HB

467

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)
Date Referred: March 16, 1994

FURTHER REFERRALS:

Date of Committee Action: 3/25/94 am

The FINANCE Committee considered:

HB 467

HOUSE BILL NO. 467

AHFC HOUSING LOANS

"An Act relating to housing programs of the Alaska Housing Finance Corporation and of regional housing authorities, and permitting regional housing authorities to make, originate, and service loans for the purchase and development of residential housing in the state's small communities."

RECOMMENDATIONS:

[ ] the same title
be replaced with _____ [ ] 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)

[ ] fiscal impact _____
[ ] zero fiscal note _____

APPROVES PREVIOUS: (Dept/Date)

[✓] fiscal note(s) Revenue 3/16/94
[ ] zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
Eileen P. MacLean (MacLean)	✓				
Ronald J. Larson (Larson)	X	Mark Hanley (Hanley)		X	
Ben Grussendorf (Grussendorf)	X	Terry Martin (Martin)		X	
Jim Hoffman (Hoffman)	✓	Scott Parnell (Parnell)		X	
Tam Brown (Brown)	✓	Jane Thernquist (Thernquist)		X	
Richard Foster (Foster)	X				

Ronald J. Larson / E P MacLean (MacLean)
CO-CHAIRMAN'S SIGNATURE

No. 1
Bill Version: HB 467
(H) Publish Date: 3/16/94

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL

Revision Date: March 9, 1994
Title: An Act relating to housing programs of the AHFC and regional housing authorities...
Sponsor: Rep MaClean
Requestor: House CRA

Dept. Affected: Department of Revenue
BRU: Alaska Housing Finance Corp
Component: Operations
COMPONENT SERIAL NO. 0110

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
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	4,100.0	4,100.0	4,100.0	4,100.0	4,100.0	4,100.0
REVENUE FUND SOURCE:	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTTA	0	0	0	0	0	0
1022 Corporation Receipts	4,100.0	4,100.0	4,100.0	4,100.0	4,100.0	4,100.0
TOTAL	4,100.0	4,100.0	4,100.0	4,100.0	4,100.0	4,100.0

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 (FY94) impact: $ 0

ANALYSIS: (Attach a separate page if necessary.)

For the portion of the bill that increases the Supplement Housing Development Grants to 30 percent match from 20 percent; from Alaska Housing Finance Corporation receipts, up to additional $4.1 million annually (capital budget) depending upon secured U.S. Housing & Urban Development funding (presently the supplemental housing development grant fund is at $8.2 million at the 20 percent match level).

Prepared by: Judith DeSosin
Phone: (907) 561-1900
Division: Alaska Housing Finance Corporation
Date: March 9, 1994
Approved by
Date: 3/9/94
Agency: Darrel J. Hexwinkel, Commissioner
Alaska Department of Revenue

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LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

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130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM February 17, 1994

SUBJECT: House Bill 467 -- Sectional analysis (Work Order No. 8-LS-1613\E)

TO: Representative Eileen MacLean
ATTN: David Harding

FROM: Jack Chenoweth
Legislative Counsel

The measure deals, generally, with housing. More specifically, it modifies key elements or features of housing programs of the Alaska Housing Finance Corporation that operate in rural areas and authorizes regional housing authorities to serve as seller-servicers of loans in the state's small communities.

Bill section 1: This section, an amendment to AS 18.55.997 relating to the powers granted to regional housing authorities, (1) would add to the powers currently granted that of originating and serving residential housing loans (in AHFC parlance, it would grant the regional housing authorities the status of "seller-servicer" of AHFC loans) and (2) expands the authorities' ability to operate geographically by substituting reference to "small community" for "rural" and by eliminating the limitation that restricts program operations to parts of the state outside of "an area where the corporation has a loan office."

Bill section 2: The substantive amendment made in this bill section incorporates reference to the exception made by AS 18.55.998(f).

Bill section 3: Under current law, the portion of the grant that may be made by AHFC for residential housing for which financial assistance is to be provided by the U.S. Department of Housing and Urban Development is limited to 20 percent of the total development cost per unit. This bill section proposes an exception under which the AHFC contribution may increase to as much as 30 percent of total development cost per unit if the corporation determines that "costs of installation of safe and sanitary on site sewer and water facilities to serve [the] residential housing" would cause the total project cost to exceed the 20 percent limitation on total development cost per unit. The draft intends no reciprocal reduction or loss in the amount of

support by the federal agency, only an increase in the AHFC contribution to try to be responsive on these additional water and sewer installation costs.

*

The remainder of the bill makes changes in the current "nonowner-occupied" housing program of the Alaska Housing Finance Corporation. The nonowner-occupied housing program now limits financial assistance to each of the following **in which the owner may not reside:** single-family units and multi-plex buildings containing up to eight units. As its name implies, the AHFC program chiefly supports the development of rental units. The changes made in the following sections are intended to remove the restriction imposed on owner-occupancy in order to allow the owner to occupy. Since the program could no longer properly be styled "non-owner occupied housing," the bill proposes to describe it as "rental" housing.

Bill section 4: The changes made in this bill section are technical. Since the nature of the changes made in the following bill sections is to remove the restriction on owner-occupancy (and the program ought not, therefore, to bear the name "nonowner-occupied" housing), the revision on page 4 restates the current restriction on total AHFC loans in terms that reflect the change.

Bill sections 5 and 6: AS 18.56.580 now sets out the "non-owner occupied housing program." The amendments in the respective sections substitute reference to "rental" for reference to "nonowner-occupied" to describe this program.

Bill section 7: The changes (1) substitute the term "rental housing" for "non-owner occupied housing"; (2) expand the limitation on the number of eligible multi-plex units from 8 to 16; (3) permit the owner to occupy one of those multi-plex units; and (4) limit the program to operating in the state's "small communities," a term already defined for purposes of these housing programs. See AS 18.56.600(2), set out in the bill's section 8.

Bill section 8: The amendments (1) broaden, in subparagraph (A), the definition of "housing" for purposes of certain other AHFC programs to cover owner-occupied housing with as many as four units under one roof (the limit in the current definition is two units), and (2) excludes, in subparagraph (B), assistance under the various other AHFC programs for development of housing units that would be built under the former "non-owner occupied", now retitled "rental," housing program of AS 18.56.580. The purpose of subparagraph (B) is to preclude a prospective borrower from being eligible under the various housing assistance programs.

JBC:gc:pl
94-130.glc

Post-it™ brand fax transmittal memo 7671	# of pages ▸ 1
To David Harding	From Karen King
Co. Rep. Maclean	Co. KIHA
Dept.	Phone # 486-8111
Fax # 463-3241	Fax # 486-4432

Kodiak Island
Housing Authority

MEMORANDUM

TO: David Harding
% Rep. Maclean

FROM: Karen King
Kodiak Island Housing Authority

DATE: March 9, 1994

SUBJECT: House Bill No. 467

House bill 467 will further assist regional housing authorities in our efforts to offer housing opportunities to communities on a local level.

SECTION 1
Home mortgages will be promptly available for residents of small communities by authorizing regional housing authorities to make, originate, and service loans within their jurisdiction. Currently, AHFC loan originations are not readily available to all communities. By not having local origination authority, the service delivery is impeded, requiring residents to go through an inordinate amount of effort based solely on logistics. The current situation only serves to make procuring a home mortgage, which is a stressful situation in the best of circumstances, inefficient and daunting.

SECTION 3
The Association of Alaska Housing Authorities strongly supports the corporation's increased contribution to federally funded housing developments from 20% to 30%. We would encourage a revision to the proposed language which would allow the funding to be utilized on "off-site" sewer and water facilities. Flexibility to permit the use of funding for on-site or off-site situations, based on local circumstances, will insure sufficient funds are available to develop viable, credible housing units.

A recently completed development in Craig, Alaska required an inordinate amount of development funds be utilized for off-site water/sewer facilities. The usual agencies available to the housing authority to support the development, PHS, BIA, and HUD, were unable to fully support the off-site needs which jeopardized the entire development. Combined with the difficulty in actually defining where on-site, off-site water/sewer expenses begin and end, and lack of funds, the community struggled with bringing the development to fruition.

By allowing the corporation's proposed 30% contribution to be utilized based on local circumstances, the State of Alaska could demonstrate strong support for the federal funds that are available for the housing needs of low-income Alaska residents.

2815 Woody Way, Kodiak, Alaska 99615-6991, Phone (907) 486-8111, FAX (907) 486-4432

Alaska State Legislature

Please enter into the record my testimony to the House Community & Regional Affairs committee name

committee on HB 467 / AHFC Housing Loans bill/subject, dated 3/10/94

Memo: Pro-testimony for HB 467

From: Craig H. Johnson
Associated Island Brokers Inc.

Date: March 10, 1994

Re: Supporting this legislation

Today I attended a teleconference hearing at our local LIO. Essentially what this does is allow FHA-type financing for rural Alaska. As an owner of the largest real estate office serving the Kodiak area I've seen over the past 10-15 years a definite need for this type of program. As a member of the Alaska Association of Realtors I know that this is unlikely to attract the attention of non-rural Alaska.

The program as it now exists finances single-family & duplex owner-occupied, this bill will expand that to up to 4-plex owner-occupied. Rental property can now be financed up to 8-plex non-owner occupied. This bill would allow up to 16 units & allow the owner to reside in the complex if desired (now that's prohibitted).

Since we don't have the option in rural Alaska for copnventional or FHA financing in all cases we have depended on the State for assistance. That's why the rural program exists & these changes are helpful to better serve the housing needs for our state. Call me with questions; office, 486-2000, home, 486-4826.

Signed: _____

Sincerely,

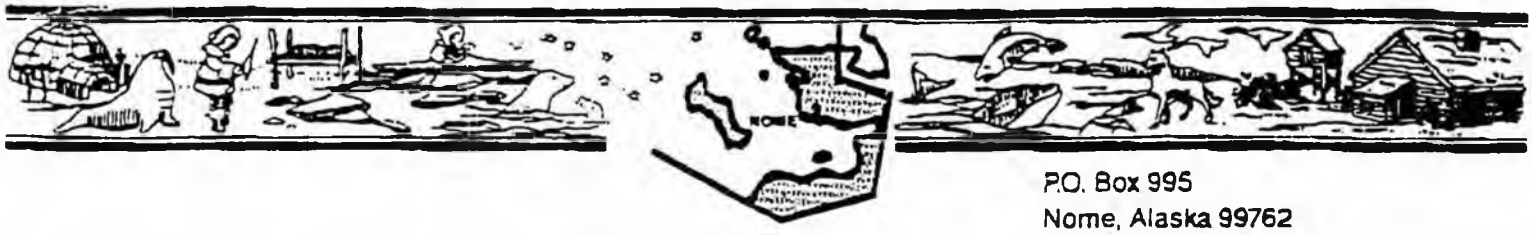
Testifier: Craig H. Johnson / ASSOC. ISLAND BROKERS INC.

Representing (Optional)

Address: 216 CENTER, STE 200 KODIAK AK 99615

Phone No.: 907-486-2000

Legislative Information Office



BERING STRAITS REGIONAL HOUSING AUTHORITY

P.O. Box 995
Nome, Alaska 99762
443-5256 or 5257
FAX No. (907) 443-2160

TESTIMONY IN SUPPORT OF HB 467

The Bering Straits Regional Housing Authority is in support of HB 467 and agrees with the testimony and comments offered by the Association of Alaska Housing Authorities. Our specific comments concern inclusion of sewer and water facilities in the Supplemental Housing Grant program.

The funding cycles of projects for improvement of community sanitation facilities are often not coordinated among various federal, state, and local agencies. Alaska's Housing Authorities accomodate the gaps in project planning, scheduling, and implementation by incorporating alternate approaches to sanitation. For example, permanent plumbing may be installed in a homes walls in anticipation of an expected project, but temporary water, water storage, waste storage, and plumbing are also installed to allow occupancy until the community's sanitation facilities are upgraded. This costs more money which is not anticipated by HUD's cap for Total Development Costs. These costs are very appropriate for Supplemental Housing Grants.

Some community facility needs are also overlooked when a planned water and sewer project is anticipated to uprgrade the community system. Funding for costs of the "off-site" facilities are likewise appropriate. Examples include short extensions of water and sewer mains, additional "honeybucket" bins, and connections to community septic systems which require service lines beyond individual lot lines.

I appreciate the opportunity to offer these comments in support of HB 467.

Sincerely,

Bruce Kovarik
Executive Director

March 10, 1994

(7)

Date Referred: February 11, 1994 FURTHER REFERRALS: Finance

Date of Committee Action: 3-15-94

The COMMUNITY AND REGIONAL AFFAIRS Committee considered: HB 467

HOUSE BILL NO. 467 AHFC HOUSING LOANS

"An Act relating to housing programs of the Alaska Housing Finance Corporation and of regional housing authorities, and permitting regional housing authorities to make, originate, and service loans for the purchase and development of residential housing in the state's small communities."

RECOMMENDATIONS: [X] the same title

be replaced with _____ [ ] a new title

[ ] have attached amendments(s)

[ ] do pass

[ ] do not pass

[X] no recommendations

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept)

[X] fiscal impact Revenue

[ ] zero fiscal note _____

APPROVES PREVIOUS: (Dept/Date)

[ ] fiscal note(s) _____

[ ] zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
W.R. Williams	✓	Jim Sanders		✓	
[illegible]	✓	[illegible]		✓	
		Fred Wilks		✓	
		Harley Ollberg		✓	

Harley Ollberg

CHAIRMAN'S SIGNATURE

Sponsor Statement
HB 467
Rep. Eileen P. MacLean

HB 467 makes changes to the Rural Loan Program of the Alaska Housing Finance Corporation in order to increase the availability of loan services and to encourage more investment in rural housing.

Current law does not specifically authorize regional housing authorities to originate or service loans in areas where AHFC has a regional office. This prevents housing authorities in Fairbanks, Kotzebue, Nome, Bethel, Dillingham and Juneau from generating and servicing loans for AHFC. Some of these authorities are located in areas with the greatest need for new housing.

Housing authorities often have more contact with villages and a better understanding of local conditions in remote areas. Many authorities are involved in HUD housing projects in the outlying communities. This makes them ideally suited to handle AHFC loans. HB 467 would authorize this practice in statute.

The bill also encourages greater investment in rural housing by allowing owner-occupants to finance up to four units in a complex and by allowing owners to inhabit larger rental complexes.

Finally, HB 467 allows AHFC to increase its participation in projects with unusually high water and sewer installation costs without reducing the amount of the federal contribution to such projects.

HB 467 has a zero fiscal note and is supported by AHFC and builders throughout the state.

Alaska Housing
FINANCE CORPORATION

520 East 34th Avenue
Anchorage, AK 99503-4199
(907) 561-1900

P.O. Box 101020
Anchorage, AK 99510-1020

To:

House CRA Committee

From:

Robert L. Brean
Director, Rural Housing
AHFC

RE: Agency comments on HB 467

****

AHFC feels that HB 467 is a positive pro-active bill that provides for flexibility and consideration of the Rural Housing programs providing service to Rural Alaska.

Rural Housing has worked jointly with Rep. MacLean and her staff to provide for the elements of HB 467 which are as follows:

1.) The Regional housing authorities statewide would be authorized through HB467 to originate and service residential loans in small communities in their respective regions. This provision further empowers the regional housing authorities to provide service in their region with the support of AHFC as apposed to AHFC attempting to duplicate a service at a local and regional level. AHFC supports and advocates this concept.

2.) AHFC,s Rural Housing Programs would be authorized through HB 467 to increase the allowable match of the Housing and Urban Development Grants to the Regional Housing Authorities from 20% to 30% on a case by case basis. Presently the Supplemental Housing Grant Program provides a 20% match to HUD,s total development cost of housing units in Rural Alaska. In some cases the 20% match is insufficient to provide for adequate water and sewer systems. This provision of the bill increases the allowable match to go up to 30% on a case by case basis for water and sewer features. AHFC supports and advocates this concept.

3.) AHFC,s Rural Housing Programs would be authorized through HB 467 to expand the definition of " rental housing" from eight units to sixteen units and allow the owner to occupy the complex in order to provide for on site operation an maintenance and protection of the owners investment. This action enhances local economic development opportunities throughout Rural Alaska. AHFC supports and advocates this concept.

4.) AHFC,s Rural Housing Programs would be authorized through HB 467 to expand the definition of " housing" to mean a dwelling containing up to four units as apposed to a dwelling containing up to two units. This definition also allows for the enhancement of local economic development opportunities throughout Rural Alaska. AHFC supports and advocates this concept.

In general we feel that this legislation is positive, constructive, and promotes the local economies and well being of Rural Alaska. We recommend support of HB 467.