

HB

192

CS FOR HOUSE BILL NO. 192(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES FOSTER, Ivan

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to housing programs of the Alaska Housing Finance Corporation,
2 to the corporation's supplemental housing development grants to regional housing
3 authorities, and to housing programs of regional housing authorities, and
4 permitting regional housing authorities to make, originate, and service loans for
5 the purchase and development of residential housing."

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

7 * Section 1. AS 18.55.997(a) is amended to read:

8 (a) In addition to the powers authorized to a regional housing authority under
9 AS 18.55.996, a regional housing authority may, in accordance with procedures and
10 policies adopted and approved by the Alaska Housing Finance Corporation, make,
11 originate, and service loans for the purchase or development of residential housing
12 [IN RURAL AREAS OF THE STATE, OTHER THAN IN AN AREA WHERE THE
13 CORPORATION HAS A LOAN OFFICE]. A loan shall be secured by collateral in

1 an amount acceptable to the corporation. The rate of interest on a loan authorized by
2 this subsection

3 (1) in a rural area of the state [SECTION] may not exceed the
4 interest rate on a loan originated or purchased under AS 18.56.400 - 18.56.600; and

5 (2) outside a rural area of the state may not exceed the rate
6 established by the corporation under the provisions of AS 18.56 that are
7 appropriate for the mortgage loan.

8 * Sec. 2. AS 18.55.998(a) is amended to read:

9 (a) There is created in the Alaska Housing Finance Corporation a supplemental
10 housing development grant fund. Using corporate earnings or other available funds, the
11 corporation shall make grants to regional housing authorities established under
12 AS 18.55.996 for

13 (1) the cost of [ON-SITE] sewer and water facilities, whether on-site
14 or off-site;

15 (2) road construction to project sites;

16 (3) [,] energy efficient design features in homes; [,] and

17 (4) extension of electrical distribution facilities to individual residences.

18 * Sec. 3. AS 18.55.998(b) is amended to read:

19 (b) A grant made under this section

20 (1) may be made only for residential housing for which federal loan or
21 grant approval has been obtained from the United States Department of Housing and
22 Urban Development and that [WHICH] will be made available to the public on a
23 nondiscriminatory basis;

24 (2) [. A GRANT] may not be used to retire or repay obligations or
25 debts of the grant recipient;

26 (3) [. A GRANT] may only be for the difference between the maximum
27 amount available under federal law or regulation for construction of the residential
28 housing for which the grant is made and the actual costs of the construction; and

29 (4) [. A GRANT] may not exceed 30 [20] percent of the United States
30 Department of Housing and Urban Development total development cost per unit in
31 effect at the time the grant is made.

1 * Sec. 4. AS 18.55.998(c) is amended to read:

2 (c) A grant made by the corporation to a regional housing authority under
3 this section

4 (1) [GRANT MONEY] may be used by the regional housing
5 authority only for the purpose and the permissible use for which the grant was
6 made:

7 (2) may not [PURPOSES SPECIFIED IN (a) OF THIS SECTION.
8 NO PART OF THE GRANT MONEY MAY] be used for administrative or other costs
9 of a regional housing authority, whether the costs are directly associated with the
10 construction or general costs of the authority.

11 * Sec. 5. AS 18.55.998(d) is amended to read:

12 (d) The Alaska Housing Finance Corporation shall

13 (1) adopt regulations to carry out the purposes of this section; the [.
14 THE] provisions of AS 18.56.088(a) and (b) apply to regulations adopted under this
15 section; and

16 (2) establish a priority system for the allocation of money for grants
17 to pay for off-site sewer and water facility improvements authorized by
18 AS 18.55.998(a)(1).

19 * Sec. 6. AS 18.56.440 is amended to read:

20 Sec. 18.56.440. LIMITATIONS ON USE OF HOUSING ASSISTANCE
21 LOAN FUND. The corporation may not use the money in the housing assistance loan
22 fund to

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

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

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

30 (i) 80 percent of the appraised value of the work
31 completed on the small community housing for which the loan is made

1 if the small community housing is pledged as collateral for the loan; or
2 (ii) 90 percent of the value of other property that is
3 pledged as security for the loan and that is satisfactory to the
4 corporation as collateral;

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

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

10 (3) originate direct loans or purchase or participate in the purchase of
11 a small community housing mortgage loan that is secured by real property the
12 marketable title to which is shown under AS 18.56.480(b)(2) if the total amount of
13 outstanding small community housing mortgage loans held by the corporation exceeds
14 10 times the amount of money in the restricted title loss reserve account established
15 by AS 18.56.490;

16 (4) originate a direct loan for small community housing or purchase or
17 participate in the purchase of a small community housing mortgage loan, other than
18 a loan for the repair, remodeling, rehabilitation, or expansion of an existing
19 owner-occupied residence, if the borrower has an outstanding housing loan made under
20 a state loan program, other than a loan for [NONOWNER-OCCUPIED] housing under
21 AS 18.56.580 or for nonowner occupied housing under former AS 44.47.520, that
22 bears interest at a rate that was less than the prevailing market interest rate for similar
23 housing loans at the time the loan was made;

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

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

1 * Sec. 7. AS 18.56.580(a) is amended to read:

2 (a) In addition to the powers authorized by AS 18.56.400, the corporation may
3 adopt regulations under AS 18.56.088 allowing the use of money in the housing
4 assistance loan fund to make loans for the purchase or development of rental
5 [NONOWNER OCCUPIED] housing in small communities.

6 * Sec. 8. AS 18.56.580(c) is amended to read:

7 (c) The principal amount of loans made for rental [NONOWNER
8 OCCUPIED] housing under this section may not exceed 20 percent of the total
9 principal amount of loans made for small community housing under AS 18.56.400 -
10 18.56.600.

11 * Sec. 9. AS 18.56.580(d) is amended to read:

12 (d) In this section,

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

15 (2) "rental ["NONOWNER OCCUPIED] housing" means a
16 single-family residence that is not occupied by the owner or a multi-family residence
17 having up to 16 [EIGHT] dwelling units, one of which may be [AND THAT IS NOT]
18 occupied by the owner; the corporation may modify this definition if it determines that
19 there is a special need for rental [NONOWNER OCCUPIED] housing in small
20 communities and that a change in the definition is necessary to enable the corporation
21 to meet that need.

22 * Sec. 10. AS 18.56.600 is amended to read:

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

24 (1) "housing"

25 (A) means owner-occupied housing having four or fewer
26 dwelling units [, SINGLE-FAMILY HOUSING AND OWNER-OCCUPIED
27 DUPLEXES] in which not more than 25 percent of the gross floor area is or
28 will be devoted to commercial use;

29 (B) does not include a multi-family residence that constitutes
30 housing for which a loan is made under the rental housing loan program
31 of AS 18.56.580 when one of the dwelling units in the multi-family

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residence is occupied by the residence owner;

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



ALASKA STATE LEGISLATURE
REPRESENTATIVE RICHARD FOSTER

Session: STATE CAPITOL, ROOM 410, JUNEAU, ALASKA 99811 • 907-465-3789 • FAX 907-465-3242
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COMMITTEE SUBSTITUTE FOR HOUSE BILL 192

The concern has arisen that, as worded, House Bill 192, Section 1, could create unfair competition for urban banks selling mortgages guaranteed by the Alaska Housing Finance Corporation (AHFC). More specifically, the concern was with the Section 1 language "[t]he rate of interest on a loan authorized by this subsection [SECTION] may not exceed the interest rate on a loan originated or purchased under AS 18.56.400 - 18.56.600." Under current law, loans made by regional housing authorities in rural Alaska enjoy the benefit of a one-percent interest rate advantage. But the above language could in effect carry that advantage over into loans made by regional housing authorities in places outside the state's rural areas. In other words, by referring to rural programs which in some cases have lower interest rates, the above wording could allow housing authorities to originate and service loans in urban areas at interest rates lower than rates offered by urban banks -- hence the unfair competition concern.

To level the playing field, the above language has been reworded to: "[t]he rate of interest on a loan authorized by this subsection in a rural area of the state may not exceed the interest rate on a loan originated or purchased under AS 18.56.400 - 600; and outside a rural area of the state may not exceed the rate established by the corporation under the provisions of AS 18.56 that are appropriate for the mortgage loan." With this language, all parties originating and servicing AHFC guaranteed loans would have the same interest rates as their competitors both in urban and rural settings. Urban rates would be the same, rural rates would be the same, and there would be no unfair competition.

9-LS0463K ✓
Chenoweth
3/15/95

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30 housing for which a loan is made under the rental housing loan program
31 of AS 18.56.580 when one of the dwelling units in the multi-family

1 residence is occupied by the residence owner:

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

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. HB 192

Revision Date: _____ Dept. Affected: Revenue
 Title: An Act relating to housing programs of the AHFC, BRU: AHFC
the corporation's supplemental housing development program Component: AHFC Operations, AHFC Rural Housing
 Sponsor: Foster, Elton
 Requester: _____ COMPONENT SERIAL NO. 110, 1937

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
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 EXPENDITURES	5,000.0	5,000.0	5,500.0	5,500.0	6,000.0	6,000.0
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
1022 State Corporation Receipts	5,000.0	5,000.0	5,500.0	5,500.0	6,000.0	6,000.0
TOTAL	5,000.0	5,000.0	5,500.0	5,500.0	6,000.0	6,000.0

Estimate of any current year (FY95) cost: \$ 0.0

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

AHFC Operations: No affect on operating costs - language change only.

AHFC Rural Housing: Capital increase for the Supplemental Housing Development Grant
\$5,000.0 FY96 & FY97, \$5,500.0 FY98 & FY99, \$6,000.0 FY00 & FY01

The Supplemental Housing Development Grant funds can be used for cost of on-site water and sewer facilities, extension of electrical distribution systems, roads to project sites and energy efficient design features in the homes of Indian Housing projects developed by the Regional Housing Authorities with U.S. Dept. of HUD funds.

When the Supplemental Housing Grant Program was instituted in 1982, the State of Alaska's match to HUD funds was established at 20% of the HUD total development cost of the housing projects.

con't next page

Prepared by: [Signature]
 Division: Alaska Housing Finance Corporation
 Approved by: [Signature]
 Commissioner: Deborah Vogt
 Agency: Revenue

Phone: 561-1900
 Date: 2/27/95
 Date: 2/27/95

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ANALYSIS con't

Since that time, the cost of housing development and infrastructure has increased dramatically. When the program was expanded in 1991 to include use for energy efficient design features, the funding level did not increase.

HB192 provides for an increase of 10% by the AHFC to more adequately cover these increased costs. It allows for expanding the Supplemental Housing grant funds so the housing authorities can use them for off-site water and sewer facilities that are required for developing of the HUD housing projects. The state has resolved to recognize the dire water and sanitation conditions in rural Alaska and improve this critical health threatening situation. A Task Force has even been formed to respond to this problem.

The 1988 and 1991 Alaska Rural Housing Needs Assessment showed an immediate need for an additional 6500 housing units in rural Alaska. Because of our continued commitment to alleviating the sub-standard housing conditions of so many of our rural residents, we took this information to HUD headquarters and encouraged HUD to dramatically increase their funding for Indian Housing to the State of Alaska. For example, the HUD contribution for the past 5 years follows:

FFY90	FFY91	FFY92	FFY93	FFY94
\$17,400.0	\$25,300.0	\$30,200.0	\$33,600.0	#####

We were instrumental in getting HUD to lift the Cap on the total development cost allowed per unit from \$92,200 to the cost of development established by the geographical area.

In order for the state of Alaska to continue receiving the much needed funding from the U.S. Dept. of HUD in order to build Indian housing, we need to continue our commitment to provide decent, sanitary housing which is affordable to our rural residents. A 10% increase in the Supplemental Housing Development Grant funds is needed.

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H O U S E B I L L 1 9 2

S P O N S O R S T A T E M E N T

The Alaska Housing Finance Corporation (AHFC) was created in 1971 to provide Alaskans with low-cost mortgage financing. Through its single and multi-family loan programs, public and assisted rental housing, and weatherization and housing-development programs, AHFC has become an important contributor to Alaska's economy.

Although the AHFC is statutorily mandated to serve low and moderate-income and rural Alaskans, AHFC loan originations are not readily available to all communities because regional housing authorities technically do not have local origination authority. "Origination" is the process of accepting loan applications, processing loans, packaging loans to ship for underwriting (AHFC approval), and closing or assisting with closing. As a result of the inability of regional housing authorities to originate loans, residents of rural Alaska must go through inordinate red tape in obtaining mortgages. One objective of House Bill 192 is to enable regional housing authorities to make, originate, and service loans within their jurisdictions, thus making home mortgages more promptly available to rural Alaskans. House Bill 192 does not change AHFC's role; AHFC retains control of final approval of any new loans, so that there is no threat to the overall integrity of its portfolio.

House Bill 192 also seeks to increase the Supplemental Housing Match (SHM) from 20 to 30%. The legislature implemented the SHM program, providing for a 20% match, from the general fund, in order to meet the federal Department of Housing and Urban Development (HUD) requirements for water and sewer facilities, electrical distribution systems, roads to project sites, and energy-efficient design features. Since the program's inception, the SHM has remained at 20%, with no adjustments for inflation. Water and sewer, in particular, is far more costly today than 15 years ago. In fact, in some cases the 20% match may never have been adequate, as, for example, in the Yukon-Kuskokwim delta region, where it has always been extremely costly to install such systems. A match of 30% would more adequately reflect the actual costs incurred in meeting the terms to leverage the funds from HUD. I ask that you bear in mind the beauty of the match -- for a percentage of the project, Alaska can leverage significant HUD (federal) funds.

Through House Bill 192, I seek to improve access to the safe, energy efficient, affordable housing which every Alaskan, rich, poor, urban or rural, deserves. I urge your support.

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MEMORANDUM

TO: House Committee on Community and Regional Affairs
Representative Ivan Ivan, Co-Chair
Representative Alan Austerman, Co-Chair

FROM: Representative Richard Foster *RF*
Co-Chair, House Finance Committee

RE: House Bill 192

DATE: February 22, 1995

House Bill 192, which I am sponsoring, has been referred to your committee. I respectfully request that you schedule it to be heard as soon as possible. To give you some preliminary background on the proposed legislation, I am attaching to this memorandum a copy of my Sponsor Statement. Should you have any questions or concerns, please contact Elizabeth Dronkert, in my office, for assistance. Thank you.

**DIVISION OF LEGAL SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA**

(907) 465-3867 or 465-2450
FAX (907) 465-2029
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Juneau, Alaska 99801-2105

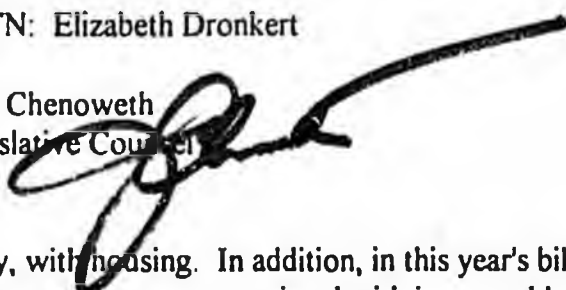
MEMORANDUM

March 14, 1995

SUBJECT: Draft CSHB 192(), relating to AHFC and regional housing authority housing programs -- sectional analysis (Work Order No. 9-LS0463\G)

TO: Representative Richard Foster
ATTN: Elizabeth Dronkert

FROM: Jack Chenoweth
Legislative Counsel



This measure deals, generally, with housing. In addition, in this year's bill as introduced, the measure also addresses infrastructure costs associated with improved housing.

In its initial sections, the bill proposes to modify key elements or features of housing programs of the Alaska Housing Finance Corporation operating in rural areas, authorizes the regional housing authorities to act as seller-servicers of loans throughout the state, and changes the laws applicable to construction of water and sewer facilities.

Bill section 1: This section amends AS 18.55.997(a) relating to the powers granted to regional housing authorities by (1) adding to the powers currently granted to the authorities the ability to originate and service residential housing loans (in AHFC-parlance, it would grant the regional housing authorities the status of "seller-servicer" of residential housing loans), and (2) eliminates the geographical restrictions on areas of the state in which the regional housing authorities may so operate. Under current law, AS 18.55.997(a) requires that loans made by regional housing authorities in the rural areas of the state enjoy the benefit, under AS 18.56.420, of a one-percent interest rate advantage. The additional language added in this bill section avoids carrying that advantage over into loans made by regional housing authorities in places outside the state's rural areas. This further change in this bill section makes it explicit that, while the one-percent interest rate advantage would continue to operate for regional housing authority-originated loans made in rural areas, all other loans made or originated by regional housing authorities shall be at the rate as determined by AHFC.

Bill section 2: The bill section amends the purposes for which money in AHFC's existing supplemental housing development grant fund may be expended to permit money in the fund

to be used for off-site water and sewer facilities as well as, under current law, on-site facilities.

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 to raise that percentage to 30 percent.

Bill section 4: This provision revises AS 18.55.998(c) to assure that, when a grant is made from the supplemental housing development fund, the money awarded and received will be used "only for the purpose and the permissible use for which the grant was made," replacing the current language of that subsection that permitted its use "for the purposes specified [in subsection (a) of the statute]." The changes also amend that subsection to conform to standard legislative drafting style.

Bill section 5: The subsection directs AHFC to establish a priority system for the allocation of money from the supplemental housing development fund to support the off-site water and sewer facility improvements authorized by the change made in bill section 2.

*

The remainder of the bill makes changes to AHFC's current "nonowner-occupied" housing program. The nonowner-occupied housing program now limits the 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 current AHFC program chiefly supports 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 simply as "rental" housing.

Bill section 6: The changes made in this bill section are technical. Since the nature of the changes made in the following bill sections remove the restriction on owner-occupancy, the revision restates the provision in terms that reflect that change.

Bill sections 7 and 8: 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 "non-owner occupied" to describe the program.

Bill section 9: The changes made to the definitions provision (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 in these housing programs. See AS 18.56.600(2), set out in the next following bill section.

Representative Richard Foster

March 14, 1995

Page 3

Bill section 10: The amendments to the definition of the term "housing" in AS 18.56.600(1) broaden, in subparagraph (A), the definition of the term for purposes of certain AHFC programs to cover owner-occupied housing with as many as four units under one roof (the limit in the current law is two units), and (2) excludes, in subparagraph (B), assistance under 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:klb:glc

95-158.klb

National Bank of Alaska



Corporate Headquarters P.O. Box 100800 Anchorage, Alaska 99510-0800 (907) 276-1132

March 14, 1995

Representative Richard Foster
State Capital, Room 410
Juneau, AK 99811

RE: House Bill 192

Dear Representative Foster:

National Bank of Alaska is a partner in the development of housing in rural Alaska. Alaska Housing Finance Corporation is the major provider of long-term mortgages for the rural homeowners of our state. Due to our branch locations in many of these rural communities, we believe that there are many housing needs that need to be addressed in the future. We see Alaska Housing Finance Corporation and the rural housing authorities as partners in the development of adequate housing for our citizens.

We have been requested to comment on House Bill 192 and generally support it. We have discussed the bill with a number of the housing authorities and Alaska Housing Finance Corporation and can not find anything objectionable to us and believe that it may be beneficial for rural housing. Our loan originations for remote housing in 1994 sold to Alaska Housing Finance Corporation amounting to 297 loans totaling \$33,852,000 scattered throughout 35 rural communities.

Sincerely yours,

A handwritten signature in cursive script that reads "J.K. Sieberts".

J.K. Sieberts
Senior Vice President

INTEROFFICE MEMO

*National
Bank of Alaska*

To: Jan Siaberts

Date: March 7, 1995

From: Cheryl Henry *Cheryl*

Subject: 1994 AHFC-RHD loan activity

Here's a breakdown of our AHFC Rural Housing Division loans in 1994. This information is based on loans sold to AHFC-RHD in 1994.

AREA	# LOANS	ORIGINAL LOAN AMOUNT
Anchor Point	5	404,400
Aniak	1	108,000
Barrow	39	5,152,175
Bethel	19	2,150,350
Cordova	18	1,787,450
Craig	2	283,200
Delta Junction	7	543,900
Dillingham	21	2,173,650
Emmusk	1	38,300
Ft Yukon	1	45,100
Glenallen	3	370,300
Homer	2	158,500
Iliamna	1	87,500
Ketchikan	20	2,923,500
King Salmon	6	616,000
Kodiak	29	4,232,100
Kotzebue	21	2,295,450
McGrath	1	76,500
Naknek	3	280,150
Ninilchik	1	141,300
Nome	52	5,506,240
Petersburg	24	2,522,750
Port Alsworth	1	134,900
Sand Point	2	181,200
Seldovia	3	193,550
Skagway	2	217,950
St Paul Island	2	103,500
Sutton	1	53,700
Tok	2	191,750
Unalakleet	2	171,300
Unalaska	2	283,500
Wrangell	3	426,400
Total	297	33,852,565

ASSOCIATION OF ALASKA HOUSING AUTHORITIES

520 East 34th • Anchorage, AK 99503
Phone (907) 562-7119 • Fax (907) 562-7123

ASSOCIATION OF ALASKA HOUSING AUTHORITIES

*Alaska Housing
Finance Corporation*

POSITION PAPER

*Alutian
Housing Authority*

HOUSE BILL 192

*Association of Village
Council Presidents Regional
Housing Authority*

The Association of Alaska Housing Authorities issues its strong support for House Bill 192. This bill provides Alaska's regional housing authorities with greater flexibility to originate and service mortgage loans. The statute currently states that Alaska's regional housing authorities may make loans in rural areas of the state, other than in an area where the corporation (AHFC) has a loan office. By amending the statute, the regional housing authorities will better serve all their clients by providing a continuum of housing assistance, including access to AHFC housing loan programs.

*Barren Island
Housing Authority*

*Bering Straits Regional
Housing Authority*

*Bristol Bay
Housing Authority*

House Bill 192 will also allow for an increase in AHFC's Supplemental Housing Development Grant program (SHDGP) from 20% to up to a 30% match. The program matches U.S. Department of Housing and Urban Development housing development funds. In Fiscal Year 1995, the SHDGP provided \$8 million in grants, leveraging \$48.8 million in HUD housing development funds - the joint program funded the construction of 259 affordable homes in 19 villages throughout Alaska.

*Cook Inlet
Housing Authority*

*Copper River Basin
Regional Housing Authority*

*Interior Regional
Housing Authority*

Supplemental Housing Development Grant Program monies are used to fund water and sewer system development, electrical distribution systems, roads to housing development sites and design features which ensure that Alaskan homes are energy efficient.

*Kodiak Island
Housing Authority*

*Metlakatla
Housing Authority*

*North Pacific Rim
Housing Authority*

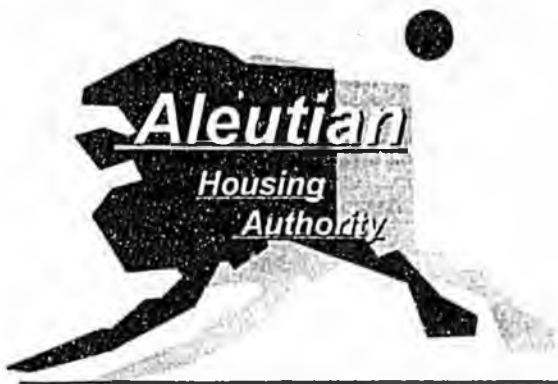
The grant program is especially important in the area of water and sewer system development. The 1994 Rural Alaska Sanitation Initiative/Federal Field Work Group study identified 90 Alaskan villages where individual and community honey bucket haul, pit privies and bunkers are the only means of sewage collection and disposal. Funding from the SHDGP helps in ameliorating this serious problem.

*Northwest Inupiat
Housing Authority*

*Togiavonulu
Nunamialla (IINAA)*

*Tlingit-Haida Regional
Housing Authority*

Thank you for the opportunity to comment on House Bill 192. This legislation will be a significant step toward increasing affordable housing opportunities and needed infrastructure throughout Alaska.



401 East Fireweed Lane
Anchorage, Alaska 99503

MAR - 1 1995

(907) 258-5614 Fax (907) 276-5975

Alaska State Legislature
Representative Richard Foster
State Capitol, Room 410
Juneau, Alaska 99811

March 3, 1995

Dear Representative Foster:

As the Executive Director of the Aleutian Regional Housing Authority I wish to state my strong support for House Bill 192.

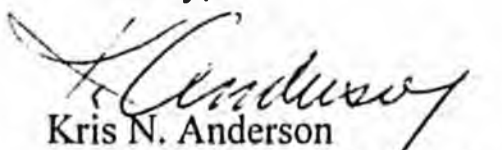
Our region which encompasses all of the Aleutian Area and the Pribilof Islands has an enormous need for housing and adequate sewer and water systems currently not being met by HUD funded or private funding institutions.

House Bill 192 would allow the Alaskan regional housing authorities to originate and process loans directly to low to moderate rural Alaskans in need of housing. It would also increase the Alaska Housing Finance Corporation's (AHFC) Supplemental Housing Development Grant Program (SHDGP) from the current 20 percent to 30 percent.

If enacted this bill will greatly improve access of safe, sanitary and efficient housing primarily to the under-served Alaskans of low to moderate income residing in rural Alaska.

Thank you very much for your actions on this bill.

Sincerely,


Kris N. Anderson
Aleutian Housing Authority

**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

March 3, 1995

SUBJECT: AHFC and regional housing authority housing programs (Work Order No. 9-LS0463\F)

TO: Representative Richard Foster
ATTN: Elizabeth Dronkert

FROM: Jack Chenoweth
Legislative Council

Following last session's HB 467, this measure deals, generally, with housing. In addition, in this year's bill as introduced, the measure also addresses infrastructure costs associated with improved housing.

In its initial sections, the bill proposes to modify key elements or features of housing programs of the Alaska Housing Finance Corporation operating in rural areas, authorizes the regional housing authorities to act as seller-servicers of loans throughout the state, and changes the laws applicable to construction of water and sewer facilities.

Bill section 1: This section amends AS 18.55.997(a) relating to the powers granted to regional housing authorities by (1) adding to the powers currently granted to the authorities the ability to originate and service residential housing loans (in AHFC-parlance, it would grant the regional housing authorities the status of "seller-servicer" of residential housing loans), and (2) eliminates the geographical restrictions on areas of the state in which the regional housing authorities may so operate.

Bill section 2: The bill section amends the purposes for which money in AHFC's existing supplemental housing development grant fund may be expended to permit money in the fund to be used for off-site water and sewer facilities as well as, under current law, on-site facilities.

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 to raise that percentage to 30 percent.

Representative Richard Foster
March 3, 1995
Page 2

Bill section 4: This provision revises AS 18.55.998(c) to assure that, when a grant is made from the supplemental housing development fund, the money awarded and received will be used "only for the purpose and the permissible use for which the grant was made," replacing the current language of that subsection that permitted its use "for the purposes specified [in subsection (a) of the statute]." The changes also amend that subsection to conform to standard legislative drafting style.

Bill section 5: The subsection directs AHFC to establish a priority system for the allocation of money from the supplemental housing development fund to support the off-site water and sewer facility improvements authorized by the change made in bill section 2.

Bill section 11 deletes the definition of the word "rural" for purposes of AS 18.56.997. (Substantive reference to "rural" is removed by the amendment proposed in bill section 1.)

*

The remainder of the bill makes changes to AHFC's current "nonowner-occupied" housing program. The nonowner-occupied housing program now limits the 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 current AHFC program chiefly supports 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 simply as "rental" housing.

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Bill section 10: The amendments to the definition of the term "housing" in AS 18.56.600(1) broaden, in subparagraph (A), the definition of the term for purposes of certain AHFC programs to cover owner-occupied housing with as many as four units under one roof (the limit in the current law is two units), and (2) excludes, in subparagraph (B), assistance under

Representative Richard Foster

March 3, 1995

Page 3

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:pl

95-056.plm



BERING STRAITS REGIONAL HOUSING AUTHORITY

March 3, 1995

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

Representative Richard Foster
Alaska House of Representatives
State Capitol
Juneau, AK 99811-1182

Re: Support for HB 192

Dear Representative Foster,

On behalf of the Bering Straits Regional Housing Authority, I offer our support for House Bill No. 192 and extend our appreciation for your sponsorship. Two provisions of the bill have significant importance for our region:

1. AHFC Loan Programs - Despite progress in developing new housing in our villages, it's clear that we need to utilize every possible resource to meet Alaska's varied housing needs. Existing and future loan programs from AHFC will play an important role, and the provisions of HB 192 which authorize the regional housing authorities to originate and service the loans is a valuable tool in meeting part of that need.

Several of the programs now available from AHFC and others (e.g., Farmers Home Administration and the Veterans Administration) are severely under-utilized in rural Alaska. Part of the reason is certainly village economics, but another part is the lack of village access to information and the basic mechanics of the loan programs. There are moderate income families in Nome and in our villages which can benefit from one or more of these programs and achieve their goals of homeownership. In most cases a successful home loan will require much more effort than in an urban community. HB 192 will help "regionalize" the loan programs and offer familiar faces to families trying to participate.

2. Supplemental Housing Grant Program - The amendments made by HB 192 improves the program which supplements HUD housing grants to regional housing authorities by impacting both the quantity and quality of housing which we can build each year:

-The Supplemental Housing Grant provides for additional homes to be built each year by adding a "match" to HUD funds and expanding the program for new construction. For typical construction in our region, I estimate the changes in HB 192 would build 28-30 new homes next year.

Support for HB 192
March 3, 1995
Page 2

-The change in HB 192 which allows the use of Supplemental Housing Grant funds for "off-site" sewer and water facilities can mean a big difference in projects where funds otherwise available for construction are required for infrastructure. This is because of the HUD-mandated cap on construction costs and the practical need to improve water and sewer in most of our project locations. The amount of effort we need to put into these improvements is on a project-by-project basis, but the ability to use SHG funds will give us an excellent opportunity to better coordinate these improvements to community sanitation facilities with federal (PHS, EPA), state (DEC, VSW), and local resources. Instead of compromising quality of construction of our houses because we have to put in longer water and sewer lines or buy more honeybucket dumpsters, HB 192 will allow the Supplemental Housing Grant program to consider these costs as allowable.

We very much appreciate your support and continuing efforts on behalf of the families of our region. If you have any questions or need more information about these comments please contact me at 1-907-443-5256.

Sincerely,



Bruce Kovarik
Executive Director


pc: BSRHA Board of Commissioners
Legislative File
Chron

METLAKATLA HOUSING AUTHORITY

P.O. BOX 59 Metlakatla, Alaska 99926 * Telephone (907) 886-6500 * FAX (907) 886-6503

March 3, 1995

TO: REPRESENTATIVE RICHARD FOSTER
Fax # 907-465-3242

FROM: WILL H. BROWN, EXECUTIVE DIRECTOR 

SUBJECT: ALASKA HOUSING FINANCE CORPORATION SUPPLEMENTAL
GRANT FUNDS

I am writing this statement of support for House Bill 192. AHFC supplemental grant funding is critical to our Indian Housing Authority's ability to provide housing for our community. At the current 20% matching level it is not possible to cover all costs of off-site infrastructure and energy efficient construction. While we certainly are appreciative of the funding, an increase to a 30% match is far more realistic to meet costs.

I believe it is fair to say that without AHFC's supplemental grant funding Metlakatla would fall far short in meeting its commitment to provide decent, safe, and sanitary housing for our residents.

Thank you for your support on this issue and here's hoping for success on House Bill 192.

cc: Jerry Mackie, Representative



401 East Fireweed Lane
Anchorage, Alaska 99503

(907) 258-5614 Fax (907) 276-5975

Alaska State Legislature
Representative Richard Foster
State Capitol, Room 410
Juneau, Alaska 99811

March 3, 1995

Dear Representative Foster:

As the Executive Director of the Aleutian Regional Housing Authority I wish to state my strong support for House Bill 192.

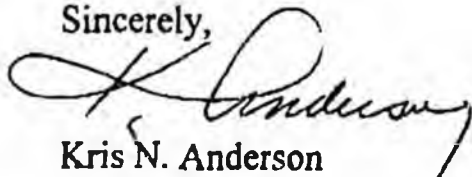
Our region which encompasses all of the Aleutian Area and the Pribilof Islands has an enormous need for housing and adequate sewer and water systems currently not being met by HUD funded or private funding institutions.

House Bill 192 would allow the Alaskan regional housing authorities to originate and process loans directly to low to moderate rural Alaskans in need of housing. It would also increase the Alaska Housing Finance Corporation's (AHFC) Supplemental Housing Development Grant Program (SHDGP) from the current 20 percent to 30 percent.

If enacted this bill will greatly improve access of safe, sanitary and efficient housing primarily to the under-served Alaskans of low to moderate income residing in rural Alaska.

Thank you very much for your actions on this bill.

Sincerely,



Kris N. Anderson
Aleutian Housing Authority



north pacific rim housing authority

March 2, 1995

Representative Richard Foster
State Capitol, Room 410
Juneau, Alaska 99911

Dear Representative Foster,

I strongly support HB 192. The North Pacific Rim Housing Authority serves several communities in rural areas that will directly benefit from an enhanced ability to originate AHFC loans. These communities - Seward, Cordova, Valdez, Port Graham, Nanwalek, Tatitlek, and Chenega Bay, all have eligible populations that could benefit from localization and personalization of loan origination outreach.

NPRHA recently canvassed the Valdez/Seward area in an effort to find eligible candidates for an interest rate-supported "Loans to Sponsors" program. Although interest was overwhelming, NPRHA was unable to assist these individuals other than to refer them to AHFC.

I also support increasing the state match percentage from 20% to 30%. This would allow the regional housing authorities to serve communities that, due to adverse localized design handicaps, are not served with the supply of housing that they need. Please support HB 192.

Respectfully,

Derenty Tabios
Executive Director,
North Pacific Rim Housing Authority



4201 Tudor Centre Drive, Suite 205 • Anchorage, Alaska 99508 • Ph. (907) 562-1444 • Fax (907) 562-1445

Providing Housing Services To The People of the Chugach Native Region

ALASKA HOUSING FINANCE CORPORATION

SUPPLEMENTAL HOUSING DEVELOPMENT PROGRAM

Homes by Region Funded in
Fiscal Year 1994*

<u>HOUSING AUTHORITY</u>	<u>REGION</u>	<u>NUMBER OF HOMES</u>
AVCP	CALISTA	20
INTERIOR	INTERIOR	22
TLINGIT-HAIDA	SOUTHEAST	16
NW INUPIAT	NANA	20
BRISTOL BAY	BRISTOL BAY	17
ALEUTIAN	ALEUTIAN	7
BERING STRAITS	BERING STRAITS	60
BARANOF ISLAND	SITKA	20
METLAKATLA	METLAKATLA	36
NORTH PACIFIC RIM	CORDOVA	21
TAGIUGMIULLU NUNAMIULLU	BARROW	20
<hr/>		
TOTAL		259

*In FY94, AHFC contributed \$8 million to 11 regional housing authorities to leverage \$33 million in HUD funds to build 259 houses in 19 villages.