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402

SENATE COMMITTEE REPORT  
FIRST COMMITTEE OF REFERRAL

DATE: 2/14/92

FURTHER:

Date of 5-Day Notice: 2/27/92  
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: \_\_\_\_\_

CRA Committee considered SB 402

"An Act relating to the use of the housing assistance loan fund; and providing for an effective date."

and recommends:

replace with \_\_\_\_\_ CS 402 (CRA)

same title  
 new title  
 technical title change (HB only)

attaches amendment(s)

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 CRA

fiscal notes \_\_\_\_\_

appropriation--no fiscal note

**PREVIOUS FISCAL NOTES:** Dept/Date

Governor's bill with fiscal notes:

zero fiscal notes \_\_\_\_\_

fiscal notes \_\_\_\_\_

**DO PASS:**

**OTHER RECOMMENDATIONS:**

*[Handwritten signatures]*

*[Handwritten signature: No Pass]*

*[Handwritten signature]*  
Chair: Signature and Recommendation

FISCAL NOTE

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

BILL NO. SB 402

Revision Date: \_\_\_\_\_ Department Affected: Community and Regional Affairs  
 Title: "An Act relating to the use of the housing assistance loan fund; and providing for an effective date." BRU: \_\_\_\_\_  
 Sponsor: Senator Schultz Component: \_\_\_\_\_  
 Requestor: (S) C&RA COMPONENT SERIAL NO. 

0	0	0	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						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL						
REVENUE FUND SOURCE:						

FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary.)

Changes in CS SB 402 (CRA) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.  
3/3/92 date CS Comte Aide (initial)

Prepared By: Remond Henderson Phone: 465-4708  
 Division: Administrative Services Division Date: 2/20/92  
 Approved by Commissioner: Ed. Meyer Date: 2/20/92  
 Agency: Department of Community and Regional Affairs

7-LS2043ND  
Luckhaupt  
2/26/92

CS FOR SENATE BILL NO. 402 ( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY

Offered:  
Referred:

Sponsor(s): SENATOR SHULTZ

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to rural housing loans by regional housing authorities; relating to the  
2 use of the housing assistance loan fund; and providing for an effective date."

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

4 \* Section 1. AS 18.55.997(b) is amended to read:

5 (b) In this section,

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

8 (?) "rural" has the meaning given in AS 44.47.560 [MEANS

9 (A) A COMMUNITY IN THE SECOND, THIRD, OR FOURTH  
10 JUDICIAL DISTRICT OF THE STATE WITH A POPULATION OF 4,500 OR LESS  
11 THAT IS NOT CONNECTED BY ROAD OR RAIL TO ANCHORAGE OR  
12 FAIRBANKS; OR

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

1 \* Sec. 2. AS 44.47.560(3) is amended to read:

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

5 \* Sec. 3. AS 44.47.560(5) is amended to read:

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 1,500 or  
10 less that is connected by road or rail to Anchorage or Fairbanks [; OR

11 (B) A COMMUNITY IN THE FIRST JUDICIAL DISTRICT OF THE  
12 STATE WITH A POPULATION OF 4,500 OR LESS];

13 \* Sec. 4. This Act takes effect July 1, 1992.

# STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

## DEPT. OF COMMUNITY & REGIONAL AFFAIRS

150 THIRD STREET  
JUNEAU, ALASKA 99801-1291  
PHONE: (907) 465-4700

### OFFICE OF THE COMMISSIONER

949 E. 36TH AVENUE, SUITE 400  
ANCHORAGE, ALASKA 99508-4302  
PHONE: (907) 563-1073

February 21, 1992

#### POSITION PAPER

RE: SB 402

SPONSOR: Senator Schultz

#### Program Effects of Bill:

SB 402 amends present law to permit the Department to make loans from the housing assistance loan fund to owner-occupied, single family housing and owner-occupied duplexes in which not more than 25 percent of the gross floor area is or will be devoted to commercial use. Heretofore, there was no provision in the statutes governing the loan fund to allow any commercial use in housing financed by the loan fund.

The bill also raises the cap on the size of rural community that may be served by the housing assistance loan fund from 4500 to 5500. Please note: an apparent typographical error on page 2, line 1. The amendment was intended to read 5500, not 5000. A new provision found in lines 12 and 13, on page 1, allows the Department to serve communities with a population of 1500 or less that are connected to Fairbanks or Anchorage by road or rail.

#### Comments:

The Department supports the changes proposed in SB 402 (including correction of the typographical error on page 2). The proposed bill will enlarge the geographic area within which the Department can make loans; it will ensure that larger remote communities such as Nome and Bethel can continue to be served; and it recognizes the importance in a rural context of allowing a limited portion of a home to be used for commercial activities since that may be the only way space for commercial activities can be provided.

*Edgar Blatchford*  
Edgar Blatchford, Commissioner



Official Business

# Alaska State Legislature

P.O. Box V  
State Capitol  
Juneau, Alaska 99811

## SUMMARY OF WORK DRAFT FOR PROPOSED CS SB 402 ( )

Section 1: Amends the definition of rural in the residential loan section found under the articles of the Regional Native Housing Authorities in Title 18 Housing, Urban Renewal and Regional Housing Authorities. This amendment conforms the definition of rural to the definition found in section 3 of the work draft.

Section 2: Amends definition of "housing" to allow the use of not more than 25% of the gross floor area (of a H.A.D. financed dwelling) as part of a commercial enterprise.

Section 3: Amends the definition of rural. This definition places restrictions on the communities in which loans for nonconforming housing can be made. This revision changes the population limit from 4,500 to 5,500 in those areas not connected by road or rail to Anchorage or Fairbanks. For those communities connected to either Anchorage or Fairbanks by road or rail, a population cap of 1,500 is established.

Section 4: Effective date of July 1, 1992.

This work draft is identical to CS HB 431 (CRA), reported 7DP out of the House Community and Regional Affairs committee.

## GENERAL INFORMATION REGARDING HOUSING LEGISLATION

The two major changes proposed in this legislation are designed to enhance the ability of the program to serve the needs of the Rural parts of the state and make financing available in areas that are not adequately served by existing financial institutions.

1.) In-home business opportunity This legislation adds a provision to the existing law that allows 25% of a home, that the program makes a loan on, to be used for an in-home business. Basically most small business in Rural Alaska first starts in the home as a family operation. The businesses range from native handcrafts to family riverboat tours.

Typically the business starts in the home then, if it is successful and there is a large enough demand for the service or products produced, the business expands to its own building and site.

Cottage industry in Rural Alaska is a very significant part of Rural economies in particular during the off season when there is no fishing and food gathering going on in the community.

The primary purpose of the Housing Loan program is to make resources available for housing in Rural Alaska. This being the case, the use of 25% of the home for commercial purposes is secondary under this program. This is the reason that 25% was selected as a reasonable portion of the home to be used for this purpose. The intent is not for an individual to apply for a housing loan and turn it into a store with a single bedroom.

In addition the Department of Community and Regional Affairs has other programs that can assist with the business aspects of the in-home business itself. These programs could be used together in concert with the end result being warm and healthy living conditions and an enhancement of local economic development opportunities.

This amendment is not designed to misdirect the intent of the Housing loan program, this amendment is designed to enhance the lives of Rural people and the status of local economies.

2.) Rural Definition- This amendment expands the definition of "Rural" to allow the program to serve additional areas of the state that presently do not have financing available to them from traditional financial institutions. This amendment allows the program to serve the communities that meet the following new criteria:

A.) Communities on the Alaskan Highway or rail System that have populations of 1500 or less and are in the 2nd, 3rd, or 4th judicial district.

B.) Communities with a population of 5,500 or less that are not connected by road or rail to Fairbanks or Anchorage and are in the 2nd, 3rd, or 4th judicial district.

C.) Communities in the first judicial district with a population of 5000 or less.

This change is being proposed because of the lack of available financing in these areas. Traditional financial institutions (banks) are not interested in financing homes in Rural Alaska because they do not want to have the burden of monitoring and managing these loans. Furthermore most banks in Alaska have committed their loan proceeds in urban areas and in costal areas that are already developed and do not have much interest in serving other parts of the state.

Rec'd 2/19/92

# Alaska State Legislature

## SENATOR DICK SHULTZ

P.O. Box V  
Juneau, Alaska 99811  
(907) 465-4940  
Home: P.O. Box 487  
Tok, Alaska 99780


Member  
Finance Committee  
Transportation Committee  
Special Committee on Oil & Gas

Senate  
District J

### MEMORANDUM

District 17

ALCAN BORDER  
ANDERSON  
BIG DELTA  
BOUNDARY  
CANTWELL  
CHICKEN  
CHISTOCHINA  
CLEAR  
COPPER CENTER  
DELTA JUNCTION  
DENALI PARK  
DOT LAKE  
DRY CREEK  
EAGLE  
EAGLE VILLAGE  
GAKONA  
GLENNALLEN  
GULKANA  
HEALY  
HEALY LAKE  
KENNY LAKE  
MENDELTA  
MENTASTA LAKE  
NABESNA  
NELCHINA  
NENANA  
NORTHWAY  
PAXSON  
SLANA  
TANACROSS  
TAZLINA  
TETLIN  
TOK  
TOLSONA  
TONSINA

TO: SENATOR FRANK  
FROM: SENATOR SHULTZ   
DATE: FEBRUARY 19, 1992  
RE: SB 402

\*\*\*\*\*

Senate bill 402 which I have introduced has been referred to your committee. The bill seeks to amend the definition of rural as it applies to eligibility for housing loans. Presently persons in my district have to compete with urban residents for housing money. With the changes in this bill my constituents would be considered rural and would draw from the same pool of money as residents from other rural areas of the state.

I would sincerely appreciate a hearing on this bill at your earliest possible convenience.

District 18

BADGER ROAD  
EIELSON/  
MOOSE CREEK  
NEWBY  
NORTH POLE  
PLACK  
RICHARDSON  
SALCHA

Thank you.