

SB

223

HFIN

FILE

CS FOR SENATE BILL NO. 223(FIN) am
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTIETH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Amended: 4/8/98

Offered: 4/1/98

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the age requirement for purposes of senior housing
2 programs and requiring the Alaska Housing Finance Corporation to establish the
3 age requirement, which may not be less than 55 years of age, for occupants
4 of certain senior housing; relating to the senior housing revolving fund;
5 repealing the senior housing bond account; relating to bonds to fund senior
6 housing loans; repealing a provision relating to the interest rate on senior
7 housing loans made by the Alaska Housing Finance Corporation; and providing
8 for an effective date."

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

10 * Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that
11 (1) it is necessary to ensure that decent, safe, sanitary, and affordable housing
12 is available in the state for seniors;

1 (2) senior housing should be made available to as many people as possible; and
2 (3) federal law accommodates certain types of senior housing for people 55
3 years of age or older under 42 U.S.C. 3607(b) (Fair Housing Act).

4 (b) It is the purpose of this Act to make senior housing development programs more
5 available to older Alaskans through the senior housing revolving fund.

6 * Sec. 2. AS 18.56.710(a) is amended to read:

7 (a) The senior housing revolving fund is established. The revolving fund
8 consists of appropriations made to it by the legislature, the proceeds of bonds sold
9 under AS 18.56.790, repayments of principal and interest on loans made or
10 purchased from assets of the fund [AS THEY ARE DEPOSITED INTO IT BY THE
11 CORPORATION FOR SPECIFIC PROJECTS], and money or other assets transferred
12 to the revolving fund by the corporation. The corporation may

13 (1) pledge amounts deposited in the revolving fund for bonds issued
14 under AS 18.56.790;

15 (2) use amounts deposited in the fund [AND USED BY THE
16 CORPORATION] for making, purchasing, or participating in

17 (A) [(1)] senior housing mortgage loans;

18 (B) [(2)] loans made for building materials for senior housing;

19 (C) [(3)] loans made for renovation or improvement of or for
20 senior housing, including loans for renovation or improvement of congregate
21 or individual residences; and

22 (D) [(4)] loans made for the construction of senior housing.

23 * Sec. 3. AS 18.56.790(a) is amended to read:

24 (a) Under the procedures of this chapter, the corporation may issue bonds in
25 a total amount not exceeding \$30,000,000 to fund senior housing loans made under
26 AS 18.56.700 - 18.56.799 [THAT ARE APPROVED BY THE CORPORATION
27 UNDER (b) OF THIS SECTION].

28 * Sec. 4. AS 18.56 is amended by adding a new section to read:

29 Sec. 18.56.795. Regulations. For purposes of implementing AS 18.56.700 -
30 18.56.799, the corporation shall, under AS 18.56.088, establish by regulation the age
31 requirement for occupants of senior housing, which may not be less than 55 years of

Amend #1
30

1 age.

2 * **Sec. 5.** AS 18.56.799(2) is amended to read:

3 (2) "senior housing"

4 (A) means construction or improvement undertaken primarily
5 to provide dwelling accommodations for [PERSONS 60 YEARS OF AGE OR]
6 older individuals, including conventional housing, housing for frail elderly,
7 group homes, congregate housing, residential horizontal property regimes
8 organized under AS 34.07, residential cooperatives organized under AS 10.15
9 or AS 34.08, residential condominiums organized under AS 34.08, and other
10 housing that meets special needs of the elderly;

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

14 * **Sec. 6.** AS 18.56.800 is amended to read:

15 **Sec. 18.56.800. Declaration of purpose.** There exists in the state a serious
16 shortage of decent, safe, and sanitary residential housing available at low or moderate
17 prices or rentals to [PERSONS 60 YEARS OF AGE OR] older individuals. There
18 also exists in the state organizations whose purposes are to provide the kinds of
19 housing needed to alleviate this shortage. Development work to provide such housing
20 involves substantial expense that is often beyond the resources of the organizations.

21 * **Sec. 7.** AS 18.56.720, 18.56.790(b), and 18.56.790(c) are repealed.

22 * **Sec. 8.** AS 18.56.790(d) is repealed.

23 * **Sec. 9.** All assets in the senior housing bond account (AS 18.56.790(d)) on the effective
24 date of this section are transferred to the senior housing revolving fund (AS 18.56.710).

25 * **Sec. 10.** Sections 8 and 9 of this Act take effect immediately under AS 01.10.070(c).



Official Business

Alaska State Legislature

Senate

State Capitol
Juneau, AK. 99801-1182

Rules Committee

COMMITTEE SUBSTITUTE for SENATE BILL 223 (Fin) am SPONSOR STATEMENT

Senate Bill 223 expands housing options for Alaska seniors and eliminates unnecessary costs tied to senior housing programs. AHFC supports the bill.

The Finance Committee Substitute streamlines the senior housing loan program statutes. Among these changes is a provision allowing for more flexibility in setting the eligibility age for senior housing. Currently set in statute at 60 years or older for projects financed under the Senior Housing Revolving Fund (SHRF), this threshold restricts some older Alaskans from accessing senior housing.

Only one senior housing project in Alaska was financed through the SHRF; all other projects were financed under AHFC's Special Needs Multi-family Loan Program. While AHFC can, by regulation, lower the age limit to 55 for projects under the latter program, the age limit for SHRF projects is set in statute at 60. CSSB 223 (Fin) am gives AHFC the ability to lower the eligibility age for SHRF projects to 55.

A second problem with the SHRF is a mandatory surcharge of two interest points for construction loans, and half a point for permanent loans. When senior housing was a function of the Office of Senior Housing in the Department of Community & Regional Affairs (DC&RA), revenues generated by these surcharges defrayed administrative costs. Now that senior housing programs are under AHFC, surcharges are no longer necessary, and prevent effective use of the SHRF to finance projects that provide housing opportunities to older Alaskans.

CSSB 223 (Fin) am eliminates numerous unnecessary provisions in senior housing laws. This includes the repeal of the senior housing bond account and the transfer of its assets to the SHRF. The bill earmarks repayment of SHRF loans for deposit to the fund, and clarifies that these are to be used for senior housing loans. It also deletes a requirement that a list of approved senior housing projects be made before bonds are sold, an outdated component of the original statute.



Official Business

Alaska State Legislature

Senate

Rules Committee

MEMORANDUM

State Capitol
Juneau, AK. 99801-1182

TO: Senator Kelly, Chairman
Senate Rules Committee
Representatives Hanley and Therriault, Co-Chairmen
House Finance Committee

FROM: Benjamin Brown, ^{BES} Legislative Aide to Senator Kelly

DATE: 6 May 1998

IN RE: sectional analysis of CS for SB 223 (Finance)

"An Act relating to the age requirement for purposes of senior housing programs and requiring the Alaska Housing Finance Corporation to establish the age requirement, which may not be less than 55 years of age, for occupants of certain senior housing; relating to the senior housing revolving fund; repealing the senior housing bond account; relating to bonds to fund senior housing loans; repealing a provision relating to the interest rate on senior housing loans made by the Alaska Housing Finance Corporation; and providing for an effective date."

A summary by section of *CSSB 223 (Fin) am* follows. Please note that a sectional analysis is not generally considered to be the most authoritative interpretation of a bill; the bill itself is the best statement of its specific effects.

Section 1 contains findings and purposes relating generally to the need for housing for older Alaskans. It also notes that federal law considers seniors to be persons aged 55 and older for the purposes of senior housing programs under the Fair Housing Act. Section 1 further espouses the goal of making senior housing development programs more available to older Alaskans.

Section 2 adds principal and interest repayments on loans made from the Senior Housing Revolving Fund or purchased with the Fund's assets, to the income stream for the Fund. It expands the statutory range of uses for the Fund to include amounts deposited in the Fund as a source for loans to effect a variety of senior housing goals.

Section 3 deletes an unnecessary reference to the compilation of a list of approved senior housing projects prior to the issuance of bonds by Alaska Housing Finance Corporation (AHFC), a requirement which is eliminated by Section 7 of the bill.

Section 4 enables AHFC to adopt regulations setting age requirements that may not be less than 55 years for senior housing projects financed under the Senior Housing Revolving Fund.

Section 5 removes the specific age reference in the definition of senior housing in the definitions section applicable to AS 18.56.700 - .799.

Section 6 removes the specific age reference in the declaration of purpose for the Senior Citizens Housing Development Fund (AS18.56.800).

Section 7 repeals several unnecessary provisions of the senior housing law. The first (AS 18.56.720) mandates an interest rate surcharge on Senior Housing Revolving Fund loans, over and above the cost of the bonds issued to fund the loan. Revenues from these extra interest points are no longer needed to cover administrative costs.

The second item repealed is a subsection (AS 18.56.790[b]) which calls for the compilation of a list of approved senior housing projects before the issuance of bonds, no longer necessary as the senior housing program has been in existence for many years.

Third to be repealed is a subsection (AS 18.56.790[c]) which sets out that the Senior Housing Revolving Fund receives transfers from the senior housing bond account on a regular schedule, not needed as the latter account is being eliminated by Section 8.

Section 8 repeals AS 18.56.790(d), which establishes the senior housing bond account, reflecting the fact that *CSSB 223 (Fin) am* makes the Senior Housing Revolving Fund into a fully functional financing mechanism.

Section 9 repeals transfers the assets of the senior housing bond account to the Senior Housing Revolving Fund on the effective date set forth in Section 10.

Section 10 provides for an immediate effective date for Sections 8 & 9 of the bill.

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: April 9, 1998

FURTHER REFERRALS:

Date of Committee Action: 5/7/98

The FINANCE Committee considered:

CSSB 223(FIN) am

CS FOR SENATE BILL NO. 223(FIN) am

SENIOR HOUSING

"An Act relating to the age requirement for purposes of senior housing programs and requiring the Alaska Housing Finance Corporation to establish the age requirement, which may not be less than 55 years of age, for occupants of certain senior housing; relating to the senior housing revolving fund; repealing the senior housing bond account; relating to bonds to fund senior housing loans; repealing a provision relating to the interest rate on senior housing loans made by the Alaska Housing Finance Corporation; and providing for an effective date."

recommends it be replaced the same title
 with the following committee substitute _____ a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) _____
 fiscal note(s) _____ fiscal note(s) _____

zero fiscal note(s) _____ zero fiscal note(s) Revenue 1/28/98

SIGNING WITH RECOMMENDATIONS		DP	ENP	NR	AM
<i>Edmund W. ...</i>	mulder	X			
<i>John Kohring</i>	Kohring				X
<i>John Martin</i>	martin			X	
<i>J. Daus</i>	J. Daus	X			
<i>W. ...</i>	moses			X	
<i>g. Daus</i>	g. Daus			X	
<i>Kelly</i>	Kelly		✓		

CHAIR'S SIGNATURE *Edmund W. ...*

Revision Date: January 21, 1998 Dept. Affected: Revenue
 Title: Senior Housing BRU: Alaska Housing Finance Corporation
 Sponsor: (S) RLS Component: _____
 Revisor: (S) STA COMPONENT SERIAL NO. 110

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
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						
CHANGE IN REVENUES ()						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1001 CBRF						
1048 University of AK receipts						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year cost \$ 0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

SB 223 would amend the current provisions for the Senior Housing loan program under AS 19.56.700-799 by lowering the age minimum from 60 to 55 years and removing requirements for the interest calculation. The affects of this legislation should have minimal impacts on the number of loan applicants for the development of senior housing. Currently, three similar provisions are already available under AHFC's Special Needs multi-family program. Making these provisions available under the Senior Housing program should enhance the availability of the program, but in most cases these loans would otherwise have applied for financing under the Special Needs program. Existing staff and resources will be able to review and monitor the changes proposed by this legislation.

Prepared by: John Bitney Phone: 907 330 9445
 Division: Alaska Housing Finance Corporation Date: January 21, 1998
 Approved by Commissioner: Wilson L. Condon Date: January 21, 1998
 Agency: Revenue

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