understanding between the donor and recipient of a grant. This is consistent with Black's definition. Because grants generally involve donative intent, they often lack the essential elements of a contract such as bargained for consideration. We believe the use of the word "agreement" in AS 18.56.090(16) evidences a legislative intent to authorize the use of grants by AHFC to carry out its statutory purposes.

You have also asked us to comment on several specific aspects of the agreement. Funds included in the agreement for renovation of the armory site are appropriate expenditures. The definition of "residential housing" at AS 18.56.900(13) specifically includes rehabilitation of land, buildings and improvements to them within its terms. In any event, the rehabilitation of the armory is only incidental to the primary purpose of providing housing for lower income persons and, therefore, is authorized by AS 18.56.090(22).

The agreement also allows the Municipality to use funds to provide social work services for residents. The specific nature of these services is unclear from the agreement itself. However, if the services are directed towards assisting residents in progressing from transitional to permanent housing, they would fall within the scope of AS 18.56.090(14) which authorizes AHFC to provide advisory services to residents of transitional housing.

Most troublesome is the grant provision which authorizes expenditures for foodstuffs for shelter residents. There is little, if anything, in AHFC's enabling legislation which envisions expenditures on foodstuffs. In this instance, however, we believe that they are permissible. It is not unusual for homeless shelters, either directly or in coordination with other agencies,

Barry Hulin
AHFC

February 3, 1992
Page 5

661-92-0410

to provide food to residents. If not inherent in the nature of housing for the homeless, it is at least not uncommon. We believe that an expenditure by AHFC for foodstuffs is permissible in these very limited circumstances.

JM:cmh

FAILED 5/9/92
#1

AMENDMENT

OFFERED IN THE SENATE
TO: SCS CSHB 152(CRA)

BY SENATOR ADAMS

#8

Page 2, lines 4 - 5:

Delete "and the Department of Community and Regional Affairs"

Page 2, line 6:

Delete "three"
Insert "two"

Page 2, line 9:

Delete "weatherization,"

Page 2, line 22, through page 3, line 2:

Delete all material.

Page 3, line 3:

Delete "(4) the provisions of secs. 105 and 106"
Insert "the provisions of secs. 97 and 98"

Page 3, lines 8 - 20:

Delete all material.

Reletter the following subsections accordingly.

Page 3, line 21:

Delete "secs. 117 - 129, 136, and 147"
Insert "secs. 107 - 119, 124, and 131"

ATTACH A

Page 3, lines 26 - 28:

Delete all material.

Page 3, line 29:

Delete "(2)"

Page 38, lines 20 - 30:

Delete all material.

Renumber the following bill sections accordingly.

Page 39, line 1:

Delete "AS 18.56.600"

Insert "AS 44.47.560"

Page 39, lines 2 - 20:

Delete all material.

Renumber the following bill sections accordingly.

Page 40, lines 19 - 31:

Delete all material.

Renumber the following bill sections accordingly.

Page 43, line 1:

Delete ";

Insert "."

Page 43, line 2, through page 44, line 9:

Delete all material.

Renumber the following bill sections accordingly.

Page 45, line 15, through page 62, line 28:

Delete all material.

Renumber the following bill sections accordingly.

Page 68, lines 14 - 22:

Delete all material.

Renumber the following bill sections accordingly.

Page 74, line 27, through page 75, line 31:

Delete all material.

Renumber the following bill sections accordingly.

Page 76, lines 2 - 8:

Delete all material and insert:

"* Sec. 125. AS 18.55.020, 18.55.030, 18.55.050, 18.55.070, 18.55.430, 18.55.640, 18.55.950(2); AS 39.50.200(b)(12); and AS 44.99.200(b)(5) are repealed."

Page 76, line 22, through page 78, line 17:

Delete all material.

Renumber the following bill sections accordingly.

Page 78, line 20:

Delete "sec. 82"

Insert "sec. 78"

Page 78, line 23:

Delete "sec. 82"

Insert "sec. 78"

Page 78, line 24:

Delete "sec. 86"

Insert "sec. 82"

Page 78, lines 25 - 26:

Delete "Each of the following"

Insert "The Alaska State Housing Authority"

Page 78, line 27:

Delete "by them"

Insert "by it"

Page 78, lines 28 - 30:

Delete all material after "transfer"

Insert "."

Page 80, lines 8 - 22:

Delete all material.

Renumber the following bill sections accordingly.

Page 80, line 30:

Delete "Sections 117 - 129 and 136"

Insert "Sections 107 - 119 and 124"

Page 81, line 5:

Delete "Section 144"

Insert "Section 129"

Page 81, line 6:

Delete "Sections 117 - 129, 136, 143 - 145, and 147"

Insert "Sections 107 - 119, 124, 128, 129, and 131"

Page 81, line 8:

Delete "Section 90"

Insert "Section 85"

Page 81, line 9:

Delete "secs. 149 and 150"

Insert "secs. 133 and 134"

New Amendment

#1

SEN

JONES - New section to amend AS 44.83.398(g)...4 dam pool project. This amendment forgives a utility that was "a part of the initial project ... Tyee and Swan Lake Projects" from their proportionate share of the debt service until they are intertied.

SKC-92 pm
5-10-92
5-10-92

~~ADOPTED~~
~~SHILTON~~

HB 152

By Adams

Amend Brown #2 from yesterday's packet of amendments:

under (a) 4 delete representative of the Alaska Housing Finance Corporation, designated by the board of directors;

Insert: a public member, appointed by the Governor, who is a representative of rural housing interests;

under b) line 3 after department insert:
and the Alaska Housing Finance Corporation to designate a representative



May 8, 1992

The Honorable Jalmar Kerttula, Co-Chair
Senate Finance Committee
State Capitol Building, Room 518
Juneau, AK 99801-1182

The Honorable Pat Pourchot, Co-Chair
Senate Finance Committee
State Capitol Building, Room 516
Juneau, AK 99801-1182

Dear Senators Kerttula and Pourchot:

Re: ASHA Comments on SCS CRHB 152(CRA)

Thank you for the opportunity to provide comments to the Senate Finance Committee concerning the latest version of HB 152. One of ASHA's major concerns is the sunset clause of ASHA's exemption from the Executive Budget Act (EBA). ASHA has considered itself exempt from the EBA, basically due to our existence prior to Statehood.

However, of even greater importance is the fact that Anchorage HUD officials have expressed their concern. During the work sessions, HUD stated their objections, in writing, to the public housing financial process being subject to legislative approval and ASHA's inclusion in the EBA. ASHA's exemption from the EBA should not automatically sunset in two years. The present provision could unnecessarily jeopardize future HUD funding. We request the language be amended to authorize periodic legislative review of this exemption, or to exempt the provisions of A.S. 18.55 from the EBA.

Our second concern is the composition of the Board of Directors. We are dismayed there is not a low-income housing representative on the Board. Although the Commissioner of the Department of Health and Social Services (DHSS) does provide representation for low-income social services, we believe that the Commissioner of Commerce would provide the continuity related to complex Public Housing programs necessary for direction in this new Corporation.

Finally, we agree with the expansion of the Planning Commission to include representation from all aspects of the community and state, especially low income representation. However, the inclusion of the Commissioner of DHSS would bring an even greater degree of communication and commitment to the Commission.

Thank you for your consideration. Please call me at 786-6270 if you wish to discuss these issues further.

Sincerely,
ALASKA STATE HOUSING AUTHORITY

Wayne Mundy
Wayne Mundy
Acting Executive Director

c: Senator Duncan
Senator Adams
Senator Hoffman
Senator Shultz
Senator Vehling

DIVISION OF LEGAL SERVICES

**LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA**

5/09/92

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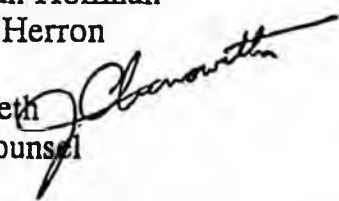
240 Main Street, Suite 500
Juneau, Alaska 99801-2101

MEMORANDUM

May 5, 1992

SUBJECT: AHFC purchase of Community & Regional Affairs housing assistance loan fund loan portfolio

TO: Senator Lyman Hoffman
ATTN: Bob Herron

FROM: Jack Chenoweth 
Legislative Counsel

As we discussed, it is not necessary that the legislature pass a law to authorize or to require the Alaska Housing Finance Corporation to purchase the housing assistance loan fund portfolio of the Department of Community and Regional Affairs. AHFC may purchase those loans under current law. However, in order to do so, AHFC must meet two conditions that are set out in AS 18.56.210(a)(10):

(a) If the board of directors determines that it is in the best interest of the corporation, the corporation may take appropriate action under this section to stabilize the market price of and demand for residential housing in the state. To accomplish the purposes of this section, the corporation may

...
(10) purchase loans from the housing assistance loan fund (AS 44.47.380) if and only if:

(A) the payments of principal and interest on the loans are deposited in a separate fund of the corporation to be used for the purposes, and subject to the standards and criteria, of AS 44.47.360 - 44.47.560 as those statutes provided on June 10, 1988; and

(B) the corporation has established a source of mortgage insurance for new loans subject to the provisions of AS 44.47.360 - 44.47.560;

....

If AHFC demonstrates compliance with those provisions, its board of directors may purchase all or a portion of the department's loan portfolio.

ATTACH C

Senator Lyman Hoffman
May 5, 1992
Page 2

Under the statute quoted, AHFC must use the principal and interest payments it receives on the loans it is holding to make new loans under the same criteria (AS 44.47.360 - 44.47.560).

My understanding is that the department may use the money it receives from AHFC for its giving up the loan portfolio to originate new loans from the housing assistance loan fund.

SCS CSHB 152 (State Affairs) would merge the Department of Community and Regional Affairs loan programs into AHFC. Under sec. 129 of that bill, AHFC would be authorized to acquire the housing assistance loan fund assets without being further subject to the requirements of AS 18.56.210(a)(10). Since, after June 30, the department would be getting out of the business of making mortgage loans, the money received by the department from AHFC for the portfolio's purchase would be transferred into the general fund.

JBC:gc
92-353.glc



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May 8, 1992

Senator Pat Pourchot, Co-chairman
Senate Finance Committee
Alaska State Legislature
Room 516/518 Capitol
Juneau, AK 99801-1182

Re: CS(Q) for HB 152

Dear Senator Pourchot:

The Board of Directors of the Alaska Association of REALTORS® opposes the passage of CS(Q) for HB 152 as it is currently proposed and written. Our concerns are many. This is legislation of huge proportion and it has serious housing implications. It is our concern that this legislation has not had nearly the consideration that such proposals should have, although we are appreciative that a few of our concerns have recently been addressed.

We are very much aware of the intent of the proposal; however, the combining of all of the entities without further regard to the effect of current statute or financial impact may produce such a cumbersome body that no effective housing efforts are accomplished at all.

We are further concerned that an attempt to streamline and consolidate should, by responsible business practices, reduce staff and have a positive budget impact on the new corporation. To this date, no one has been able to assure us that this will be the case.

Please be assured that affordable housing for all Alaskans is, as always, a major goal of the Alaska Association of REALTORS®. We are not opposed to the concept that this bill brings forward, but we are concerned that further work must be done

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Senator Pat Pourchot
May 8, 1992
Page 2

to accomplish what we believe to be the intent. We would welcome the opportunity to have input into the development of a consolidated housing program that would be effective.

Sincerely,



Dale A. Price
President

cc: Senate Finance Committee

DIVISION OF LEGAL SERVICE

**LEGISLATIVE AFFAIRS AGENCY
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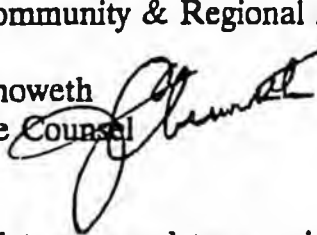
240 Main Street, Suite 500
Juneau, Alaska 99801-2101

MEMORANDUM

May 1, 1992

SUBJECT: SCS CSHB 152 (State Affairs): responses to specific questions.

TO: Senator Steve Frank, Chair
Senate Community & Regional Affairs Committee

FROM: Jack Chenoweth
Legislative Counsel 

This memorandum is intended to respond to a series of topics and questions we discussed on Tuesday.

Basis of bill draft:

This office's approach to preparation of the initial drafts of this measure was simply one of shifting responsibility for various specified housing-related programs from the agencies and corporations that presently have responsibility for them to the Alaska Housing Finance Corporation. In doing so, I attempted to assure that, in making that transfer, the substantive authority under which the various agencies and corporations operated their programs was neither augmented nor diminished when it was reassigned to AHFC. In other words, the basic tenet of the original effort was not to make significant substantive changes in the powers and responsibilities of AHFC. Insofar as it was possible to do so, the corporation would take over from the agencies the responsibilities for these programs without gaining or losing any significant degree of authority in the process. ^{1/}

^{1/} We approached this so mechanically that we have produced at least one absurd result.

At the bottom of p. 44 and top of p. 45 of the State Affairs CS, we amended AS 18.56.210(a)(10), making a set of conforming or technical changes. However, this section of the bill retains AS 18.56.210(a)(10), a dated set of conditions or limitations on AHFC's purchase of loans from the housing assistance loan fund of Community and Regional Affairs. Elsewhere in the bill--p. 49, line 25--the housing assistance loan fund itself is reconstituted within AHFC. In retrospect, I suggest that since AHFC is to have the control of the housing assistance loan fund, there would seem to be no good reason to retain the loan purchase requirements of AS 18.56.210(a)(10).

(continued...)

Most of the bill in the version that was reported from the Senate State Affairs Committee still reflects this basic approach.

Substantive changes have been made in the final version of the State Affairs Committee-authored bill. The obvious ones include those that you and I briefly discussed as well as changes to the size and composition of the board of directors of AHFC.

Ability of corporation to receive and expend money without prior legislative appropriation:

In Tuesday's discussion, we identified several sections of the bill that, explicitly or by implication, provide latitude to AHFC to retain amounts repaid as loan principal and earned income and to use the money for a variety of corporate purposes without the necessity of a prior legislative appropriation. ^{2/}

Briefly, under article IX, section 7 of the state constitution, the proceeds of a state tax or license may not be dedicated to a special purpose. The provision has been expanded to cover virtually all sources of public revenues. State v. Alex, 646 P.2d 203 (Alaska 1982). In its deliberations, the court considered the development of the

^{1/}(...continued)

At the same time, the State Affairs CS repeals AS 18.56.210(a)(10). See p. 71, line 11.

The committee should determine what it wants to do on this point and we will, of course, draft accordingly. If the committee takes no action, I would urge repeal AS 18.56-210(a)(10), retaining the repeal provision on page 71 and eliminating bill section 92.

^{2/} Of particular note are two provisions.

The first is the change made in bill section 77, at p. 38, lines 25 and 26, replacing reference to "Subject to availability of appropriations for the purpose" with "Using corporate earnings or other available funds" as a source of grants for utility and infrastructure investment under the supplemental housing development grant fund. This provision is further subject to language in bill section 79, requiring the board of directors to "identify in the corporation's proposed operating budget" the money available to supplement available federal money for these supplemental housing development grant purposes.

Bill section 88, new in this bill, adding a subsection to AHFC's general powers, would provide the corporation explicit authority to reserve from its own assets or otherwise receive money in order to address a wide range of functions. It is not clear to me whether AHFC's exercise of power under this grant of authority would be regarded as within the scope of the corporation's operating budget for which legislative submission and approval would be required under AS 18.56.089(a), or whether it would be covered by the "revolving fund" exception of AS 18.56.082.

language of article IX, section 7 during proceedings of the 1955-56 Constitutional Convention, noting that the spokesman for the Convention's Finance and Taxation Committee had indicated that the purpose of a proposed change in the section's language was one intended to

. . . allow for the setting up of certain special funds, such as sinking funds for the repayment of bonds, but to prohibit the earmarking of any special tax to that sinking fund. 4 Alaska Constitutional Convention Proceedings 2363. Thus, the change did not seek to exempt some sources of revenue from the prohibition, but was intended instead to allow necessary dedication of funds once they were received and placed in the general fund.

Alex, supra, at 210.

A 1982 Opinion of the Attorney General, issued after the Alex decision, provides a thorough discussion of the applicability of the dedicated funds provision. The Attorney General's Opinion specifically discusses the applicability of the dedicated funds provision to several categories of earned income.

The first involves the handling of money appropriated to a revolving loan fund or special reserve fund or account, reflecting the return to the fund by borrowers of repaid principal. The opinion concludes that

. . . the better view is that the dedication prohibition does not apply to money once appropriated by the legislature, regardless of whether the appropriation contemplates that the money will be expended.

Opinion of the Attorney General, November 30, 1982, at 12. "Under this reasoning," the Opinion concluded on this point,

. . . there would be no unlawful dedication involved in the return to a revolving loan fund of principal payments on loans. The initial appropriation would suffice to authorize the use of that money for loans until the legislature reappropriates the unobligated assets of the fund or abolishes the fund.

Opinion, at 13. ^{3/}

^{3/} The Opinion suggests further that

A strong argument can be made that money once appropriated, regardless of the mechanism utilized, loses its character as revenue for the

(continued...)

The opinion separately considers income generated or earned by the management of specific funds or accounts, a return that the opinion characterizes as "derivative income." Suggesting that its decision finds support both in reference to generally accepting accounting principles and in economic theory, the opinion makes the point that

. . . derivative income ought not to be considered revenue subject to the dedicated funds prohibition.

Opinion, at 15. Thus, the opinion would tolerate the placing of interest income generated by a fund back into that fund without an appropriation by the legislature, finding that it would not violate the purpose of article IX, section 7, allowing the legislature to have control of state revenue.

However, the opinion recognized that the use of derivative income without legislative appropriation might have its limits:

A difficulty that arises from the view that the dedicated funds prohibition is not applicable to interest or investment income on separate funds is that it permits steadily increasing amounts of money to be received and used by state departments and agencies without legislative control through the annual budget process. This is precisely the problem posed by the dedication of revenue sources which the drafters sought to avoid. For this reason, while we are not certain about the likely income, we doubt that a blanket exception for derivative income would be approved by the courts.

Opinion, at 16. The Attorney General did indicate that, although "the significance of that [derivative] income in properly managing the state's budget leads us to the conclusion that our framers would have considered it to be within the dedicated fund prohibition," the matter "was not free from doubt." Opinion, at 17. The Department of Law related that

. . . until the question [of whether or not the dedicated funds prohibition is applicable to derivative income] is ruled on by the courts, we

³/(...continued)

purpose of the dedicated funds prohibition because the purpose of the prohibition, i.e. that the legislature retain control over state revenues, has been satisfied.

will defend legislative action dedicating, by general law, derivative income to the funds which "earned" them.

Opinion, at 17. So far as I know, that continues to be the Department's position.

To round out this discussion, I would note that pledges of revenue to support bond financing are recognized and treated as exempt from the dedicated fund provision for, although these may constitute a form of dedication, it is a dedication based on bond covenants creating a contractual relationship between the parties.

Applicability of, and exemptions from, Executive Budget Act:

Let me summarize what I believe to be an accurate picture of the relationship between the Executive Budget Act and the housing programs authorized by the statutes that are affected by this bill.

If this bill were to become law:

-- the operating budget of the Alaska Housing Finance Corporation would explicitly be subject to the Executive Budget Act;

-- the balance of AHFC's Alaska housing finance revolving fund--a source of money that may be expended by the board of directors of the corporation "for the purposes of the corporation, set out in this chapter (i.e. AS 18.56)"--would continue to operate free of constraints of AS 37.07; in other words, it would not be subject to the Executive Budget Act;

-- AHFC's activities in conjunction with the former ASHA programs that are being transferred to it (but that are still set out in AS 18.55) would explicitly not be subject to the Executive Budget Act;

-- the addition of the material in subsection (b) to AS 18.56.090, made by bill section 88, would impliedly allow the corporation to exercise responsibility over these projects, through the housing finance revolving fund and through the statutes applicable to the specific programs being transferred to AHFC, without reference to the Executive Budget Act.

*

First: Today, under AS 18.56.089(a)

The operating budget of the corporation [Alaska Housing Finance Corporation] is subject to AS 37.07 (Executive Budget Act).

(Emphasis added.) ^{4/}

By contrast, apart from its internal operations, AHFC enjoys authority to manage its day-to-day affairs without significant additional legislative involvement through the appropriations process. The corporation's ability to do so is confirmed by AS 18.56.082:

The Alaska housing finance revolving fund is established in the corporation. The revolving fund consists of appropriations made to the revolving fund by the legislature, money or other assets transferred to the revolving fund by the corporation, and unrestricted repayments of principal on loans made or purchased by the corporation. Amounts deposited in the revolving fund shall be expended for the purposes of the corporation, set out in this chapter.

Thus, except for the appropriations made to the revolving fund by the legislature, AHFC determines the size of that fund by determining what money or other assets it shall transfer into it, and also determines how the balance of the revolving fund shall be used.

Third, the ASHA statutes, dating from an earlier era, do not contain similar language. ASHA has not heretofore enjoyed the breadth of authority to operate its programs comparable to that provided by AS 18.56.082 to AHFC, and presumably ASHA has not enjoyed an exception or exemption in any respect from the provisions of the Executive Budget Act. By my reading of the measure, that is about to change. In this measure, bill section 87 would amend AS 18.56.089. While maintaining the current language applicable to "the operating budget of the corporation [i.e. AHFC]", the amendment would draw a clear line around the former ASHA programs that are being assumed by AHFC and extend to them the benefits of exemption from the Executive Budget Act.

Fourth: AS 18.56.090(b), added by bill section 88, complements and extends AHFC's ability to influence housing policy through its use and application of the assets of its housing finance revolving fund, AS 18.56.082. Proposed AS 18.56.090(b) gives the corporation the ability to "reserve" money, to "receive" money, and to "provide"

^{4/} The statute offers no definition of the phrase "operating budget of the corporation."

money for a range of various specified purposes that generally conform to the powers relating to programs being transferred to the corporation. If the source of that money is understood to be the housing finance revolving fund, then the corporation would have complete authority to shape and support housing policy for the state without having to rely, in any significant way, on prior legislative appropriations.

The broad authority requested under proposed AS 18.56.090(b) poses a potential problem of constitutional magnitude. The 1982 Opinion of the Attorney General distinguishes between the return to a revolving fund of principal payments on loans--the Attorney General explains that the initial appropriation would suffice, constitutionally, to support the reuse of that money for other loans (presumably of the kind authorized by the loan program)--versus the return to a revolving fund of "derivative income"--the Opinion does state that the use of derivative income without a related appropriation is subject to possible challenge. Reliance on AS 18.56.090(b) to justify an expanded use of the housing finance revolving fund without the necessary appropriation appears to stretch the objectives to which the fund may be put to its extreme limits, if not beyond them. ^{5/}

*

Before leaving this topic, I want to note that, under existing provisions of law and in additional language crafted and added in this measure, AHFC enjoys latitude to use these exceptions to the prohibition against dedicated funds. Existing law--AS 18.56.083 for senior housing projects (in this bill, AS 18.56.083 is repealed and replaced, in bill section 95, by AS 18.56.790) and AS 18.56.110 for other purposes for which the corporation is authorized to conduct its business--permits the issuance of revenue bonds. In these bonding areas, the legislature has set constraints on issuance of the amounts of bonds. In existing AS 18.56.083 (and AS 18.56.790 in this bill), that limitation is expressed as a maximum of \$30 million. In AS 18.56.110(g), it is a limitation based on the ceiling imposed by the prior fiscal year's authorized issuance.

^{5/} AHFC may take comfort from the annual appropriation set out in the "front section" of the Act making appropriations for the operation of state government. Sec. 18, ch. 73, SLA 1991, is probably typical:

All unrestricted mortgage loan interest payments and all other receipts, including, without limitation, mortgage loan commitment fees, received by or accrued to the Alaska Housing Finance Corporation during the fiscal year 1992, and all income earned on assets of the corporation, are appropriated to the Alaska housing finance revolving fund (AS 18.56.082) for the purposes described in AS 18.56.

Purchase of Department of Community & Regional Affairs housing loan portfolio:

The issue is, as I believe I mentioned, one of a mandatory versus permissive purchase and one of timing. As the Senate State Affairs CS is drafted, bill section 129 has only one substantive feature--it sets aside the two preconditions that must be met under AS 18.56.210(a)(10) before AHFC may purchase the Department of Community and Regional Affairs' housing loan portfolio. Everything else in that section effectively affirms that the directors of AHFC may purchase that portfolio, without setting a date or deadline for that. I know that the Senate has eyed that loan portfolio purchase--the transfer of money from AHFC to Community and Regional Affairs for deposit into the general fund--as an aid to balancing the FY 1993 budget and wonder whether leaving the matter and timing of that loan portfolio purchase to the discretion of the board of directors may not compromise those budget balancing efforts. I also wonder whether AHFC's board will be motivated to make the purchase when, on July 1, 1992, the loan portfolio will pass from the department to the corporation by virtue of sec. 123 of the Act.

If, under AS 18.56.089(b)(1), the board of directors has completed its annual review of the corporation's assets to determine whether assets of the corporation exceed an amount required to fulfill the purposes of the corporation, it should be able to say, with certainty, whether there are corporate assets in excess of the amount required to fulfill the purposes of the corporation that are available to the legislature without breaching any agreement entered into by the corporation or materially impairing the operations or financial integrity of the corporation. If there are assets available, **the committee (or the legislature) may want to direct the portfolio's purchase.**

Protection of legislature's oversight role with respect to public building project construction:

ASHA currently enjoys authority to engage in the construction of public building projects. This bill transfers the public building project construction authority to AHFC. AS 18.55.100(d) provides the legislature with a significant role in that process:

(d) Notwithstanding (a)(7) and (15) of this section, a proposed public building project shall be submitted by the authority to the legislature for review. The authority may proceed with the public building project only if it is approved by law. An appropriation does not constitute approval by law for purposes of this subsection.

Since subsection (d) is retained, substantively unchanged (the revisor of statutes is directed to substitute "corporation" for "authority"), the legislature's oversight role with respect to public building projects authorized under AS 18.55 is not diminished by this measure.

Senator Steve Frank

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No action is required if the committee concludes that the "public building project" construction authority should shift to AHFC as indicated in the previous committee substitute.

Implication of omission of reference to "public building project" from bill title:

This is an Act that, as its title says, relates to "housing," and "housing" is at the heart of virtually all the measure's provisions. But it is also a bill that treats a transfer of the authority for construction of "public building projects" by shifting the responsibility for them from ASHA to AHFC. The SCS (State Affairs) title is faithful to the version passed by the House. Accordingly, it omits any reference to the disposition of public building projects. That is, in my judgment, a potentially fateful omission. **The committee may want to incorporate a title change and prepare and introduce a concurrent resolution waiving the applicable Uniform Rules in order to accommodate that title change.**

* * *

In response to specific requests from you and staff, I want to address several bill sections.

I was asked to speak to bill section 92. Appreciate that AS 18.56.300 is a section imposing construction standards on housing eligible for AHFC-assisted loans, while AS 18.56.300(d) makes an exception as to the application of those standards for the corporation's nonconforming housing loan program. Initially, the only change in the section was one adding the words "or purchased." The State Affairs Committee then asked that the reference to "AS 18.56.106" be deleted (i.e. shown in brackets) and reference to "nonconforming" be added, so that the bill section reads as presented. Existing AS 18.56.106 establishes a nonconforming loan program. However, the deletion of the cross-reference to that specific program and the substitution of "nonconforming" may have the effect of broadening the exemption to cover not just nonconforming housing loans under AS 18.56.106 but also those that fit within the definition of AS 18.56.600(2)--page 57, lines 4 and 5. That definition, of course, supports the nonconforming housing loan program that is being transferred in this bill from the Department of Community and Regional Affairs (AS 44.47.370 - 44.47.560) to AHFC (AS 18.56.400 - 18.56.600). In short, the substitution would except or exclude from the construction standards requirements the rural nonconforming housing that until now has been handled through Community and Regional Affairs.

I was asked to speak to bill section 94, and have done so, including my recommendation, in footnote #1.

One other question related to a reference in the bill to "special needs housing." This reference appears, as a definition, in bill section 95 at page 48, lines 9 - 16, and

Senator Steve Frank
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substantively, within the definition of "residential building" in the immediately preceding paragraph. This is a "new" definition in that it is a term that is here defined for the first time. (This is not a definition transferred over from existing AS 18.56.900.) By virtue of its linkage to the existing definition of "residential building" in proposed AS 18.56.390(12) (coupled with the expansion of the defined term from "residential housing" to "residential building or residential housing"), it expands the definition of those two terms wherever they appear in AS 18.56.010 - 18.56.300. ^{6/} The net effect would be to place special needs housing on the same level as other forms of dwelling accommodations for purposes of housing program operation under AS 18.56.

* * *

I have one drafting concern: AS 18.56.089(b) considers the relationship between AHFC and the legislature. It directs the corporation to conduct an annual examination of its assets and report certain information to the legislature sufficient for the legislature to determine whether any of the assets should be transferred to the state's general fund for other uses. As drafted, AS 18.56.089(b) only requires AHFC to conduct an examination with reference to its activities under "this chapter" (that is, under AS 18.56). Since, under this bill, AHFC will be assuming responsibilities under AS 18.55, should AS 18.56.089(b) be amended to broaden the evaluation so that it takes into account activities under AS 18.55 and this chapter?

JBC:pl
92-318.plm

^{6/} The terms "residential building" and "residential housing," carrying a meaning expanded by the addition of "special needs housing" may be found in AS 18.56.089(b)(1)(C), 18.56.090(1) - (3), 18.56.095(h)(1), 18.56.096(c), 18.56.100(b), 18.56.135, various paragraphs in 18.56.210(a), and 18.56.300.

DEPARTMENT OF COMMUNITY AND
REGIONAL AFFAIRS

MUNICIPAL & REGIONAL ASSISTANCE DIVISION

- | | | | |
|----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> 333 W. 4TH AVENUE, SUITE 220
ANCHORAGE, ALASKA 99501-2341
PHONE: (907) 269-4500 | <input type="checkbox"/> P.O. BOX 348
BETHEL, ALASKA 99559-0348
PHONE: (907) 543-3475 | <input type="checkbox"/> P.O. BOX 295
DILLINGHAM, ALASKA 99576-0295
PHONE: (907) 842-5135 | <input type="checkbox"/> 1001 NOBLE ST., SUITE 430
FAIRBANKS, ALASKA 99701-4948
PHONE: (907) 452-7126 |
| <input checked="" type="checkbox"/> P.O. BOX 112100
JUNEAU, ALASKA 99811-2100
PHONE: (907) 465-4750 | <input type="checkbox"/> 710 MILL BAY RD.
KODIAK, ALASKA 99615-6340
PHONE: (907) 486-5736 | <input type="checkbox"/> P.O. BOX 350
KOTZEBUE, ALASKA 99752-0350
PHONE: (907) 442-3696 | <input type="checkbox"/> P.O. BOX 41
NOME, ALASKA 99762-0041
PHONE: (907) 443-5457 |

May 1, 1992

The Honorable Steve Frank
Alaska State Legislature
State Capitol Building, Rm. 417
Juneau, Alaska 99811

RE: HB 152, Housing Program Consolidation

Dear Senator Frank:

As you are preparing to hear HB 152 in the Senate Community and Regional Affairs Committee, this seems a good time to assemble the various bits of information about the DCRA housing loan programs that are scattered throughout the record on this bill and two other pieces of legislation, HB 431 and SB 402, that also pertain to our rural housing loan program.

Paul Fuhs has already testified at various hearings that the Hickel administration supports the consolidation of all housing programs under AHFC. The purpose of this letter is to clarify for the Senate CRA committee the nature and scope of the DCRA rural housing loan program so that the program does not become lost or diluted when it moves to AHFC under the proposed legislation.

History of the Program

The housing assistance loan fund in DCRA was created under legislation enacted in 1980 to respond to the housing needs of rural Alaska that were not being met by AHFC. AHFC focused its activities on urban Alaska where loans meeting conventional lending criteria could be made. The housing assistance loan fund was capitalized during FY81-FY88 with \$192,650,000 in general funds. During the same period, the housing assistance loan fund repaid to the general fund \$90,076,800. The specifics of the funding for and repayment by the housing assistance loan fund are found on Attachment A. Historically, DCRA has made loans totalling between \$22 and \$28 million annually. All costs of administration for the loan program are paid for from proceeds of the loan fund.

Letter to Senator Frank
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Scope of the Program

According to the March 31, 1992 analysis of the housing assistance loan portfolio, the total number of loans outstanding was 1877, and the outstanding principal balance of those loans totalled \$181,607,119.30. A breakdown of the statewide distribution on loans in the portfolio is found in Attachment B. Please note that at one time nonconforming loans in urban areas were made from the housing assistance loan fund. There are still active loans in the portfolio from Anchorage, Fairbanks and Ketchikan for that reason. At present, loans made in the Ketchikan Gateway Borough and Kodiak Island Borough are only made outside of the city limits of Ketchikan and Kodiak.

The ability of DCRA to make rural housing loans is limited by the definition of "rural" in AS 44.47.560. The present definition has a 4500 population cap on the size of community in which DCRA can make loans and prohibits our making loans in communities connected to Anchorage or Fairbanks by road or rail. Nome and Bethel are now over the 4500 population cap and are not now eligible for loans under our program.

HB 431 and SB 402 are companion bills that amend the definition of "rural" to raise the maximum community population to 5500 and allow us to serve small communities connected by road or rail to Anchorage or Fairbanks. The two bills differ slightly in the population allowed. SB 402 allows us to serve communities of up to 1500 that are connected by road or rail to Anchorage or Fairbanks. In HB 431, the House Finance committee lowered the limit to 1400 in order to exclude North Pole which has alternate funding sources for home loans. The House Finance committee also added a clarification that "connected by road" does not include a connection by the Alaska Marine Highway system. Attachment C lists the communities shown on the 1992 DCRA community/borough map that may be served under the definition of "rural" as a community with a population of up to 1400 residents that is connected by road or rail to Anchorage or Fairbanks. Please note also that the House Finance version of HB 431 changed the term "rural" to "small community." All of these changes should be picked up in HB 152 so that there is consistency between the definitions. I have gone over these changes with Rick Solie, aide to Senator Frank, so that I will not need to take the committee's time on this issue.

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Another definitional issue that needs clarification is the term "housing", also found in AS 44.47.560. Both HB 431 and SB 402 redefine "housing" to allow up to 25% of the gross floor area to be used for commercial purposes. This change has not been made in HB 152 and should be made before the bill leaves the Senate Community and Regional Affairs Committee.

A final issue with the other pending legislation has to do with the retroactive effect of the change in the definition of rural. HB 431 contains a retroactivity provision so that the changes in definition cover loans and loan commitments made after December 31, 1991. A comparable provision should be included in HB 152.

Program Characteristics

The DCRA housing loan program is special because the lending criteria under which rural housing loans are made take into consideration the unusual circumstances of housing in rural Alaska and the sometimes seasonal nature of employment in rural Alaska. Since DCRA does not repackage its loans for sale on the secondary mortgage market, we do not have to apply the conventional lending criteria demanded by the national secondary mortgage market. Our program also does not require a borrower to obtain mortgage insurance, thereby simplifying and making more flexible our ability to serve borrowers in rural Alaska. The department is very concerned that when the program is administered by AHFC it continue to be administered as a flexible program that will continue to meet the housing needs of rural Alaska. We have been told that AHFC intends to fund the rural housing program through earnings from its portfolio and not from bond sales or sales of loans on the national mortgage market. If that is the case, it should be possible for AHFC to operate the program as DCRA now operates it--with flexible criteria and no mortgage insurance. The legislation, as now written, appears to give a 1% interest advantage to rural borrowers, but currow low rates for Fannie Mae and Freddie Mac loans have eliminated that advantage from obtaining a DCRA housing loan. Rural areas do need an interest break, however.

Letter to Senator Frank
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Page Four

We also believe that the maintenance of our field office system of operation is critical to meeting the housing needs of rural Alaska. As presently operated by DCRA, the housing loan program has loan examiners in regional offices in Juneau, Anchorage, Dillingham, Bethel, Nome, Kotzebue, and Fairbanks. Our loan examiners work closely with banks originating loans or directly with borrowers where there are no banks to originate loans. Our loan examiners go into small communities to explain our housing loan program and other DCRA loan programs. They also take questions about loan programs administered by other agencies and have those agencies respond by phone or mail to the questioner. When we make direct loans, our loan examiners are sometimes called upon to make inspections. We have much more "hands on" involvement with our borrowers than is typical of the conventional lending done by AHFC. It will be necessary for AHFC to recognize the different needs and adopt a different approach to lending under our program when it is transferred to AHFC.

Weatherization/Energy Efficiency Programs

DCRA presently administers a number of weatherization/energy efficiency programs that are described briefly in Attachment D. Because they are tied closely to the provision of quality housing, the department felt that these programs should be transferred to AHFC if the DCRA housing programs were to be transferred to AHFC.

Transfer of Programs

Attachment E is a list of the DCRA personnel that will be transferred to AHFC by job title and range. At the bottom of the page is a location summary. A total of 41 jobs in the areas of housing, energy/weatherization, senior housing, and administrative services will be transferred to AHFC under HB 152. The Senate State Affairs Committee asked the number of people being transferred from DCRA to AHFC who would be eligible to take advantage of early retirement if the pending early retirement legislation becomes law. Six people would be eligible: one Range 10, one Range 12, two people at Range 17, and two people at Range 18.

Letter to Senator Frank
May 1, 1992
Page Five

In conclusion, for eleven years DCRA has administered a housing loan program of great importance to rural Alaska. When it transfers to AHFC, it is important that the program retain its present vitality. The language of HB 152, with the amendments discussed above, addresses most of the issues that can reasonably be dealt with through legislation, as far as our loan program is concerned. To retain its vitality, however, the program will have to be adequately funded and staffed in the future by AHFC. That will be the responsibility of the AHFC board, executive director, and the legislature. Hopefully, Alaska's commitment to rural housing will not wane with the transfer of this program.

If you have further technical questions about the operation of our housing loan program or our energy/weatherization programs, please let me know.

Sincerely,



Sandra J. Wicks
Deputy Director

Enclosures: Attachments A-E

Attachment A
Housing Assistance Loan Fund
(AS 44.47.380)

<u>FY</u>	<u>AMOUNT APPROPRIATED</u>	<u>FY</u>	<u>AMOUNT RETURNED</u>
81	\$10,500,000.00	81	-0-
82	\$40,000,000.00	82	\$1,695,000.00
83	\$45,000,000.00	83	\$5,242,000.00
84	\$45,000,000.00	84	\$10,943,000.00
85	\$45,650,000.00	85	-0-
86	\$4,000,000.00	86	-0-
87	-0-	87	\$70,000,000.00
88	\$2,500,000.00	88	\$2,196,800.00
89	-0-	89	-0-
90	-0-	90	-0-
91	-0-	91	-0-
92	-0-	92	-0-
	<hr/>		<hr/>
TOTALS	\$192,650,000.00		\$90,076,800.00

Portfolio Analysis
March 31, 1992

ACTIVE LOAN PORTFOLIO BY COMMUNITY - March 31, 1992

COMMUNITY	LOAN AMOUNT	PRINCIPAL BALANCE	# LOANS
AMBLER	\$20,000	\$18,771.16	1
ANCHOR POINT	\$271,250	\$260,791.67	4
ANCHORAGE	\$430,900	\$399,216.11	7
ANGOON	\$146,250	\$137,881.78	2
ANIAK	\$1,649,100	\$1,547,384.99	18
BARROW	\$4,102,341	\$3,954,488.89	31
BELUGA RIVER	\$196,500	\$150,712.17	2
BETHEL	\$17,887,625	\$16,931,277.33	173
BETTLES	\$37,200	\$32,854.29	1
CENTRAL	\$68,000	\$46,591.15	1
CHEVAK	\$27,000	\$22,272.45	1
CHIGNIK	\$65,000	\$64,517.02	1
CHINIAC	\$500,300	\$458,420.41	6
COLD BAY	\$129,000	\$128,168.85	1
CORDOVA	\$7,632,100	\$7,312,449.74	75
CRAIG	\$4,747,750	\$4,521,068.12	52
DELTA JUNCTION	\$173,300	\$171,269.48	3
DILLINGHAM	\$10,711,450	\$10,032,280.11	93
EAGLE	\$120,500	\$51,284.29	2
ELFIN COVE	\$73,800	\$70,088.10	1
ELIM	\$140,800	\$129,345.21	1
EMMONAK	\$89,500	\$83,183.17	2
FAIRBANKS	\$202,000	\$185,156.57	5
FALSE PASS	\$82,850	\$81,214.83	1
FORT YUKON	\$191,825	\$161,734.91	5
FUNTER BAY	\$80,000	\$73,695.27	1
GALENA	\$1,403,000	\$1,305,264.54	21
GUSTAVUS	\$327,950	\$314,832.45	4
HAINES	\$4,971,610	\$4,761,364.49	62
HALIBUT COVE	\$130,800	\$125,590.44	1
HOLLIS	\$112,250	\$99,526.41	3
HOONAH	\$1,084,800	\$1,027,954.02	16
ILIAMNA	\$441,000	\$409,825.28	3
KAKE	\$65,000	\$62,583.19	1
KASIGLUK	\$240,350	\$223,810.52	4
KENAI	\$38,000	\$35,507.05	1
KETCHIKAN	\$823,100	\$820,502.61	7
KIANA	\$139,500	\$126,464.90	3
KINGS COVE	\$250,250	\$242,581.56	3
KING SALMON	\$3,369,350	\$3,171,734.47	20
KLAWOCK	\$883,600	\$830,761.36	8
KODIAK	\$46,117,325	\$43,621,227.06	374
KOTZEBUE	\$14,441,250	\$13,444,274.68	110
KUPREANOF	\$105,000	\$72,053.76	2
KUPREANOF ISLAND	\$90,000	\$85,410.24	1
LAKE MINCHUMINA	\$28,900	\$27,304.12	1
LARSEN BAY	\$40,000	\$38,253.35	1

ACTIVE LOAN PORTFOLIO BY COMMUNITY - March 31, 1992

COMMUNITY	LOAN AMOUNT	PRINCIPAL BALANCE	# LOANS
MANLEY HOT SPRINGS	\$26,600	\$19,657.13	1
MANOKOTAK	\$68,200	\$61,942.20	2
MCGRATH	\$940,300	\$827,899.00	14
MEKORYUK	\$379,500	\$339,989.86	5
METLAKATLA	\$929,900	\$835,200.96	14
MEYERS CHUCK	\$25,000	\$19,175.30	1
NAKNEK	\$1,611,900	\$1,437,974.06	15
NEWHALEN	\$145,150	\$135,298.20	2
NOME	\$26,086,325	\$24,320,061.51	241
NORTH POLE	\$48,000	\$46,389.82	1
NUNAPITCHUK	\$70,000	\$67,332.78	1
PEDRO BAY	\$95,000	\$90,244.55	1
PELICAN	\$843,150	\$798,937.61	14
PETERSBURG	\$18,110,308	\$17,035,881.46	196
PORT ALEXANDER	\$209,150	\$199,427.93	4
PORT ALSWORTH	\$149,000	\$147,284.39	2
PORT HEIDEN	\$65,000	\$64,274.82	1
PORT LIONS	\$66,500	\$58,679.79	2
RUBY	\$38,000	\$3,931.76	1
SAND POINT	\$587,700	\$560,876.45	6
SAVOONGA	\$31,000	\$26,436.84	1
SELAWIK	\$97,700	\$79,843.67	2
SELDOVIA	\$1,254,450	\$1,165,142.08	18
SHISHMAREF	\$99,262	\$94,220.60	1
SKAGWAY	\$1,637,200	\$1,577,257.04	25
SKWENTNA	\$60,000	\$55,968.09	1
ST MARYS	\$416,400	\$399,921.49	4
ST PAUL	\$23,750	\$12,474.12	1
STEBBINS	\$263,600	\$191,530.16	2
TANANA	\$124,750	\$119,590.06	3
TENAKEE SPRINGS	\$105,000	\$100,503.01	2
THORNE BAY	\$1,123,350	\$1,055,103.34	15
TOGIK	\$29,900	\$27,120.44	1
TUTKA BAY	\$125,000	\$114,403.04	1
UNALAKLEET	\$889,650	\$826,411.21	7
UNALASKA	\$3,728,650	\$3,591,769.20	33
VOZNESENKA	\$59,500	\$54,750.60	1
WASILLA	\$28,500	\$24,928.48	1
WRANGELL	\$7,363,950	\$6,855,436.01	94
YAKUTAT	\$299,900	\$290,895.67	4
March 31, 1992			
TOTAL	\$193,135,571	\$181,607,119.30	1877

ATTACHMENT C

Rural Communities Connected by Road or Rail
to Anchorage or Fairbanks
(1992 population 1400 or lower)

<u>1992 Population of Community</u>		<u>1992 Population of Community</u>	
866	Anchor Point	*	Livengood
628	Anderson	38	Lower Tonsina
400	Big Delta	96	Manley Hot Springs
147	Cantwell	25	McCarthy
52	Central	171	McKinley Park
*	Chena Hot Springs	37	Mendaltna
145	Chickaloon	96	Mentastna Lake
60	Chistochina	81	Moose Pass
49	Chitina	*	Nabesna
73	Circle	*	Nelchina
29	Circle Hot Springs	555	Nenana
79	Clam Gulch	456	Ninilchik
243	Cooper Landing	123	Northway
449	Copper Center	88	Northway Junction
70	Dot Lake	30	Paxson
106	Dry Creek	*	Petersville
169	Eagle	63	Slana
147	Ester	308	Sutton
275	Fox	250	Talkeetna
25	Gakona	106	Tanacross
451	Glennallen	247	Tazlina
103	Gulkana	87	Tetlin
1265	Haines	487	Healy
935	Tok	161	Hope
38	Tonsina	738	Houston
299	Whittier	383	Kasilof
285	Willow	267	Kenny Lake
33	Wiseman	272	Knik
692	Skagway		

* Population unknown at this time but under 1400.

Note: This list is based on the DCRA 1992 Community/Borough map and is not intended to exclude other communities not shown on the map.

Department of Community & Regional Affairs
Weatherization/Energy Efficiency Programs
Attachment D

WARM HOMES FOR ALASKANS

The Warm Homes for Alaskans initiative offers a comprehensive approach for improving the quality and efficiency of Alaska housing. This approach offers an innovative public/private partnership between the State of Alaska and the housing industry. Program elements of the initiative include:

- * LOW INCOME WEATHERIZATION - Program makes the most cost-effective improvements to homes of low income families, resulting in the reduction of heating bills by an average of 25% which in turn assists senior citizen and handicapped Alaskans stretch their family budgets
- * ENERGY RATED HOMES OF ALASKA - Private/public partnership sponsored by the Department of Community and Regional Affairs. It is a nationally recognized innovative market driven program that assists Alaskans to afford higher quality, energy efficient homes through uniform rating of homes according to their energy efficiency. The documented energy efficiency is then credited in the mortgage loan. Program also offers equity investments to home buyers and owners to purchase energy efficient homes or improve their current homes.
- * ALASKA CRAFTSMAN HOME PROGRAM - Nationally recognized non-profit organization funded through the Department that offers latest building technology for northern climates. Homes built to the program's voluntary standard cost 60-80% less to heat. Program offers marketing support and building science education for Alaskan builders.
- * HUD INITIATIVE - Partnership with the federal government to improve quality and energy efficiency of homes financed through FHA and public housing. Through memorandums of agreement between HUD and the Department of Community and Regional Affairs the initiative features: agreement that all new housing financed through HUD will comply with state's energy efficiency standard, crediting of home's energy efficiency in FHA mortgages, major retrofit program for substandard rural housing.
- * THERMAL STANDARDS - The Department is responsible for implementing minimum energy efficiency standards for homes built after January 1, 1992 and financed with state funds.

ATTACHMENT E

FY93 GOV AMENDED

TITLE	LOC RANGE	TITLE	LOC RANGE
HOUSING 24		ENERGY 13	
DIRECTOR	ANCH 26	PROGRAM COORD	ANCH 20
DEP DIRECTOR	ANCH 23	ACCTNG CLERK II	ANCH 9
SECRETARY I	ANCH 10	ADMIN ASST I	ANCH 12
PROJ COORD	ANCH 18	CLERK TYPIST III	ANCH 8
LOAN EXAMINER III	ANCH 19	GRANT ADMIN II	ANCH 17
LOAN EXAMINER III	ANCH 18	ARCH ASST III	ANCH 19
CLERK TYPIST III	ANCH 8	ENERGY SPEC II	ANCH 18
CLERK TYPIST III	ANCH 8	ENERGY SPEC II	ANCH 18
ACCT TECH III	ANCH 16	GRANT ADMIN III	ANCH 19
LOAN CLOSER II	ANCH 12	ENERGY SPEC II	ANCH 18
LOAN MANAGER	ANCH 20	ADMIN OFFICER II	ANCH 19
ADMIN ASST I	ANCH 12	ENERGY SPEC II	ANCH 18
ACCT CLERK III	ANCH 10	ENERGY SPEC I	ANCH 16
LOAN EXAMINER I	ANCH 15		
ACCT TECH I	ANCH 12	SR HOUSING	2
LOAN EXAMINER II	BETH 17	LOAN EXMINR III	ANCH 19
CLERK TYPIST III	BETH 8	CLERK TYPIST III	ANCH 8
LOAN EXAMINER II	DILL 17		
FLD OFF ASST	DILL 10	ADMIN SVCS	2
LOAN EXAMINER II	FBKS 17	ACCOUNTANT II	ANCH 16
LOAN EXAMINER II	JUNO 17	ACCOUNTANT II	JUNO 16
LOAN EXAMINER II	KOTZ 17		
CLERK TYPIST III	KOTZ 8		
LOAN EXAMINER II	NOME 17		

LOCATION SUMMARY

LOCATION	ADM SVCS	ENERGY	HOUSING	SR HOUSING	TOTAL
ANCHORAGE	1	13	15	2	31
BETHEL			2		2
DILLINGHAM			2		2
FAIRBANKS			1		1
JUNEAU	1		1		2
KOTZEBUE			2		2
NOME			1		1
TOTAL	2	13	24	2	41



Official Business

Alaska State Legislature

State Capitol
Juneau, AK 99801-1182

TO: Senator Steve Frank, Chair
Senate Community & Regional Affairs Committee

FROM: Representative Kay Brown
Senator Pat Rodey, Chair
Senate State Affairs Committee

DATE: April 27, 1992

SUBJ: SCS CS HB 152 (State Affairs) — Alaska Housing Programs

This memorandum provides a brief summary of SCS CS HB 152 (State Affairs), legislation that would consolidate state housing programs and authorities of the Alaska State Housing Authority (ASHA) and the Department of Community and Regional Affairs (DCRA) within the Alaska Housing Finance Corporation (AHFC).

Fundamentally, the legislation would:

- 1) ensure greater coordination of the state's housing policy development and program delivery that is now scattered across approximately a dozen different agencies; and
- 2) ensure that financial resources are available to address Alaska's unmet low income and special housing needs.

Section 2 of the legislation expressly directs that the state's existing housing programs are to continue to operate without interruption. No immediate changes are proposed to ASHA and DCRA programs whose agency staff will continue to operate, in effect, as divisions within AHFC.

Expanded Board of Directors

A new, nine-member Board is created for the corporation under SCS CS HB 152 (State Affairs) representing a broad cross-section of Alaskan interests:

— Commissioner of Department of Revenue

- Commissioner of Department of Community & Regional Affairs
- member of the financial community who is a licensed real estate broker
- one representative of regional housing authority interests
- one representative of special needs/low income/senior housing interests
- one representative of energy efficient homebuilding and weatherization interests
- one rural resident
- two public members

The legislation also expands the ability of the corporation to address low income and "special needs" housing. Special housing needs is defined in the bill to include emergency shelters for the homeless, transitional housing, and housing for the elderly or individuals with a disability or mental illness.

The legislation modifies present responsibilities of AHFC, including the ability of the corporation to borrow from and receive assistance from the federal government for housing projects. To take advantage of the federal Housing Act of 1949, providing for redevelopment powers, restrictions will be placed on board members and corporation employees, including that corporation board members and employees are prohibited from acquiring an interest, direct or indirect, in a corporation project developed under what are presently ASHA authorities. The corporation's authorities include care of state housing projects. Under the terms of the legislation, the corporation may enter into contracts to provide for care and maintenance.

In order to ensure the effective operation of nine-member Board, SCS CS HB 152 (State Affairs) authorizes the establishment of an Executive Committee, or other committees, and allows the Board to delegate the powers and duties it considers appropriate.

Supplemental Fund, Senior, Veteran & Conservation Programs

The responsibility for senior housing programs, veteran's mortgage loans, replacement housing loans, the home energy conservation and weatherization program, and the supplemental housing development grant fund are transferred in their entirety, without change, from DCRA to the corporation.

In order to ensure continued state funding for the Supplemental Housing Fund, the powers and duties of the corporation have been amended to include that the corporation shall annually identify in its proposed operating budget, the funding available to the corporation, including its own assets, to supplement available federal development funds. (The fiscal note for the bill

includes a \$7.2 million appropriation from AHFC earnings for Supplemental Housing Fund grants in FY 93.)

Powers allowing Native associations to form public housing corporations under existing ASHA authorities will remain unchanged upon merger within AHFC.

Sale of the DCRA Loans to AHFC

The legislation also provides authority for AHFC to purchase the mortgage loans and other housing related loans that are held by DCRA. The funds received by the Commissioner of DCRA as a result of the sale under the terms of this section would then be deposited in the general fund. It is anticipated that the purchase of these DCRA loans by AHFC will yield roughly \$162 million for the state general fund.

DCED & ASHA Program Authorities

ASHA's existing purposes and powers regarding slum clearance, bond issuance, veterans' housing, disaster relief and low cost housing will be transferred in their entirety, without change, to AHFC. Existing loans held by DCED and serviced by AIDEA will, under the terms of the legislation, be held and serviced by AHFC.

Alaska State Housing Planning Commission

To facilitate the transition between the state's current housing program delivery system and the new corporation, a temporary Alaska Housing Planning Commission is created within the Office of the Governor. The commission is charged with assisting in the merger and making recommendations to the legislature regarding further statutory changes, if any, that may be needed as a result of the merger. The commission is repealed after six months.

The commission includes a representative of the Office of the Governor, the Commissioner of Commerce and Economic Development, the Commissioner of DCRA, a representative of AHFC, a public member representative of low income, homeless or special needs housing interests, and a representative of the U.S. Department of Housing and Urban Development who shall serve in an advisory capacity.

It would be appreciated if you could schedule this bill as soon as possible. We look forward to working with you on this legislation.

SCS CSHB 152 - SECTIONAL ANALYSIS
(The Housing Merger Bill)

1. Section 1, Page 1, sets out the Legislature's findings that there are critical low income and rural housing needs in the state, that a coordinated state housing policy is required to address these needs, and that such coordination can be best effectuated by a merger of state housing programs into the Corporation.
2. Section 2, Page 2, the purpose section, explains that the purpose of the Act is to direct the merger of the Alaska State Housing Authority ("ASHA") into the Alaska Housing Finance Corporation (the "Corporation"), to transfer certain housing programs of the Department of Community and Regional Affairs ("DCRA") to AHFC, to transfer responsibility for the senior citizens housing programs from DCRA to the Corporation, to transfer the responsibility for the home energy conservation weatherization program from DCRA to the Corporation, to transfer responsibility for mortgage loans under the veterans' program to the Corporation, and to assign to the Corporation the responsibility for replacement housing plans. In addition, Section 1 states that the bill authorizes the Corporation to purchase, at a discount, mortgage notes held by DCRA under its housing assistance programs; moneys paid to DCRA for the notes will be deposited into the state's general fund. These moneys, combined with an expected transfer of revenue by the Corporation to the State, will increase the state general fund by \$200,000,000.

Provisions Transferring ASHA AS 18.55.010-290 Powers to AHFC

3. Section 3, Page 4, amends the AS 18.55.010-290 ASHA purposes, which are slum clearance, low-cost housing, and veterans housing, to transfer the purposes to AHFC. (AS 18.55.010)
4. Section 4, Page 4, amends the prohibited interest section of the ASHA statute to reflect the transfer to the Corporation. (AS 18.55.080)
5. Section 5, Page 4, transfers ASHA's general powers to carry out AS 18.55.010-290 to the Corporation. (AS 18.55.100(a))
6. Section 6, Page 6, transfers to the Corporation certain ASHA disaster relief powers. (AS 18.55.100(b))

7. Section 7, Page 6, transfers ASHA's veterans' housing powers to the Corporation. (AS 18.55.110)
8. Section 8, Page 7, transfers ASHA's low-cost housing project powers to the Corporation. (AS 18.55.120)
9. Section 9, Page 7, amends the tenant qualification section of low-cost housing projects to refer to the Corporation. (AS 18.55.130)
10. Section 10, Page 8, substitutes the Corporation for ASHA in a provision allowing the issuance of bonds. (AS 18.55.140)
11. Section 11, Page 8, substitutes the Corporation for ASHA in respect of certain bond powers of ASHA for bonds issued under AS 18.55. (AS 18.55.150)
12. Section 12, Page 9, limits the Corporation's liability in the execution of any bonds under its ASHA .100 to .290 powers. It provides that the Corporation's bonds issued for its ASHA powers are not obligations of the State. (AS 18.55.160)
13. Section 13, Page 9, provides for exemption from taxes of bonds issued by the Corporation under its ASHA .100 to .290 powers. (AS 18.55.170)
14. Section 14, Page 9, provides for the issuance of bonds of the Corporation for ASHA .100 to .290 purposes. (AS 18.55.180)
15. Section 15, Page 10, provides for a financial advisor when the Corporation is issuing bonds and notes for .100 to .290 ASHA purposes. (AS 18.55.187)
16. Section 16, Page 11, gives to the Corporation ASHA's powers with respect to pledges and mortgages of property and provides for covenants and other bond security for the Corporation when it exercises ASHA .100 to .290 powers. (AS 18.55.200)
17. Sections 17 and 18, Page 12, give the Corporation or its bondholders certain rights when bonds are issued for ASHA .100 to .290 purposes. (AS 18.55.210-.220)
18. Section 19, Page 13, provides for exemption from execution or other judicial process of Corporation property in conjunction with the exercise of an ASHA .100 to .290 power. (AS 18.55.230)

19. Section 20, Page 13, provides that the Corporation may borrow funds or obtain other financial assistance from the federal government when it is exercising an ASHA .100 to .290 power. (AS 18.55.240)
20. Section 21, Page 13, exempts from taxation property owned by the Corporation in connection with its exercise of ASHA .100 to .290 powers. (AS 18.55.250)
21. Section 22, Page 13, provides for conveyance of real and personal property in the exercise by the Corporation of an ASHA .100 to .290 power, and sets out procedural safeguards for such conveyance. (AS 18.55.255(a))
22. Section 23, Page 14, provides for conveyance of property to a State or federal agency for less than appraised value in connection with the Corporation's exercise of ASHA .100 to .290 powers. (AS 18.55.255(b))
23. Section 24, Page 14, provides that bonds of the Corporation issued for ASHA purposes are legal investments. (AS 18.55.260)
24. Section 25, Page 14, requires the Corporation to recommend legislation in connection with exercise of ASHA .100 to .290 powers. (AS 18.55.270)
25. Section 26, Page 14, provides that the Corporation has certain general corporate powers in exercising an ASHA .100 to .290 power. (AS 18.55.280(a))
26. Section 27, Page 15, changes a reference from ASHA to Corporation. (AS 18.55.288 (1))
27. Section 28, Page 15, corrects the definition of "public building." (AS 18.55.288(3))
28. Section 29, Page 16, changes the short title of .010 to .290 of the ASHA statute to the Housing Project and Public Building Assistance Act. (AS 18.55.288(1))

ASHA Moderate-Cost and Rental Housing Powers Transferred to AHFC
(AS 18.55.300-470)

29. Section 30, Page 16, gives the Corporation ASHA powers to construct and operate moderate-cost and rental housing for veterans and other residents. (AS 18.55.310)

30. Section 31, Page 16, provides for veterans' preference in moderate-cost and rental housing projects. (AS 18.55.330)
31. Section 32, Page 16, provides for the maintenance and rental of moderate-cost and rental housing by the Corporation. (AS 18.55.340)
32. Section 33, Page 16, provides that housing projects may be rented or sold by the Corporation to eligible persons and prescribes certain uses for moneys received from such sales or rentals. (AS 18.55.350)
33. Section 34, Page 17, authorizes the Corporation to use money appropriated or made available under .300 to .470 for character loans of up to \$500 for certain purposes, and for moderate-cost or rental housing loans to public agencies, non-profit organizations, and other corporations of up to 95 percent of assessed valuation in the case of co-ops. (AS 18.55.370)
34. Section 35, Page 17, provides that powers under any statute including eminent domain, may be exercised by the Corporation with respect to moderate-cost and rental housing projects (.300 to .470). (AS 18.55.380)
35. Section 36, Page 17, limits the Corporation's powers under .300 to .470 to instances where other adequate financing is not available. (AS 18.55.390)
36. Section 37, Page 18, provides for the Corporation's expenditure of appropriated funds under .300 to .470 to research methods of low-cost construction. (AS 18.55.400)
37. Section 38, Page 18, provides for the adoption of regulations for the moderate-cost and rental housing program (.300 to .470). (AS 18.55.420)
38. Section 39, Page 18, provides for acquisition of land in connection with moderate-cost and rental housing projects (.300 to .470). (AS 18.55.440)
39. Section 40, Page 18, provides that the Corporation may accept properties from other agencies for moderate-cost and rental housing purposes (.300 to .470). (AS 18.55.450)
40. Section 41, Page 19, provides for a preference for professional and contractor services of State residents for .300 to .470 projects. (AS 18.55.460)

41. Section 42, Page 19, adds the definition of the Corporation. (AS 18.55.470(1))

ASHA Slum Clearance, Redevelopment, and Urban Renewal Powers
Transferred to AHFC
(AS 18.55.480-960)

42. Section 43, Page 19, provides that the intent of the Act is to take advantage of Title I of the U.S. Housing Act of 1949 (providing for redevelopment powers). (AS 18.55.490)
43. Section 44, Page 19, provides there be no interest of the members of the board of the Corporation in the redevelopment project. (AS 18.55.500)
44. Section 45, Page 20, provides that when the Corporation's redevelopment powers (.480 to .960) are exercised within a municipality, the governing body of the municipality must consent. (AS 18.55.510(a))
45. Section 46, Page 20, provides that in the exercise of its redevelopment powers (.480 to .960) the Corporation has other necessary powers to purchase property, to sell property, to make covenants, to borrow money, to invest money, and the like. In Subsection 11, Page 23, with the approval of the local government body, it can demolish structures in connection with redevelopment projects. (AS 18.55.520)
46. Section 47, Page 23, provides that neighborhood development projects (.480 to .960) shall consist of urban renewal projects undertaken in urban renewal areas under federal law. (AS 18.55.525)
47. Section 48, Page 23, provides that property may not be acquired for redevelopment projects unless the governing body has approved the redevelopment plan. (AS 18.55.530(a))
48. Section 49, Page 23, provides for the preparation of a redevelopment plan and defines the requisites of such a plan. (AS 18.55.530(d))
49. Section 50, Page 24, provides that before redevelopment plans are submitted to the governing body, the same shall be submitted to the local planning commission for review and comment. (AS 18.55.530(e))

50. Section 51, Page 24, sets out the documents and statements that must accompany the redevelopment plan when it is submitted to the governing body. (AS 18.55.530(g))
51. Section 52, Page 25, provides that after a hearing under this Section, the governing body may, by ordinance, approve a redevelopment plan. (AS 18.55.530(i))
52. Section 53, Page 25, provides for modification of such a redevelopment plan. (AS 18.55.530(j))
53. Section 54, Page 25, provides that when a natural catastrophe has been declared or certified by a local government body a redevelopment plan may be adopted on an expedited basis. (AS 18.55.530(k))
54. Section 55, Page 26, provides for sale, lease, or exchange of real property in connection with a redevelopment plan. (AS 18.55.540(a))
55. Section 56, Page 26, provides for public notice of redevelopment contract proposals and sets out procedures and criteria for the Corporation's consideration of such proposals. (AS 18.55.540(b))
56. Section 57, Page 27, provides for the Corporation's exercise of eminent domain in connection with a redevelopment project. (AS 18.55.550(a))
57. Section 58, Page 27, provides for the acquisition and development of vacant land not within a slum or blighted area if necessary for the redevelopment of a slum or blighted area. (AS 18.55.560)
58. Section 59, Page 28, provides for the Corporation's issuance of debt in connection with a redevelopment plan. (AS 18.55.570(a))
59. Section 60, Page 28, provides that the members of the Corporation's board of directors are not liable on any such debt. (AS 18.55.570(b))
60. Section 61, Page 29, provides that a signature of a board member of the Corporation on a bond is valid if the member leaves office after signing the bond. (AS 18.55.570(e))

61. Section 62, Page 29, provides detailed provisions in connection with the Corporation's issuance of bonds for redevelopment projects, including covenants, mortgages, and bond remedy features. (AS 18.55.580)
62. Section 63, Page 31, sets out the rights and remedies of a bondholder. (AS 18.55.590)
63. Section 64, Page 32, provides that bond proceeds issued for redevelopment purposes are legal investments. (AS 18.55.600(b))
64. Section 65, Page 32, provides that property held by the Corporation for redevelopment purposes is exempt from taxation and execution, and further requires payments in lieu of taxes in connection with such property. (AS 18.56.620)
65. Section 66, Page 33, empowers public bodies to convey property or furnish services to the Corporation in connection with a redevelopment project. (AS 18.55.630(a))
66. Section 67, Page 34, provides for powers of a municipal governing body in connection with physical development of redevelopment property by the Corporation. (AS 18.55.660)
67. Section 68, Page 34, provides that the Corporation may undertake an urban renewal project. (AS 18.55.680(a))
68. Section 69, Page 35, provides, with respect to urban renewal plans or projects, that the Corporation has the right to acquire and dispose of property, borrow money, and the like, and provides for the details of effectuation of an urban renewal plan or project. (AS 18.55.700)
69. Section 70, Page 36, provides that the Corporation may have power under a municipal ordinance to determine that properties or dwellings within an urban development area are not fit for human habitation. (AS 18.55.860)
70. Section 71, Page 36, details the conditions which could give rise to a finding that a property or dwelling is not fit for human habitation. (AS 18.55.860(b))
71. Section 72, Page 37, defines the Corporation. (AS 18.55.950(18))

Regional Native Housing Authorities
(AS 18.55.995-998)

72. Section 73, Page 37, provides that Native associations can form public corporations with powers, rights, and functions the same as those of ASHA under AS 18.55.100-.290 which are transferred to the Corporation. (AS 18.55.995)
73. Section 74, Page 37, refers to sections of the former ASHA statute (.100-.290) transferred to the regional housing authority. (AS 18.55.996(b))
74. Section 75, Page 38, provides that planning, financing, construction or operation activities of a regional housing authority conflicting with the Corporation shall be resolved by the municipal governing body in which the project is located. (AS 18.55.996(g))
75. Section 76, Page 38, provides that, in addition to other powers, a regional housing authority may make loans in accordance with the Corporation's procedures for the purchase or development of residential housing in areas other than those where the Corporation has a loan office. (AS 18.55.997(a))
76. Section 77, Page 38, creates within the Corporation a supplemental housing development grant fund to pay costs of on-site water and sewer facilities, road construction, and other infrastructure, subject to appropriation. This is a transfer of power from DCRA. (AS 18.55.998(a))
77. Section 78, Page 38, provides for regulations under AS 18.56.088 (AHFC regulatory statute) to carry out the provisions of the supplemental housing development grant fund. (AS 18.55.998(d))

Modifications to AHFC's Statute
(AS 18.56.010 - .900)

78. Section 79, Page 39, amends the program for residential loans to vets to provide for assumption of the AS 26.15 (DCED) program by the Corporation. (AS 18.56.010(d))
79. Section 80, Page 39, sets forth the legislative finding that the Corporation's financing of veterans' loans for residential housing benefits the people of the State. (AS 18.56.010(f))

80. Section 80, Page 39, sets out the composition of the Corporation's board of directors, increasing the number of members to nine persons: the commissioners of Revenue, and Community and Regional Affairs; and seven public members appointed by the governor, including: a member who represents the financial community or who is a licensed real estate broker; a member who represents the interests of regional housing authorities; one member who is a rural resident; one member who represents persons requiring special needs housing or who is a representative of low-income interests or seniors; one member who is a representative of the residential energy efficient home building and weatherization interests; and two public members. (AS 18.56.030(a))
81. Section 81, Page 39, provides for designation by board members of a person to act in the board member's place at a board or committee meeting. (AS 18.56.030(b))
82. Section 82, Page 39, corrects a statutory reference. (AS 18.56.030(c))
83. Section 83, Page 40, requires competence, experience, and geographic balance among the public members of the board of directors of the Corporation. (AS 18.56.030(f))
84. Section 84, Page 40, provides that the board may establish committees and delegate to such committees powers and duties it considers appropriate (AS 18.56.050)
85. Section 85, Page 40, corrects a statutory reference in the provision for international borrowing by the Corporation. (AS 18.56.084)
86. Section 86, Page 40, amends the provision governing adoption of regulations by the Corporation, to include reference to the housing assistance program authorized by Section 88 of this legislation. (AS 18.56.088(c))
87. Section 87, Page 41, exempts from the Executive Budget Act those activities of the Corporation transferred from ASHA by this legislation. (AS 18.56.089(a))
88. Section 88, Page 41, amends the Corporation's general powers by adding the authority to provide or receive housing assistance funding for low and moderate income housing and for congregate and special needs housing. Such funding can include deferred loans, subsidies, or other assistance as provided in regulations of the Corporation. (AS 18.56.090)

89. Section 89, Page 42, substitutes "Corporation" for the commissioner of community and regional affairs in a provision requiring that the Corporation not make loans for buildings unless they are in compliance with thermal energy standards. (AS 18.56.096(c))
90. Section 90, Page 43, amends provisions concerning the Corporation's housing development fund, to clarify that for-profit organizations may apply for congregate housing loans and to provide that congregate housing may include units that do not contain, but have access to, sanitation or kitchen facilities. (AS 18.56.100)
91. Section 91, Page 44, requires that the Corporation include in its annual report certain reports on activities under programs transferred to the Corporation by this legislation. (AS 18.56.200(e))
92. Section 92, Page 44, corrects section references in the Corporation's powers to take actions to stabilize the market price and demand for residential housing in the State. (AS 18.56.210(a))
93. Section 93, Page 45, adds a provision requiring the Corporation to undertake an educational effort concerning housing programs. (AS 18.56.220)
94. Section 94, Page 45, amends a provision respecting construction standards for housing eligible for purchase of loans by the Corporation, to provide that the provision does not apply to nonconforming housing loans made or purchased by the Corporation under AS 18.56.106. (AS 18.56.300(d))
95. Section 95, Page 45, starts with a restatement of the Corporation's current definitions section from AS 18.56 with certain minor deletions and the addition of a definition of "special needs housing." (AS 18.56.390) This section also transfers the following DCRA housing powers to the Corporation:
 - (a) Page 48, general powers with respect to originating and servicing loans (formerly AS 44.47.370, now AS 18.56.400).
 - (b) Page 49, establishes the Alaska energy efficient home grant fund (formerly AS 44.47.378, now AS 18.56.410).
 - (c) Page 49, establishes the housing assistance loan fund (a revolving fund for non-conforming and rural loans) (formerly AS 44.47.380, now AS 18.56.420).

- (d) Page 50, establishes the home ownership assistance fund (a fund to provide interest subsidy for loans to lower- and moderate-income persons) (formerly AS 44.47.382, now AS 18.56.430).
- (e) Page 51, provides limits on the use of the home ownership assistance fund (formerly AS 44.47.390, now AS 18.56.440).
- (f) Page 52, provides for an operating loss reserve account to meet foreclosure legal expenses (formerly AS 44.47.395, now AS 18.56.450).
- (g) Page 52, provides for loan security (formerly 44.47.410, now AS 18.56.460).
- (h) Page 52, provides for interest rates on loans, and amends the current provision to provide that the Corporation may estimate the interest rate if no applicable issue of taxable bonds has been issued within the six months prior to the purchase or origination of loans (formerly AS 44.47.410, now AS 18.56.470).
- (i) Pages 53 to 55, provide for title to properties securing loans purchased by the Corporation (formerly AS 44.47.420, now AS 18.56.480), a restricted title loss reserve account (formerly AS 44.47.430, now AS 18.56.490), fire insurance (formerly AS 44.47.440, now AS 18.56.500), loan origination and servicing (formerly AS 44.47.460, now AS 18.56.510), appraisals (formerly AS 44.47.470, now AS 18.56.520), exemption from energy audit (AS 44.47.475, now AS 18.56.530) and toll-free phone number (formerly AS 44.47.480, now AS 18.56.540).
- (j) Page 55, establishes field offices (formerly AS 44.47.490, now AS 18.56.550).
- (k) Page 55, provides for regional demonstration projects (formerly AS 44.47.500, now AS 18.56.560).
- (l) Page 55, provides for regional allocation of the housing assistance loan fund (formerly AS 44.47.510, now AS 18.56.570).
- (m) Page 56, provides for loans for non-owner occupied housing from the housing assistance loan fund (formerly AS 44.47.520, now AS 18.56.580).

- (n) Page 56, provides for a biennial report by the Corporation (formerly AS 44.47.530, now AS 18.56.590).
- (o) Page 57, sets out definitions, including a change in the definition of "rural" (formerly AS 44.47.560(5), now AS 18.56.600).
- (p) Page 57, creates a low-cost and low-income multiple-family housing development fund (formerly AS 44.47.635, now AS 18.56.650).
- (q) Page 58, creates a senior housing office in the Corporation to administer the senior housing loan program (formerly AS 44.47.585, now AS 18.56.700).
- (r) Page 59, creates a senior housing revolving fund (formerly AS 44.47.587, now AS 18.56.710).
- (s) Page 59, provides for interest rates on senior housing bond issues (formerly AS 44.47.589, now AS 18.56.720).
- (t) Pages 59 to 61, provide for loan conditions, (formerly AS 44 47.591, now AS 18.56.730), fire insurance (formerly AS 44.47.595, now AS 18.56.740), loan origination and servicing (formerly AS 44.47.597, now AS 18.56.760), toll-free number (formerly AS 44.47.601, now AS 18.56.770), contracting for services (formerly AS 44.47.603, now AS 18.56.780), a bond authorization of \$30 million for senior housing loans (formerly AS 18.56.083, now AS 18.56.790), and definition of senior housing (formerly AS 44.47.609, now AS 18.56.799).
- (u) Pages 61 to 62, make a declaration of purpose respecting senior housing (formerly AS 44.47.610, now AS 18.56.800) and establish a senior housing development fund (formerly AS 44.47.620, now AS 18.56.810).
- (v) Page 62, transfers to the Corporation the home energy conservation and weatherization program of DCRA and specifies certain programs in the state that shall receive the Corporation's assistance under this section (formerly AS 44.47.050(a)(18) and (b), now AS 18.56.850).

96. Section 96, Page 63, defines the board and the Corporation. (AS 18.56.900)

General Provisions

97. Section 97, Page 63, deletes reference to ASHA from a statute concerning telecommunication fees. (AS 09.25.115(g))
98. Section 98, Page 63, deletes reference to ASHA from a provision concerning public inspection of agency records. (AS 09.25.123(a))
99. Section 99, Page 63, deletes reference to ASHA from a definition of "public agency" in a statute concerning public officials' disclosure of information. (AS 09.25.220(5))
100. Section 100, Page 63, deletes reference to ASHA from a statute respecting exemptions for State property from process to collect unsecured debt. (AS 09.38.015(c))
101. Section 101, Page 64, deletes reference to ASHA from a definition of State agency or agency of the State in a statute concerning radiation protection. (AS 18.60.545(6))

Miscellaneous

102. Section 102, Page 64, substitutes the Corporation for ASHA in the statutory provision providing for exemption of low-income housing from local property taxation. (AS 29.45.050(l))
103. Sections 103 and 104, Page 64, provide that the Corporation may make loans for housing for displaced persons. (AS 34.60.135, .137)
104. Section 105, Page 65, substitutes the Corporation for ASHA in a provision providing for leasing or granting of interests in land to ASHA by the Alaska Department of Transportation and Public Facilities ("DOT&PF). (AS 35.05.040)
105. Section 106, Page 66, deletes reference to ASHA from a provision concerning promulgation of regulations in AS 36.30, the State Procurement Code. (AS 36.30.015(f))
106. Section 107, Page 66, deletes reference to ASHA from a provision concerning the use of lists of contractors under the State Procurement Code. (AS 36.30.050(c))

107. Section 108, Page 66, deletes reference to ASHA from a provision defining "State agency" in the State Procurement Code. (AS 36.30.735(b))
108. Section 109, Page 67, deletes reference to ASHA from a section of the State Procurement Code defining "agency." (AS 36.30.990(1))
109. Section 110, Page 67, deletes reference to ASHA from a provision defining "program receipts" in AS 37.05, the Fiscal Procedures Act. (AS 37.05.146)
110. Section 111, Page 68, deletes reference to ASHA from a provision in AS 39.05 setting criteria for membership on boards and commissions. (AS 39.05.060(a))
111. Section 112, Page 68, deletes reference to ASHA from a provision defining "instrumentality of the State" in AS 39.50, the statute governing public officials' conflict of interest. (AS 39.50.200(a)(4))
112. Section 113, Page 68, substitutes the Corporation for DCRA in a provision concerning administration of the senior housing loan program. (AS 44.21.230(a)(9))
113. Section 114, Page 69, makes a technical correction to correspond to previous changes concerning "senior housing." (AS 44.21.240(6))
114. Section 115, Page 69, deletes ASHA from a provision concerning "use of paper" by State agencies. (AS 44.99.020)
115. Section 116, Page 69, deletes ASHA from a provision defining "State agency" in a statute concerning personal information in public records. (AS 44.99.350(3))
116. Section 117, Page 69, deletes ASHA from a section concerning copyrights held by State agencies. (AS 44.99.400)
117. Section 118, Page 69, deletes reference to ASHA from a provision of the Village Safe Water Act. (AS 46.07.030(b))
118. Sections 119 and 120, Page 70, substitute the Corporation for the commissioner of community and regional affairs in provisions concerning thermal energy standards for residential buildings. (AS 46.11.040, 46.11.900)

119. Section 121, Page 71, repeals numerous provisions of AS 18.55, AS 39.50, AS 44.47, and AS 44.99 that are replaced or transferred by this Bill.
120. Section 122, Page 71, sets out transitional provisions relating to the merger of ASHA with the Corporation, stating that contracts, rights, liabilities, bonds, notes, or other obligations of ASHA remain in effect and become contracts, rights, liabilities, bonds, notes, or other obligations of the Corporation. This Section also transfers records, equipment, etc. of ASHA to the Corporation and states that ASHA employees shall become employees of the Corporation on the effective date of the Act.
121. Section 123, Page 71, sets out transitional provisions relating to transfer of housing programs from DCRA to the Corporation, in a fashion similar to Section 122.
122. Section 124, Page 72, sets out transitional provisions relating to transfer of senior citizen housing programs from DCRA to the Corporation, in a fashion similar to Section 122.
123. Section 125, Page 72, sets out transitional provisions relating to transfer of the home energy conservation and weatherization programs from DCRA to the Corporation, in a fashion similar to Section 122.
124. Section 126, Page 73, describes the transition concerning expansion of the membership of the Corporation's board of directors, providing that current members shall continue to serve their unexpired terms and describing the terms of the public members first appointed to fill the additional seats authorized by this legislation.
125. Section 127, Page 73, provides that ASHA, DCRA and DCED shall prepare financial reports respecting the assets transferred under this legislation.
126. Section 128, Page 74, establishes the Alaska State Housing Planning Commission within the office of the governor, the members of which shall consist of: a representative from the office of the governor; the commissioners of commerce and economic development and of community and regional affairs; a representative of the Corporation; a public member representing low income, homeless, or special needs housing interests; and an advisory member representing HUD. The commission is to assist in the merger of housing functions mandated by this legislation to ensure that housing services are not interrupted during the resultant transition.

127. Section 129, Page 74, authorizes the Corporation to purchase, at a discount, the mortgage loans and other housing-related loans of DCRA, and requires the commissioner of DCRA to deposit the amounts received from the purchase in the state general fund.
128. Section 130, Page 75, instructs the revisor of statutes to delete references to "authority" and insert in place of each deletion a reference to "corporation" in certain specified provisions of AS 18.55.
129. Section 131, Page 75, provides a repeal date of January 1, 1993 for Section 128 of this legislation.
130. Section 132, Page 75, provides an immediate effective date for Sections 127-129 of this legislation.
131. Section 133, Page 75, sets forth an effective date of July 1, 1992, for this Act (with the exception of Section 132).

MEMORANDUM

TO: Senator Frank
FROM: Rick Solie
RE: HB 152 - Housing Program Merger
DATE: April 28, 1992

You have asked me to research the following issues related to the merging of the housing programs contained in House Bill 152:

- 1) What is the reason for combining these programs under one authority?
- 2) How will the delivery of services of any of the merged agencies be affected?
- 3) What is the cost or savings to each affected agency, whether general funds or otherwise?
- 4) What is the position count in each affected agency both with and without this bill?
- 5) What is the situation in the mortgage markets now, both urban and rural and how will this bill affect it?
 - who is financing loans by purchaser category?
 - who is servicing them?
 - who is insuring them?
- 6) How much of a subsidy is AHFC currently providing on its loans?
 - how is it distributed by income?
 - by program?
- 7) What effect will the merger have on AHFC's bond rating?
- 8) What additional authority are we granting to AHFC
- 9) Will the physical location of any of the offices move?
 - will the HAD division all remain unmoved?

HB 152 Merger Legislation
Senate Community and Regional
Affairs Committee - Answers to Questions from Senator Frank

- Q. What is the reason for combining these programs under one authority?
- A. It will result in more efficient delivery of housing.
- Q. How will the delivery of services of any of the merged agencies be affected?
- A. Duplication of effort will be avoided. Policy will be made by one entity.
- Q. What is the cost or savings to each affected agency, whether general funds or otherwise?
- A. The general fund will save all the funds formerly appropriated to ASHA and DCRA.
- Q. What is the situation in the mortgage markets now, both urban and rural, and how will this bill affect it?
- Who is financing loans by purchaser category?
 - Who is servicing them?
 - Who is insuring them?
- A. Ample mortgage money is available at a reasonable cost.
- Q. How much of a subsidy is AHFC currently providing on its loans?
- How is it distributed by income?
 - By program?
- A. A subsidy of _____ percent on tax-exempt loans. A subsidy of _____ percent on tax-exempt veterans loans.
- Q. What effect will the merger have on AHFC's bond rating?
- A. It will not negatively impact the rating largely already available to AHFC.
- Q. What additional authority are we granting to AHFC?
- A. Broad and specific authority in rural and low-income housing.

Q. Will the physical location of any office move?

A. No.

Q. Will the HAD division all remain unmoved?

A. Yes.

Q. What aspects of this new entity will fall under the Executive Budget Act?

- ASHA programs?
- AHFC programs?
- HAD programs?
- New programs: special needs housing, congregate, low-income, and blighted housing?

A. The Executive Budget Act situation is identical to that pre-merger. Only ASHA-HUD activities are excluded.

Q. What restrictions are placed on the use of AHFC's unpledged assets?

A. Use of unpledged assets is subject to the Executive Budget Act.

Q. What is the reason for combining ASHA under this merger?

A. ASHA has low-income housing responsibilities as does AHFC.

Q. Could AHFC build new buildings without legislative authorization under this proposal?

A. It could build own-operate housing.

Q. Does Section 88 of the bill provide authority for AHFC to conduct activities which are outside the legislative appropriation process?

A. No.



TANANA CHIEFS CONFERENCE, INC.

122 FIRST AVENUE
FAIRBANKS, ALASKA 99701-4897
PHONE (907) 452-8251 FAX (907) 451-8936

May 1, 1992

To: Senator Steve Frank, Chairman
Senate Community & Regional Affairs Committee

Good afternoon. My name is Todd Hoener. I am the director of housing and energy services at Tanana Chiefs Conference.

TCC is a non-profit company formally incorporated to deliver human service programs and prioritizing those programs for low-income people, to the elders, to the people who have special needs or who are physically impaired, and to the families in dire need of assistance.

TCC has historically represented the interests of the people who lived and who are living in the rural areas and villages within the watersheds of the Yukon, Tanana, Koyukuk and Kuskokwim rivers, from the Canadian boarder to the Innoko River confluence and from the Brooks Range to the Alaska Range. TCC has always taken its responsibility very serious.

We have followed this bill since Rep. Kay Brown first introduced it in its five-page form last year. In the past month the bill ballooned into a prominent piece of legislation concerning a major merging of diversified state housing programs and methods by which housing needs and services are delivered. The proposal, now 75 pages, has expanded in mission and content very fast in the past month.

We recognize the desire of legislators to move forward quickly. The deadline for this legislative session is approaching. The oil revenues that fuel this State's budget are shrinking. And the patience for seeking wise choices, for planning long-term solutions, is growing short. Evolutionary change is often desirable. But changes resulting from crisis often fail to fully consider the consequences for the future. Often the most carefully crafted proposals can not be substituted to solve the needs of this state especially if we continue to incorporate our past mistakes into our future plans. As the findings of this bill state, on page one between lines 12 and 14, "low-income and rural housing needs in the state are critical and have not been met with existing housing resources even while it is estimated that nearly 33 percent of Alaskans are considered to be low income residents."

The majority of state legislators should understand that the Alaska Housing Finance Corporation is not a familiar name to the village and rural people which TCC represent. Many of these people will never have to understand the meaning of a mortgage. In the state's most recent history the Department of Community and Regional Affairs has established itself as an important liaison between the village and rural residents and the

State. This agency must be given much of the credit for what trust has been fostered between those residents and the rest of the State. If this liaison agency is dissolved by a merging into AHFC, which has often referred to a "secondary mortgage bank," then we ask that a sincere commitment be made that the voices, concerns and needs of the village and rural people will continue to be heard.

After reviewing the first working draft of the revised version of 152, I forwarded a memo to the Senate State Affairs Committee on 12 April outlining some of TCC's concerns with the housing merger bill. Some of those concerns were addressed in amendment form, and we sincerely appreciate that response to our concerns. The staff members for representatives, senators, and committees involved with this bill have been particularly helpful in keeping us informed, listening to our concerns and making sure the legislators are made aware of those concerns. I want to make that point clear that we appreciate their work. The following are additional considerations we would like to see addressed.

First, besides the corporation's annual report, we would like to have this merger effectively reviewed by the legislature every year for ~~at least the first five years of its life.~~ We would ask that a report be delivered to the Community and Regional Affairs standing committees for both the house and senate certifying that progress promised has, indeed, taken place and that the merger has enhanced the delivery of services and needs and not diminished the quality of service. We would like the annual report of the corporation to adhere to this accounting as well.

Second, when the corporation considers "risking its assets" we want to make sure that human resources, the people the corporation serves, will also be considered as "assets" from this point on. If this bill passes, the corporation must consider a balance between its prior function as a "secondary mortgage bank" and its additional mission which includes serving those low-income people trying to survive in substandard and deteriorating housing conditions.

Third, in determining the "fitness of dwellings for habitation" (Sec. 18.55.860) I would add the word "comfort" between health and safety in line nine of page 36 to insure that consideration to the energy efficiency of a building is seriously taken. Energy efficiency is very important to us. It helps promote the wise use of limited resources and reduce dependency. Too often a building may not appear to be unhealthy or unsafe until the temperature drops to -40 degrees. Complimenting this request, I would ask that "lack of an adequate heating source" be added to the list after line 25 on the same page as a condition sufficient to support a determination for fitness.

Fourth, we would request that a definition of "construction" be added to Section 1 of this bill since a variety of terms are used throughout the bill that mean some form of construction and where the word construction is used the scope of work covered would include this definition. After line 11 on page 2 under Section 1 we would add that "...'construction' means or applies to new buildings and buildings under or in need of alteration, conversion, improvement, redevelopment, rehabilitation, renewal, repair and weatherization." This would clear the meaning when the language is used in a generic term.

Fifth, I would once again reiterate the concern that the corporation's new mission represent the needs of village and rural people. For the record, I should remind the corporation that were it not for the natural and commercial resources outside the urban centers and in the rural areas of this state, there would be no wealth to argue over. The corporation should make a reasonable effort to become a more holistic housing corporation for the State of Alaska. We appreciate the changes made thus far for the

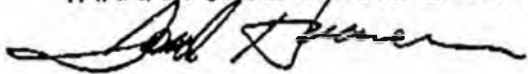
board of directors membership make-up but would request that at least two members with rural interests be placed on the board under Section 80, page 39, line 19.

We appreciate the time taken on this bill by all members. We appreciate the work that has been done to accommodate the various interests concerned which is never easy.

We would appreciate the above considerations as well. Thank you for your time.

Sincerely,

TANANA CHIEFS CONFERENCE, INC.



Todd Hoener, Director
Housing & Energy Services

cc: Rep. Kay Brown
Rep. Pat Brody
Rep. Georgianna Lincoln
Will Mayo, TCC President



715 15th Ave. • Fairbanks, Alaska 99701 • (907) 452-5323

INTERIOR WEATHERIZATION, INC.



April 29, 1992

Senator Steve Frank
Room 417, State Capitol
Juneau, Alaska 99801-1182

Dear Senator Frank,

I am writing in regards to the status of CS HB152 which is currently in your committee. As I explained in my meeting with you last week, weatherization and other energy programs will be greatly impacted by this bill. We have made our concerns known during mark-up sessions in Senate State Affairs Committee; and they have, for the most part, been met with positive action.

I suppose that at this date our biggest concern is over the future of this bill. If HB152 is not going forward, we need to be appraised of this fact in order to have some time to encourage alternate funding sources for these programs. If HB152 is going to go forward, then it is equally important that the hearing or hearings be held as soon as possible so that any remaining concerns could be addressed by your committee.

I want to thank you for your time and consideration of this important issue. I am always available to answer any questions you or your staff may have.

Sincerely,

Robert A. Maxwell
Executive Director

Post-It™ brand fax transmittal memo 7671		# of pages >
To SEN. FRANK	From Bob Maxwell	
Co.	Co. Interior Wx	
Dept.	Phone # 452-5323	
Fax # 465-4714	Fax # 452-1433	

According to the Alaska Department of Labor, AHFC's market share of mortgage loans is as follows:

4th Quarter 1991	36.2% (excludes City Mortgage lending activity)
1st Quarter 1992	29% (estimated)

These numbers are based on a survey of mortgage lenders statewide.

While actual numbers are not available for prior years, AHFC estimates that its market share during the 1990 and 1991 was at approximately 50%. The reason for the higher market share at that time is the high amount of refinance activity due to the Home Owners' Assistance Program and the more attractive interest rates AHFC had at that time.

Please note that this does not include Real Estate Owned sales activity.

In Fiscal Year 1991 AHFC purchased 4,168 mortgage loans. They were broken down as follows:

- 23% Veterans
- 38% First-time homebuyers
- 39% Conventional/Other*

*includes HOF subsidy, seconds, mobile homes, non-conforming

The breakdown is essentially similar for Fiscal Year 1990.

See Attachment #3 for additional information.

ALASKA HOUSING FINANCE CORPORATION

SUMMARY OF MORTGAGE LOANS PURCHASED

	FY 1990		FY 1991		FY 1992 THRU JANUARY		FY 1992 MONTH OF JANUARY	
	#	\$	#	\$	#	\$	#	\$
TAXABLE FIRST LESS REFINANCE/ NON-CONFORMING	1,114	\$93,118,583	1,413	\$132,910,908	170	\$16,210,984	5	\$441,965
REFINANCE LOANS	6	\$559,700	13	\$997,000	11	\$1,035,350	1	\$74,250
TAXABLE FIRST MORTGAGES	1,120	\$93,678,283	1,426	\$133,907,908	181	\$17,246,334	6	\$516,215
MGIC SPECIAL FINANCING	267	\$10,457,500	154	\$7,421,450	15	\$857,450	2	\$124,450
NON-CONFORMING	14	\$783,800	4	\$202,550	6	\$392,650	0	\$0
HOAP FIRST MORTGAGES	309	\$1,655,050	982	\$102,241,957	0	\$0	0	\$0
MULTI-FAMILY PROGRAM (TAXABLE)	0	\$0	0	\$0	0	\$0	0	\$0
TOTAL NON-TAX EXEMPT	1,710	\$136,574,633	2,566	\$243,773,865	202	\$18,496,434	8	\$640,665
TAX-EXEMPT (FIRST TIME HOME BUYERS)	1,110	\$72,870,888	846	\$55,187,498	342	\$25,568,372	35	\$2,585,945
VETERANS MORTGAGE PROGRAM (TAX-EXEMPT)	334	\$38,328,062	607	\$70,264,773	460	\$55,918,065	54	\$6,423,030
MULTI-FAMILY PROGRAM (TAX-EXEMPT)	0	\$0	0	\$0	2	\$6,168,777	0	\$0
TOTAL ALL FIRST MORTGAGES	3,154	\$247,773,583	4,019	\$369,226,136	1,006	\$106,151,648	97	\$9,649,640
SECOND MORTGAGES	4	\$204,100	2	\$148,850	0	\$0	0	\$0
HOAP SECOND MORTGAGES	8	\$357,900	0	\$0	0	\$0	0	\$0
MOBILE HOME LOANS	176	\$2,974,058	146	\$3,736,045	52	\$1,173,840	0	\$0
HOAP NON-CONFORMING	0	\$0	1	\$81,650	0	\$0	0	\$0
TOTAL ALL MORTGAGES & LOANS	3,342	\$251,309,641	4,168	\$373,192,663	1,058	\$107,325,488	97	\$9,649,640
=====								
SPECIAL PROGRAM INCLUDED ABOVE								
HOAP PROGRAM	11	\$737,543	4	\$289,250	2	\$143,295	0	\$0
=====								

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ATTACHMENT #1

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Low and Moderate Income Limit Chart

of Family Members

Areas	1	2	3	4 or more
Anchorage	27,944	31,936	35,928	39,920
Cordova	27,664	31,616	35,568	39,520
Juneau	34,832	39,808	44,784	49,760
Ketchikan	30,240	34,560	38,880	43,200
Kodiak	27,496	31,424	35,352	39,280
Petersburg	27,160	31,040	34,920	38,800
Sitka	32,032	36,608	41,184	45,760
Valdez	27,664	31,616	35,568	39,520
Wrangell	27,160	31,040	34,920	38,800
All other areas	25,872	29,568	33,264	36,960

6hoflc

ATTACHMENT #2

CSACITY

ALASKA HOUSING FINANCE CORPORATION
 STATISTICAL ABSTRACT
 MORTGAGES HELD BY CITY
 PERIOD ENDING: DECEMBER 31, 1991

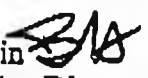
CITY	MORTGAGE LOANS	% OF MORTGAGES	PRINCIPAL BALANCES	% OF DOLLARS
ANCHOR POINT, AK	46	.110	2,390,132.09	.073
ANCHORAGE, AK	19,667	46.820	1,590,122,165.16	48.305
ANDERSON, AK	4	.010	255,723.65	.008
ANIAK, AK	3	.007	228,869.32	.007
AUKE BAY, AK	23	.055	1,590,633.27	.048
BARROW, AK	31	.074	2,336,957.16	.071
BETHEL, AK	151	.359	10,055,923.29	.305
BETTLES FIELD, AK	1	.002	20,502.31	.001
BIG LAKE, AK	38	.090	2,556,897.75	.078
CANTWELL, AK	2	.005	102,717.32	.003
CENTRAL, AK	1	.002	78,892.01	.002
CHITNA, AK	2	.005	42,904.04	.001
CHUGIAK, AK	788	1.876	70,505,655.04	2.142
CLAM GULCH, AK	5	.012	360,240.96	.011
CLEAR, AK	1	.002	120,310.31	.004
COOPER LANDING, AK	7	.017	452,636.25	.014
COPPER CENTER, AK	17	.040	641,062.84	.019
CORDOVA, AK	124	.295	7,458,962.03	.227
CRAIG, AK	7	.017	295,798.75	.009
DELTA JUNCTION, AK	148	.352	9,396,591.06	.285
DILLINGHAM, AK	32	.076	1,814,115.11	.055
DOUGLAS, AK	165	.393	11,804,749.61	.359
EAGLE RIVER, AK	2,590	6.166	251,383,687.52	7.637
ELFIN COVE, AK	1	.002	38,544.20	.001
ESTER, AK	13	.031	930,422.77	.028
FAIRBANKS, AK	4,495	10.701	320,696,802.48	9.742
FORT YUKON, AK	2	.005	53,575.10	.002
GAKONA, AK	3	.007	303,131.83	.009
GALENA, AK	7	.017	321,245.40	.010
GIRDWOOD, AK	95	.226	7,929,189.19	.241
GLENNALLEN, AK	37	.088	2,231,106.21	.068
HAINES, AK	78	.186	3,689,066.28	.112
HEALY, AK	31	.074	2,883,278.49	.088
HOMER, AK	382	.909	27,599,876.63	.838
HOONAH, AK	7	.017	253,744.82	.008
HOPE, AK	1	.002	54,341.87	.002
HOUSTON, AK	21	.050	1,061,568.78	.032
HYDABURG, AK	1	.002	17,675.31	.001
INDIAN, AK	7	.017	560,058.36	.017
JUNEAU, AK	2,840	6.761	227,282,625.23	6.904
KAKE, AK	3	.007	130,203.72	.004
KASILOF, AK	56	.133	4,067,039.17	.124
KENAI, AK	933	2.221	64,812,155.54	1.969
KETCHIKAN, AK	1,039	2.473	81,704,582.56	2.482
KING COVE, AK	1	.002	21,991.72	.001
KING SALMON, AK	4	.010	384,987.28	.012
KODIAK C.G., AK	7	.017	749,025.64	.023
KODIAK, AK	548	1.305	38,982,549.93	1.184



520 East 34th Avenue
Anchorage, AK 99503
(907) 561-1900
P.O. Box 101020
Anchorage, AK 99510

MEMORANDUM

TO: Rick Solie
c/o Senator Frank's Office

FROM: Barry L. Hulin 
CEO/Executive Director

DATE: May 1, 1992

You have asked what effect the proposed merger will have on AHFC's bond rating. On April 2, 1992, Mark Cameron, AHFC's Chief Financial Officer and I met in New York with both Standard & Poors and Moodys. We explained the proposed merger and the potential financial impact on the Corporation. Both organizations said that it was not unusual for a financial agency to have a public housing and rural lending function within the Corporation. Both indicated that the important issue is the continuing financial integrity of the Corporation and its ability to maintain sufficient resources to back up its general obligation which is pledged to all our bond issues. They would continue to monitor the progress of the bill in addition to any efforts to significantly "raid" the resources of AHFC.

ec

Chapter IV Fourth Quarter Residential Lending in Alaska

Survey Found \$133.0 Million in Mortgage Loans Made in Alaska

According to our survey of 12 major mortgage lenders in Alaska, lenders made 1,206 single-family loans totaling \$133.0 million on homes that had a market value of \$159.9 million (see table 4-1).¹ The average sales price was \$132,577, and the average loan size was \$110,244. This resulted in a loan-to-value ratio of 83.2%, which meant that lenders required an average 16.8% down payment. About 62 percent of the loans were insured by the Federal Housing Administration (FHA), Veterans Administration (VA), Housing and Urban Development (HUD), or by private mortgage insurance (PMI).

During the fourth quarter, the average effective interest rate was 8.68%.² The range of interest rates was from about 8.25%-11.00%. There was a downward trend to rates during the quarter, so that the average effective rate at the end of the fourth quarter was 8.66%.

Almost two-thirds of loan activity occurred in Anchorage and MatSu. Communities other than the six largest in the state comprised less than nine percent of loan volume. Anchorage also had the highest average sales price at \$151,048. Average loan-to-value ratios were highest in MatSu, the Kenai Peninsula Borough, and Juneau. Fairbanks and Ketchikan loans had loan-to-value ratios considerably less than the statewide average.

AHFC Accounted For About One-Third of the Mortgage Market

AHFC accounted for 36.2% of the number and 34.3% of the dollar amount of single-family home loans in the fourth quarter of 1991 (see figures 4-1 and 4-2). When calculated using total home values, however, AHFC's market share is 31.5% (see figure 4-3). By a considerable margin, the corporation was most important in the Anchorage, MatSu, and Kenai areas.³ AHFC played a smaller role in the Fairbanks and Juneau markets. It was a far less significant factor in Ketchikan and in locations other than the six largest cities.

AHFC Served the Low End of the Market

Fourth quarter 1991 data showed that AHFC tended to serve the low end of the market. The average sales price of homes financed by AHFC was \$115,253 (see figure 4-4). That was only 80.9% of the \$142,422 average price of homes financed by other lenders. AHFC-financed homes had higher average prices than non-AHFC-financed homes only in the Kenai. In Anchorage, the average price of AHFC-financed homes was \$124,688, only 73.7% of the \$169,115 average value of non-AHFC-financed homes.

Differences between AHFC and other lenders narrowed somewhat when comparing average loan sizes because AHFC loaned a larger percentage of the sales price (see figure 4-5). The corporation's statewide loan-to-value ratio of 90.4% was 13.3% higher than the 79.8% loan-to-value ratio of other lenders (see figure 4-6). AHFC had a higher loan-to-value ratio than other lenders everywhere except in the Kenai. That was also the only area in which AHFC-financed homes had a higher average sales price compared to other lenders. The largest difference between AHFC and other lenders occurred in Fairbanks, where AHFC's loan-to-value ratio was 94.7% compared to only 73.7% for other lenders.

AHFC, then, financed a higher proportion of lower-priced homes and provided loans which were a higher percentage of the home's value. This increased the corporation's value to lower income buyers and to buyers who had good incomes but lacked the necessary down payment required by other lenders. This finding likely resulted at least in part by differences in interest rates between different AHFC programs. Regular mortgage loans, using the taxable bond program, were available at interest rates exceeding 10.0%, putting AHFC at a competitive disadvantage to other lenders. First-time buyers and veterans programs, using tax-exempt bond financing, were available at interest rates which were competitive with alternative financing sources. The increased importance of these programs to AHFC likely tended to lower the average home price and raise the average loan-to-value ratio.⁴

On the other hand, the MLS data, discussed in the previous chapter, showed that AHFC has served the low end of the market for a period of time. During that time period, AHFC did not always face the interest rate disadvantage that it experienced in the fourth quarter of 1991. Thus, it is likely that future data will continue to show that AHFC serves a large share of the low end of the housing market.

That implies a significant social benefit, but there is also a potential problem. If the lower-than-average sales prices imply that AHFC serves a larger-than-average share of lower income borrowers, the corporation's higher-than-average loan-to-value ratios may indicate that it takes more risk than other lenders. This could make the corporation more vulnerable to adverse effects of any new economic downturn. On the other hand, given the historical mission of AHFC to serve the lower end of the market and to increase homeownership in the state, the data suggest the corporation is meeting that challenge.

Housing Affordability Using Lender Data

Based on data obtained from our survey of lenders, including AHFC, the preliminary statewide Affordability Index for single-family homes in the fourth quarter of 1991 was 1.49 (see figure 4-7).⁵ Thus, it took 1.49 persons earning the mean income for a household to qualify for an 85.0% mortgage on the mean-priced single-family home at an effective interest rate of 8.68%.

To compare this with the Index as calculated in Chapter I using AHFC data only, the

Affordability Index was computed exactly as in Chapter I using the mean, rather than the median, home price for AHFC-financed loans.⁶ This resulted in a statewide Index of 1.55 earners to qualify for a 90.0% mortgage on the mean-priced single-family home using the AHFC interest rate for its taxable program, shown in Chapter I. Thus, the Index using the survey lender data was only about 3.9% below that based on AHFC data alone.

This means that the higher mean sales price, which resulted from including non-AHFC lenders, was more than compensated by the significantly lower interest rate and the lower loan-to-value ratio. The loan-to-value ratio cuts both ways, of course. A lower value means a smaller mortgage and smaller required income. This makes the loan easier to qualify for, but increases the required down payment. Housing may seem more affordable, but still may be difficult to purchase for young, first-time buyers who have difficulty meeting down payment requirements.

Not only was the statewide Index similar using AHFC and survey lender data, but the ranking of the communities was the same also (see figures 4-7 and 4-8, and map 4-1). The absolute values for each community were not generally the same, but the relative rankings were identical. For example, using AHFC data, the Index for Ketchikan would have been 1.94 compared to 1.66 using the survey lender data. In either event, Ketchikan had the largest value for the index. The Rest of the State category had almost the same values, with 1.36 based on AHFC and 1.35 based on survey data. Likewise, Anchorage's Index, which was 1.62 based on AHFC data, was almost the same at 1.63 using survey data.

This is a useful finding. Since the Affordability Index developed in Chapter I has data going back to 1987, it is good to see that the relative rankings and the statewide value are similar. It is clear, however, that short-term trends would not be the same since AHFC interest rates on the taxable program change only when the corporation sells bonds, whereas survey rates should change quarterly. Since it is often useful to make year-ago comparisons, this publication will continue to present the Affordability Index as in this chapter and in Chapter I through the fourth quarter of 1992. Thereafter, only survey lender data will be used to reflect market interest rates and a broader representation of lenders.

Footnotes to Chapter IV:

¹Only two lenders other than AHFC reported making condominium loans. Therefore, this chapter deals with single-family home loans. The number of single-family loans by community is similar to the MLS data reported for those locations in Chapter III. It is not clear why lending activity for condominiums would not be anything like the MLS sales reported in the last chapter. At this point, the conclusion would be that other lenders, such as other banks or sellers themselves, are financing condominium sales.

²Most lenders did not report any points associated with loans. Some included the effect of points in their reported interest rates. For those that used points and did not reflect them in the rates, we calculated the effective rate on fixed-rate 30-year mortgage loans. The effective rate does not include processing fees and administrative costs.

³Except for MatSu, AHFC's market shares, discussed here, are not dramatically different from those discussed in Chapter III in areas providing MLS data. Using MLS data, AHFC's market share of the number of loans in MatSu was only 32.5% compared to 57.8% using lender data. There was less than a percentage point difference in Anchorage, however. Finally, MLS data somewhat understated AHFC's share in Fairbanks and overstated it in the Kenai Peninsula Borough.

⁴First-time home buyers generally purchase smaller, lower-priced homes. To determine the significance of the role of interest rate differences between programs and other lenders, it will be necessary to analyze future trends when AHFC's taxable loan program has competitive rates. If under those circumstances AHFC still serves the low end of the market, that would suggest that factors other than simply interest rates were important.

⁵The Index was calculated as it was in Chapter I, but using survey data. Thus, the mean sales price of \$132,577 was used along with the average effective interest rate of 8.68%. The loan-to-value ratio was assumed to be 85.0%, and the same mean income was used in this chapter as in Chapter I.

⁶The mean sales price of AHFC-financed single-family homes (with and without a garage) was \$115,253. That was 10.3% greater than the median price of \$104,500. Chapter I used median prices. Mean prices were higher than median prices in most locations, with the exception of Ketchikan. There, the mean sales price was \$138,792 compared to the median of \$159,400. The largest positive difference was in the Kenai where the mean was \$105,285 and the median was only \$85,000. Other things being equal, using the higher mean sales price would increase the Index and show housing as less affordable.

Appendix A Technical Note on the Affordability Index

The Affordability Index in Chapter I is a measure of ease or difficulty in qualifying for a single-family residential mortgage. It compares the amount of income required to qualify for a 90% mortgage loan to purchase the median-priced home with the average wage and salary income in a particular part of the state at a specific time. As difficulty in qualifying for the loan increases, housing can be said to be less affordable. As difficulty in qualifying decreases, housing can be said to be more affordable.

The size of the loan is calculated at 90% of the purchase price of the home. Using the interest rate in effect at the time of the purchase, the monthly mortgage payment (principal and interest only) on a 30-year, fixed-rate mortgage is computed. Dividing that monthly payment by the underwriting standard (24%) gives the amount of monthly income the lender requires of the borrower to qualify for the mortgage.

Using the unemployment insurance wage file, the mean (average) wage and salary income (per worker) is calculated for each geographic area for each quarter. Dividing the minimum income required to qualify for a mortgage by the average wage income yields the number of persons, earning the average wage, a household needs to qualify for an average mortgage. This is the Affordability Index value for the geographic area for a particular time.

More specifically, it is an indicator of the ease or difficulty of qualifying for an average mortgage. A larger number means that the household must contain a greater number of people, who are earning the average wage income, in order to qualify for the mortgage. If the indicator gets larger over time in a particular geographic area, this implies that it is becoming more difficult to qualify for the average home in that area. During a particular quarter of any specific year, the value of the indicator in one area can be compared to that of another area. Again, housing is considered to be less affordable in the area with the larger value for the indicator. The indicator is area specific since it is based on the home prices and incomes in that area during a particular time.

The Affordability Index in Chapter I is based solely on AHFC loans. It does not discriminate between new and existing homes, although most new AHFC loans are currently for existing homes. Reliance on AHFC data presents a major limitation. First, AHFC is not an active lender in all parts of the state. Second, with few loans in some locations in some quarters, it is possible that the home prices are not representative of average prices in the area. As a result, the Index values for specific areas can show considerable volatility and should be used with caution. Readers should use longer term trends, and not be overly concerned with short-term swings in the Index values.

The Affordability Index in Chapter IV is based on data provided by a survey of 12 major lenders

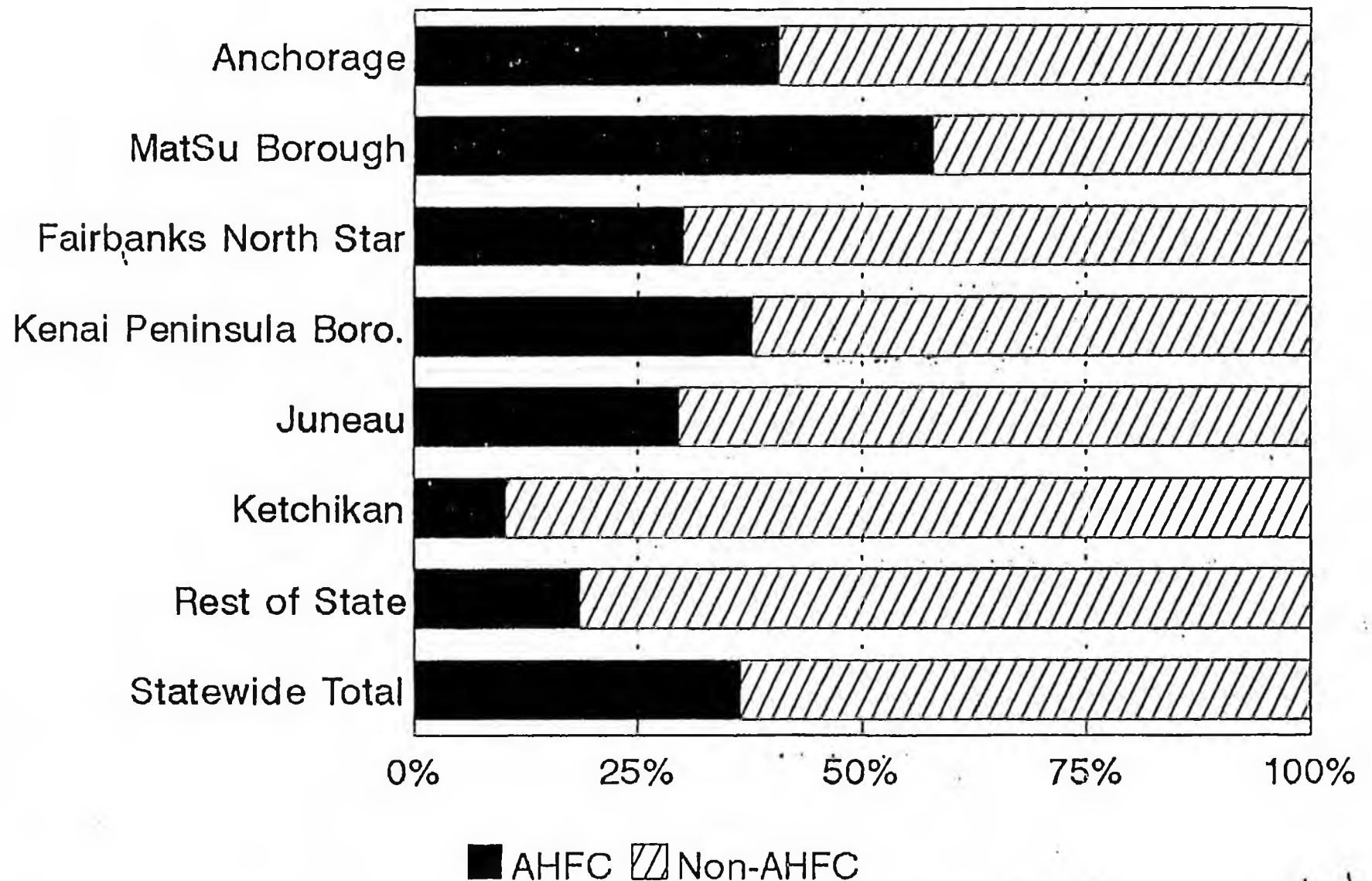
in Alaska. It is calculated in a similar way as in Chapter I, but using mean survey home prices, loan rates, and an 85.0% loan-to-value ratio. This is a major improvement over the Index reported in Chapter I, although historical data are lacking to make year-ago comparisons. In time, the report will switch over to presenting the Index based only on the survey responses.

Table 4-1
Single-Family Loan Activity in Alaska Including AHFC
4th Quarter 1991

Location	Number of Loans	Average Loan (\$)	Total Loans (\$)	Average Sales Price (\$)	Total Sales Price (\$)	Loan-To-Value Ratio (%)
Anchorage	659	125,017	82,386,242	151,048	99,540,427	82.8
MatSu Borough	64	81,279	5,201,867	88,539	5,666,474	91.8
Fairbanks North Star	147	83,535	12,279,616	105,050	15,442,391	79.5
Kenai Peninsula Borough	93	86,481	8,042,728	98,191	9,131,799	88.1
Juneau	95	106,042	10,074,036	123,471	11,729,742	85.9
Ketchikan	29	109,969	3,189,100	143,504	4,161,618	76.6
Rest of State	119	98,993	11,780,184	119,457	14,215,411	82.9
Statewide Total	1,206	110,244	132,953,773	132,577	159,887,862	83.2

Source: Survey of 12 private and public mortgage lenders; Alaska Department of Labor, Research and Analysis Section.

AHFC 4th Quarter 1991 Market Share Number of Single-Family Home Loans

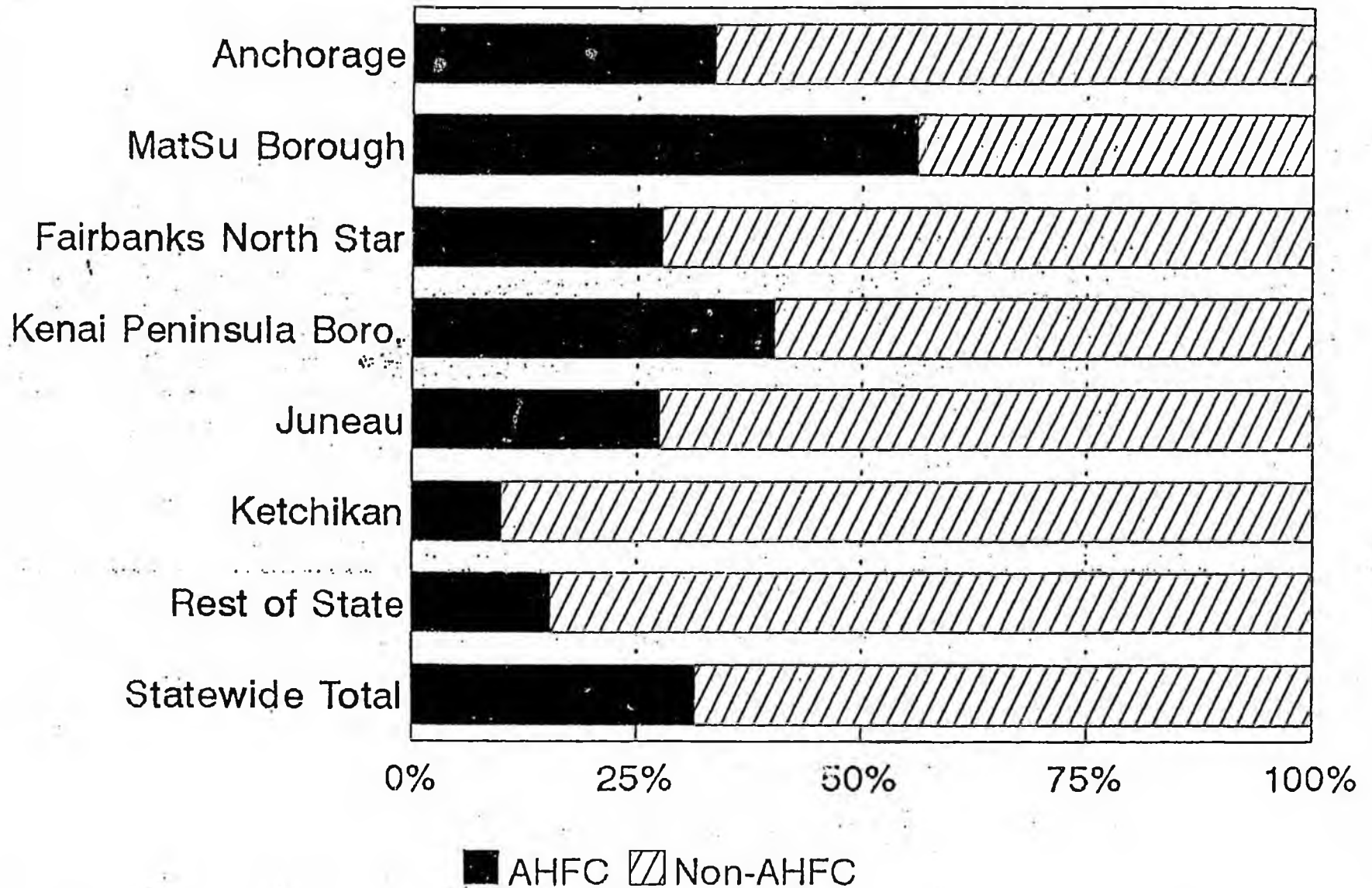


Note: Based on survey of 12 mortgage lenders in Alaska.
 Source: Alaska Department of Labor, Research & Analysis Section.

4-1

AHFC 4th Quarter 1991 Market Share

Total Value of Single-Family Homes Financed



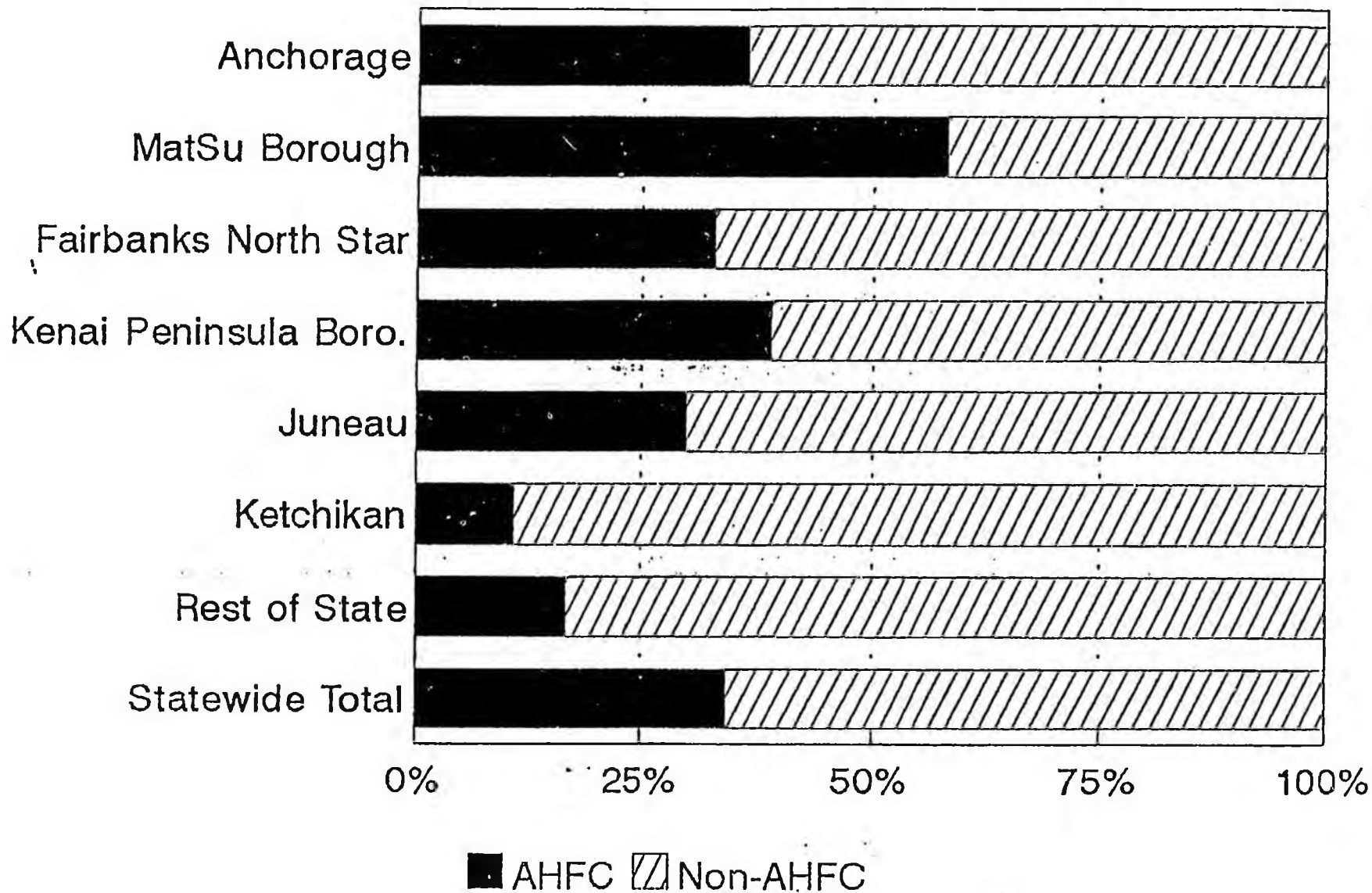
Note: Based on survey of 12 mortgage lenders in Alaska.

Source: Alaska Department of Labor, Research & Analysis Section.

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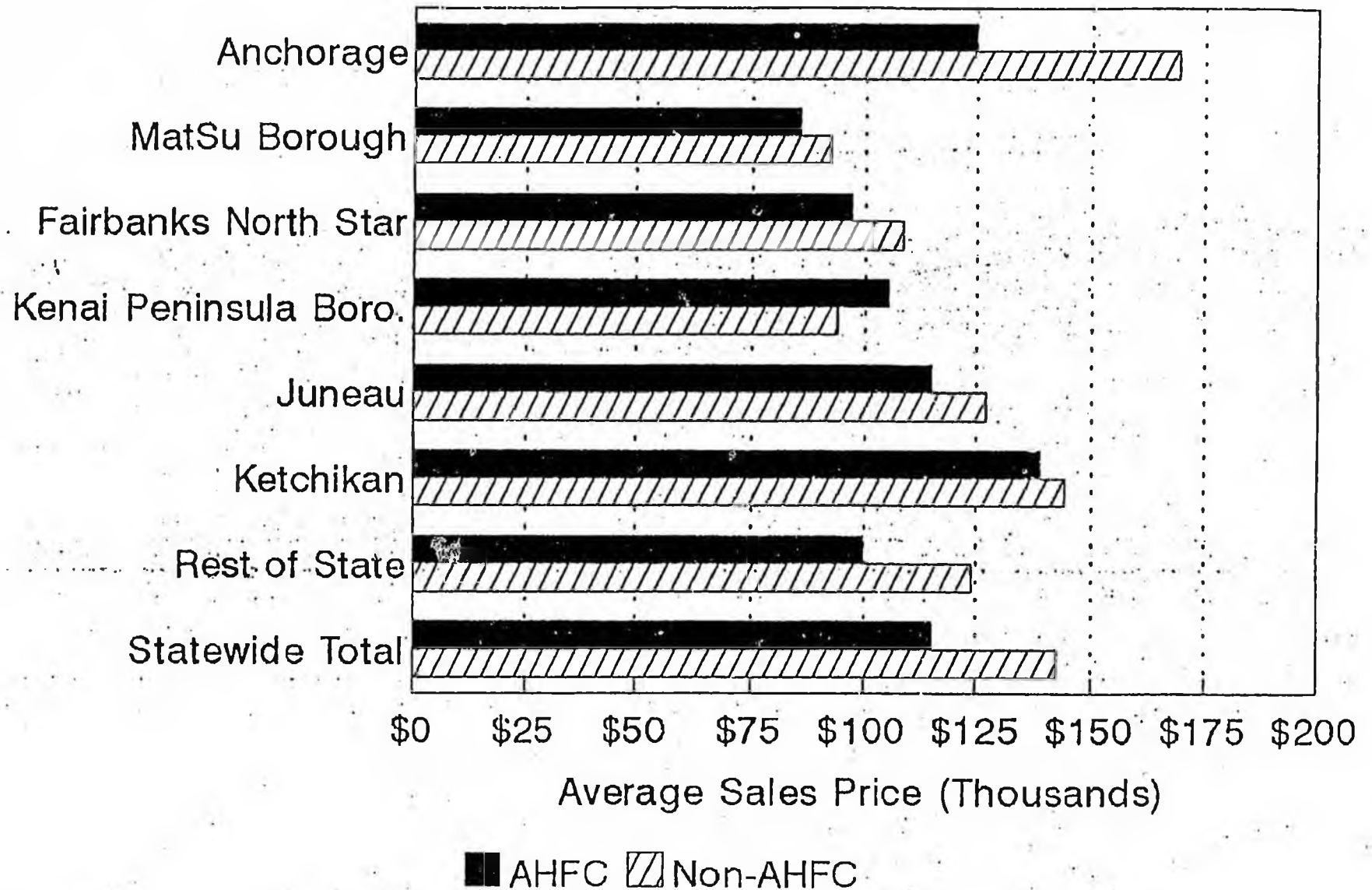
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AHFC 4th Quarter 1991 Market Share Dollar Volume of Single-Family Home Loans



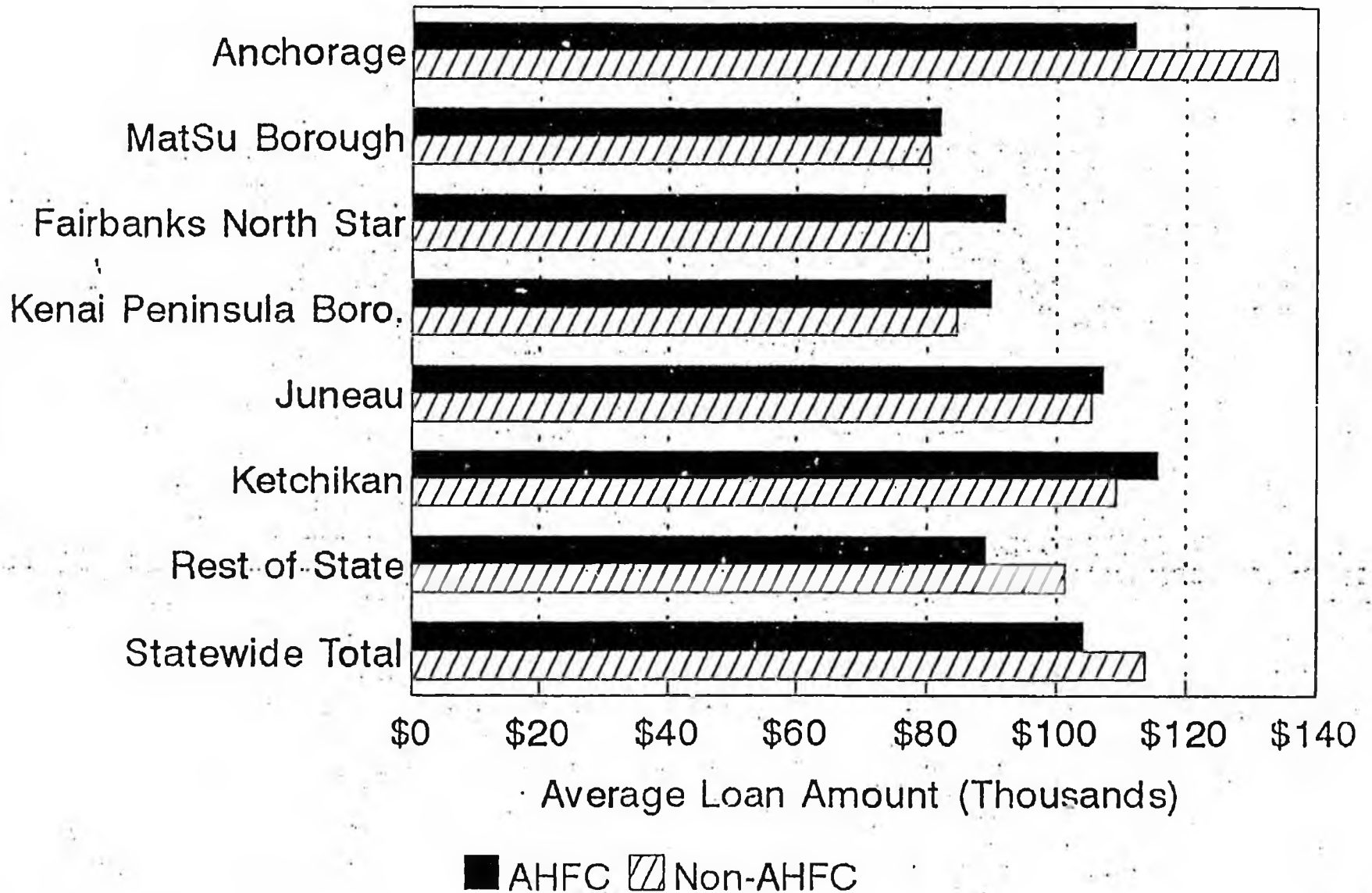
Note: Based on survey of 12 mortgage lenders in Alaska.
Source: Alaska Department of Labor, Research & Analysis Section.

AHFC and Non-AHFC Average Sales Price Single-Family Homes, 4th Quarter 1991



Note: Based on survey of 12 mortgage lenders in Alaska.
Source: Alaska Department of Labor, Research & Analysis Section.

AHFC and Non-AHFC Average Loan Amount 4th Quarter 1991

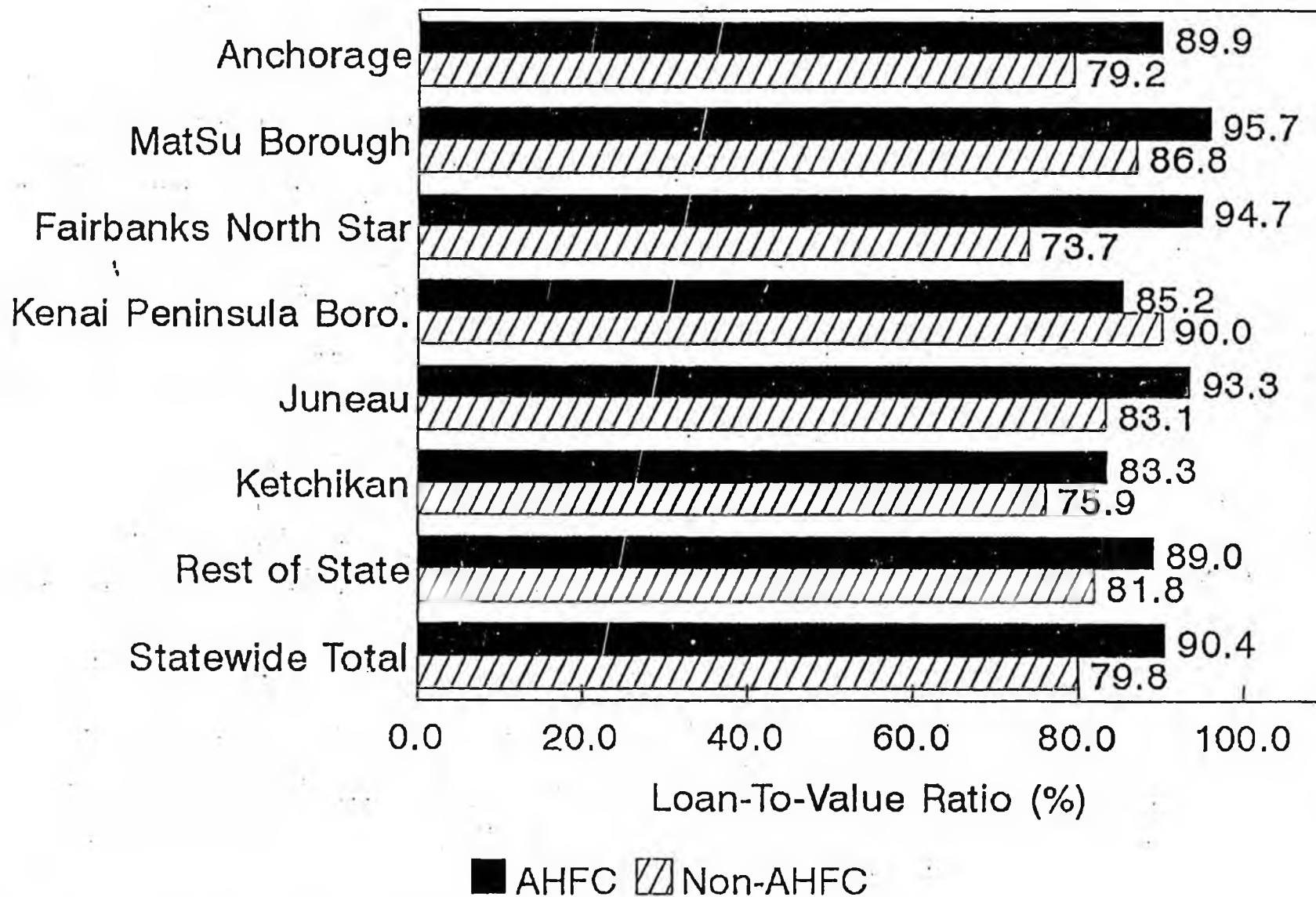


Note: Based on survey of 12 mortgage lenders in Alaska.

Source: Alaska Department of Labor, Research & Analysis Section.

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AHFC and Non-AHFC Average Loan-To-Value Ratios Single-Family Homes, 4th Quarter 1991

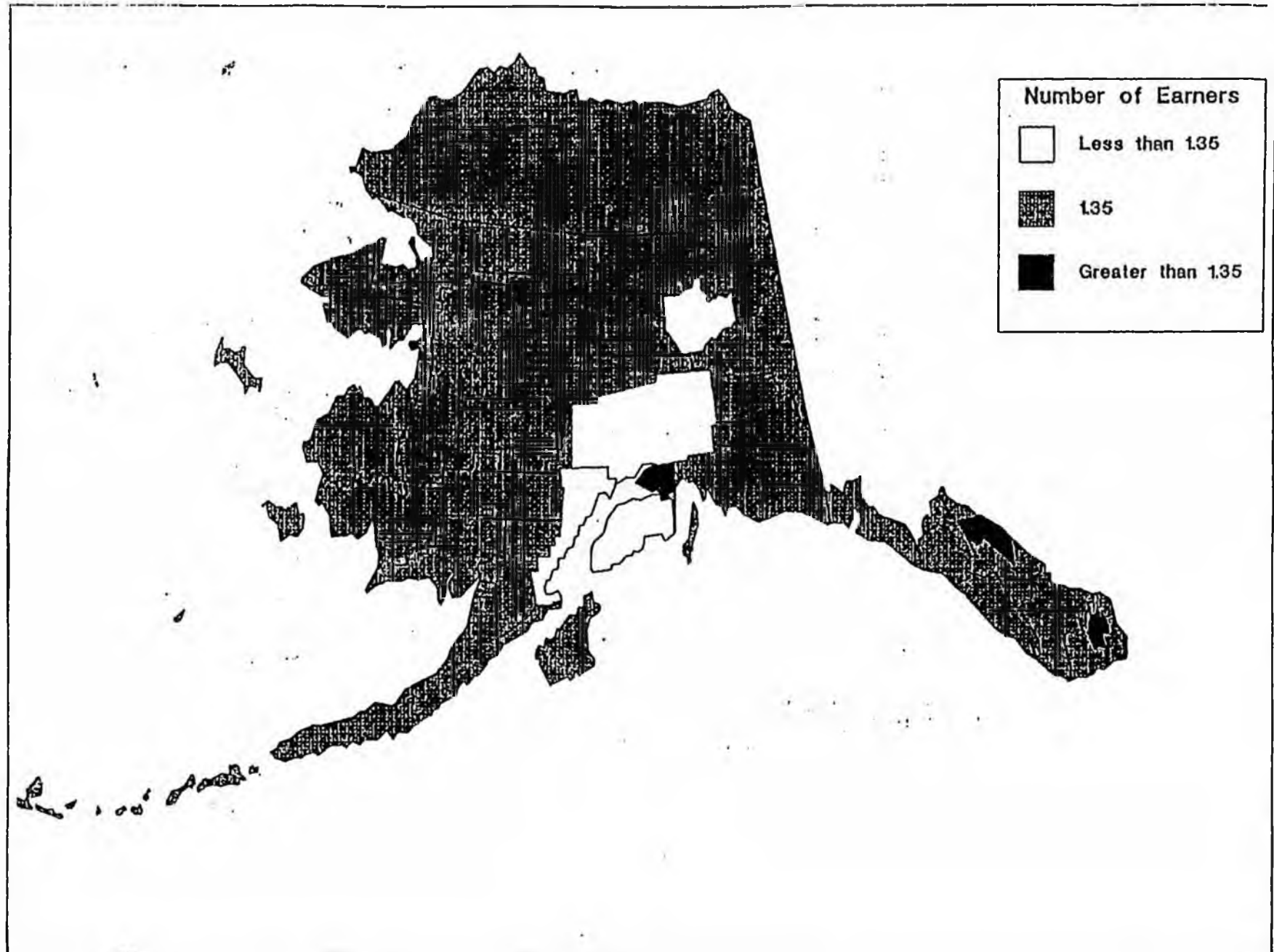


Note: Based on survey of 12 mortgage lenders in Alaska.

Source: Alaska Department of Labor, Research & Analysis Section.

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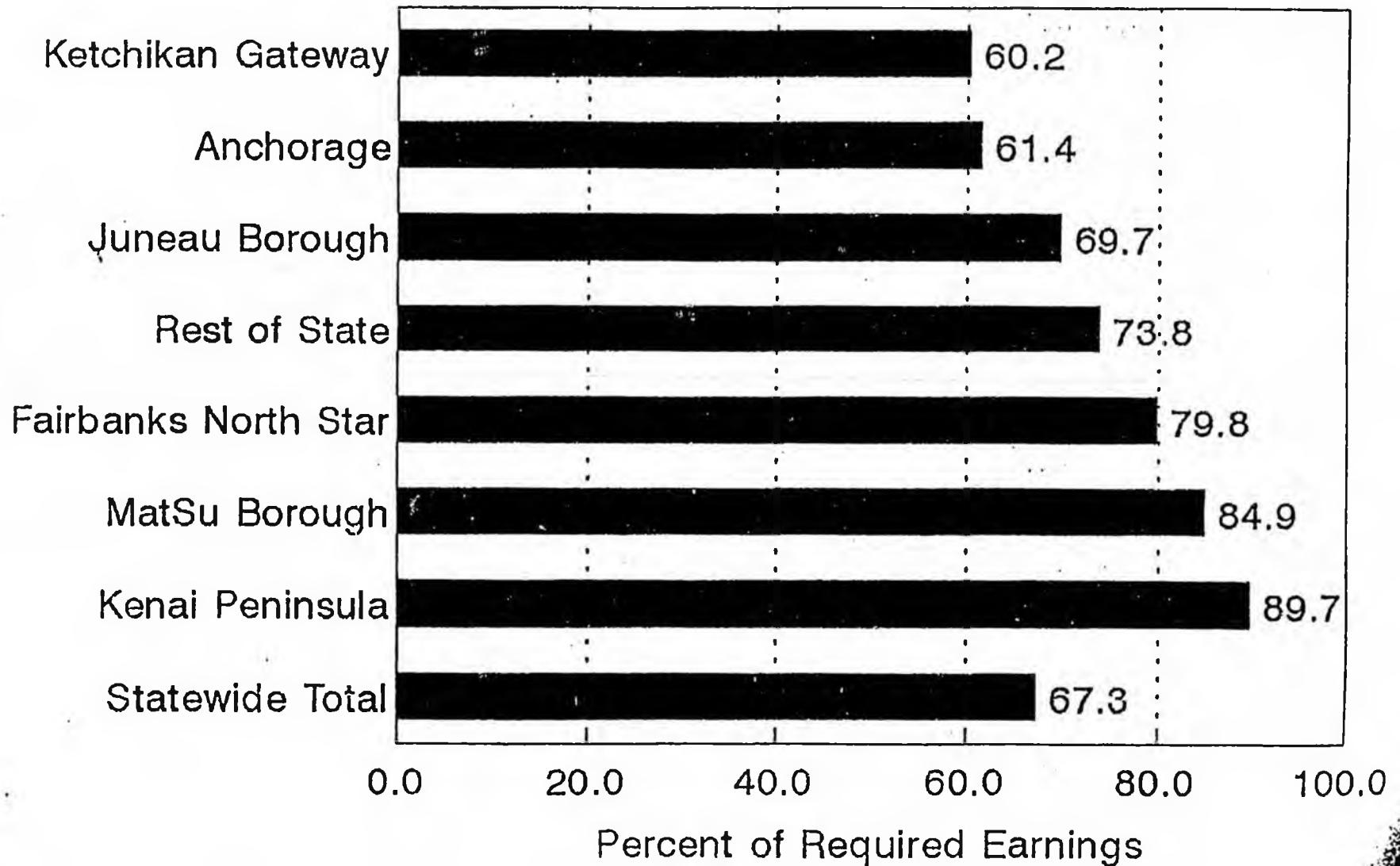
Affordability Index, Single-Family Residences Private and Public Agency Lenders 4th Quarter 1991



Note: Index is number of earners needed to qualify for an 85% mortgage.

Source: Alaska Department of Labor, Research & Analysis Section.

Income As Percent of Required Earnings, Single-Family Residences Private and Public Agency Lenders 4th Quarter 1991



Note: Mean monthly income as percent of earnings required to qualify for an 85% mortgage.
Source: Alaska Department of Labor, Research & Analysis Section.