

HB

467

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HB 487

Revision Date: March 8, 1994

Dept. Affected: Department of Revenue

Title: An Act relating to housing programs of the AHFC and regional housing authorities...

BRU: Alaska Housing Finance Corp

Sponsor: Rep MacClean

Component: Operations

Requestor: House CRA

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
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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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/MHTIA	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 DeSpain

Phone: (907) 561-1900

Division:

Alaska Housing Finance Corporation

Date: March 8, 1994

Approved by

Darrel J. Hexwinkel, Commissioner
Alaska Department of Revenue

Date: 3/9/94

Agency:

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SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

DATE: 3/30/94

FURTHER: L&C
JUDICIARY

DATE TURNED INTO OFFICE: _____

The CRA Committee considered HOUSE BILL NO. 467

"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."

and recommends:

replace with _____ CS _____ ()

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

FISCAL NOTE INFORMATION

Department	Date	Zero	Fiscal
DOR	3/9/94		\$4,100.00

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

Governor's Bill with Previous Fiscal Notes (enter information above)

DO PASS:

Al Adams

Paul J. Bennett

Chris Taylor

John A. Kuman

Rest E. Kelly D. Per

Chair, Signature and Recommendation

OTHER RECOMMENDATIONS:

APR 11 1993

ALASKA STATE LEGISLATURE

Representative Eileen Panigeo MacLean
Co-Chair House Finance Committee
P.O. Box 830
Barrow, Alaska 99723
(907) 852-7111

WHILE IN JUNEAU
State Capitol, Room 507
Juneau, Alaska 99801-1182
465-4833
465-4525
463-3241 FAX

HOUSE OF REPRESENTATIVES

MEMORANDUM

District 37

North Slope
Borough

Anaktuvuk Pass
Atkasuk
Barrow
Kaktovik
Nulqsut
Point Hope
Point Lay
Wainwright

Northwest Arctic
Borough

Ambler
Buckland
Deering
Giana
Kivalina
Kobuk
Kotzebue
Noatak
Noorvik
Selawik
Shungnak

Seward Peninsula

Brevig Mission
Diomedes
Shishmaref
Teller
Wales

TO: Senator Randy Phillips, Chairman
Senate Community and Regional Affairs Committee

FROM: Rep. Eileen P. MacLean *Eileen*

DATE: April 11, 1994

RE: Hearing request for HB 467

This is to request a hearing for HB 467 in the Senate Community and Regional Affairs Committee.

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

Current law prohibits regional housing authorities from originating or servicing loans in regions where AHFC has a regional office. Housing authorities often have more contact with villages and a better understanding of local conditions in remote areas. This makes them ideally suited to originate and service AHFC loans. HB 467 would authorize this in statute.

The bill also encourages greater investment in rural housing by allowing owners to finance and inhabit larger multi-unit rental complexes.

Finally, HB 467 allows AHFC to increase its participation in HUD-financed projects with unusually high water and sewer installation costs.

I appreciate your consideration of this request.

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.

DIVISION OF LEGAL SERVICES

**LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA**

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

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.



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 opporrunities 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 throughou+ 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.

National Bank of Alaska



Mortgage Loan Department P.O. Box 107025 Anchorage, Alaska 99510-7025 (907) 257-3434 Fax (907) 257-3412
1300 W. Benson Blvd. Fourth Floor Anchorage, Alaska 99503-3656

Representative Eileen MacLean

RE: H B 467

Dear Representative MacLean:

We have reviewed House Bill 467; changes which would be implemented by passage of 467 would assist in providing affordable housing for rural Alaskans.

NBA has branches in many rural areas of the state and we recognize the need for housing in those areas. We support passage of H B 467.

Please call me at 257-3442 if I can be of any assistance.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Lucille Stierz'.

Lucille Stierz
Sr. Vice President



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.

ASSOCIATION OF ALASKA HOUSING AUTHORITIES
520 E. 34th Ave. #109
Anchorage, AK 99503
(907) 562-7119

Senator Randy Phillips
State Capitol
Juneau, AK 99801-1182

Dear Senator Phillips:

The Association of Alaska Housing Authorities would like to testify at a hearing on HB 467, currently in the Senate Community & Re Aff Committee.

The Association of Alaska Housing Authorities consists of one of the state's 14 regional housing authorities and the Alaska Finance Corporation, through its rural housing efforts.

We consider HB 467 to be a very important piece of legislation for regional housing authorities to originate and service AHFC thus bringing needed housing finance opportunities to many remote areas of the state.

We would be happy to testify to the merit of this bill when a hearing is scheduled.

Thank you very much,

Sincerely,



Heather Arnett
Executive Coordinator
Association of Alaska Housing Authorities

RI

ASSOCIATION OF ALASKA HOUSING AUTHORITIES
520 E. 34TH #109
Anchorage, AK 99503
(907) 562-7119

APR-22-94 SAT 9:04

AK HOUSING FIN 3RD FLOOR

FAX NO. 5610364

P. 01

FAX TRANSMITTAL

TO: *Sen. Randy Phillips*

FROM: Heather Arnett

DATE: 4-21-94

SEND TO FAX NO: *465-4979*

.....
Cover Letter plus *1* page(s). Please call (907) 562-7119 and contact Heather if this was not properly received.

SPECIAL INSTRUCTIONS/NOTES: