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Mary Pagenkopf

Senate Rules Committee February 5, 1998 11:25 am



Official Business

Alaska State Legislature

Senate

State Capitol
Juneau, AK. 99801-1182

Rules Committee

SENATE BILL 223 SPONSOR STATEMENT

Senate Bill 223 is a legislative remedy for two specific problems in Alaska's senior housing laws. The first problem is the age of eligibility for senior housing programs, which is currently set in statute at 60 years or older for projects financed under the Senior Housing Revolving Fund (SHRF). This age of eligibility restricts many older Alaskans from accessing senior housing that would otherwise be available. This in turn has resulted in some senior housing projects failing to achieve full occupancy.

Only one current senior housing project in Alaska was financed through the SHRF. All other senior housing projects have been financed under the Special Needs Multi-family Loan Program, the age limit for which has been lowered by regulation. Age limits for loans under the latter program can be lowered to 55 under the regulatory authority of the AHFC Board. This contrasts with the age limit for projects financed under the SHRF, set in statute at 60. SB 223 will lower the statutory age limit for the SHRF to 55.

A second problem with senior housing laws is a mandated surcharge of two interest points for construction loans, and half a point for permanent loans. This is provided for in section 720 of chapter 56 of Title 18. These surcharges date from the time when senior housing programs were administered by the Office of Senior Housing in the Department of Community & Regional Affairs (DC&RA). The revenues generated by these surcharges served to defray the costs of administrative oversight at DC&RA. Now that senior housing programs have been brought under the ægis of AHFC, the surcharges are no longer necessary, and are detrimental to the effective provision of housing opportunities to older Alaskans. SB 223 repeals AS 18.56.720, eliminating unnecessary interest rate surcharges.



Official Business

Alaska State Legislature

Senate

State Capitol
Juneau, AK. 99801-1182

Rules Committee

MEMORANDVM.

TO: Senator Green, Chairman
Senate State Affairs Committee

FROM: Benjamin Brown, ⁶⁶⁶Legislative Aide
to Senator Kelly

DATE: 21 January 1998

IN RE: sectional analysis of SB 223

A summary by section of SB 223 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 purposes and effects.

Section 1 contains findings and purposes relating generally to the need for housing for older Alaskans. It also specifically notes that federal law considers seniors to be persons aged 55 and older for the purposes of senior housing programs. Section 1 further calls for the standardization of state age limits with existing federal requirements.

Section 2 amends the age of eligibility for senior housing under the Senior Housing Revolving Fund, lowering it from 60 to 55 years.

Section 3 makes a conforming amendment to the age limit for eligibility for senior housing in the declaration of purpose for the Senior Housing Revolving Fund.

Section 4 repeals a provision of current law mandating an interest rate surcharge on Senior Housing Revolving Fund loans, over and above the cost of the bonds issued to fund the loan. This surcharge generated revenues which are no longer needed to cover administrative costs.



Official Business

Alaska State Legislature

Senate

Rules Committee

State Capitol
Juneau, AK. 99801-1182

COMMITTEE SUBSTITUTE for SENATE BILL 223 (Rules) SPONSOR STATEMENT

AHFC supports this bill.

Committee Substitute for Senate Bill 223 (Rules) remedies several problems in Alaska's senior housing laws. First is the eligibility age for senior housing, set in statute at 60 years or older for projects financed under the Senior Housing Revolving Fund (SHRF). This age of eligibility restricts many older Alaskans from accessing senior housing that would otherwise be available to them.

Only one current senior housing project in Alaska was financed through the SHRF. All other senior housing projects have been financed under the Special Needs Multi-family Loan Program, the age limit for which can be lowered by regulation to 55. This contrasts with the age limit for projects financed under the SHRF, set in statute at 60. CSSB 223 (Rules) will lower the statutory age limit for the SHRF to 55.

A second problem with the Senior Housing Revolving Fund is a mandatory surcharge of two interest points for construction loans, and half a point for permanent loans. When senior housing programs were administered by the Office of Senior Housing in the Department of Community & Regional Affairs (DC&RA), the revenues generated by these surcharges defrayed administrative costs at DC&RA. Now that senior housing programs have been brought under AHFC, surcharges are no longer necessary, and are detrimental to the effective provision of housing opportunities to older Alaskans.

CSSB 223 (Rules) also eliminates unnecessary provisions in the senior housing laws, including the senior housing bond account, whose current assets are transferred to the SHRF. The bill makes repayment of SHRF loans a source of revenue, and clarifies that deposits to the SHRF are to be used for senior housing loans. It deletes a requirement that a list of approved senior housing projects be made before bonds are sold, an outdated component of the original statute.

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Cook
2/5/98

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

BY THE SENATE RULES COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST

A BILL

FOR AN ACT ENTITLED

1 "An Act lowering the age requirement from 60 years to 55 years for purposes
2 of senior housing programs; relating to the senior housing revolving fund; relating
3 to bonds to fund senior housing loans; repealing provisions establishing the senior
4 housing bond account of the Alaska Housing Finance Corporation; and repealing
5 a provision relating to the interest rate on senior housing loans made by the
6 Alaska Housing Finance Corporation."

7 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

8 * **Section 1. FINDINGS AND PURPOSE.** (a) The legislature finds that

9 (1) it is necessary to ensure that decent, safe, sanitary, and affordable housing
10 is available in the state for seniors;

11 (2) senior housing should be made available to as many people as possible; and

12 (3) federal law accommodates certain types of senior housing for people 55
13 years of age or older under 42 U.S.C. 3607(b) (Fair Housing Act).

1 (b) It is the purpose of this Act to make senior housing development programs more
2 available to older Alaskans.

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

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

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

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

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

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

16 (C) [(3)] loans made for renovation or improvement of or for
17 senior housing, including loans for renovation or improvement of congregate
18 or individual residences; and

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

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

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

25 * Sec. 4. AS 18.56.799(2) is amended to read:

26 (2) "senior housing"

27 (A) means construction or improvement undertaken primarily
28 to provide dwelling accommodations for persons 55 [60] years of age or older,
29 including conventional housing, housing for frail elderly, group homes,
30 congregate housing, residential horizontal property regimes organized under
31 AS 34.07, residential cooperatives organized under AS 10.15 or AS 34.08,

1 residential condominiums organized under AS 34.08, and other housing that
2 meets special needs of the elderly;

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

6 * Sec. 5. AS 18.56.800 is amended to read:

7 **Sec. 18.56.800. Declaration of purpose.** There exists in the state a serious
8 shortage of decent, safe, and sanitary residential housing available at low or moderate
9 prices or rentals to persons 55 [60] years of age or older. There also exists in the state
10 organizations whose purposes are to provide the kinds of housing needed to alleviate
11 this shortage. Development work to provide such housing involves substantial expense
12 that is often beyond the resources of the organizations.

13 * Sec. 6. All assets in the senior housing bond account (AS 18.56.790(d)) on the effective
14 date of this Act are transferred to the senior housing revolving fund (AS 18.56.710).

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

CS FOR SENATE BILL NO. 223(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

**Offered:
Referred:**

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 programs
2 and requiring the Alaska Housing Finance Corporation to establish the age
3 requirement, which may not be less than 55 years of age, for occupants of
4 certain senior housing; relating to the senior housing revolving fund; providing
5 that the senior housing bond account consists of money appropriated to the
6 account and interest earned on money appropriated to the account; providing that
7 the Alaska Housing Finance Corporation may use money in the senior housing
8 bond account only in accordance with an appropriation of the money; repealing
9 the senior housing bond account on June 30, 1999; relating to bonds to fund
10 senior housing loans; and repealing a provision relating to the interest rate on
11 senior housing loans made by the Alaska Housing Finance Corporation."

12 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

1 * **Section 1. FINDINGS AND PURPOSE.** (a) The legislature finds that

2 (1) it is necessary to ensure that decent, safe, sanitary, and affordable housing
3 is available in the state for seniors;

4 (2) senior housing should be made available to as many people as possible; and

5 (3) federal law accommodates certain types of senior housing for people 55
6 years of age or older under 42 U.S.C. 3607(b) (Fair Housing Act).

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

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

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

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

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

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

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

22 (C) [(3)] loans made for renovation or improvement of or for
23 senior housing, including loans for renovation or improvement of congregate
24 or individual residences; and

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

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

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

31 * **Sec. 4.** AS 18.56.790(d) is amended to read:

1 (d) There is established in the corporation a senior housing bond account. The
2 account consists of [PROCEEDS OF BONDS ISSUED UNDER THIS SECTION,]
3 money appropriated to the account and interest earned on money appropriated to
4 the account [, REPAYMENTS OF PRINCIPAL THE CORPORATION COLLECTS
5 FOR A LOAN MADE UNDER AS 18.56.700 - 18.56.799 THAT WAS FUNDED BY
6 BONDS ISSUED UNDER THIS SECTION, AND THE CORPORATION'S RIGHT,
7 TITLE, AND INTEREST IN PROPERTY FINANCED THROUGH A LOAN MADE
8 UNDER AS 18.56.700 - 18.56.799 THAT WAS FUNDED BY BONDS ISSUED
9 UNDER THIS SECTION]. The corporation may [PLEDGE ASSETS IN THE
10 ACCOUNT AND IN THE SENIOR HOUSING REVOLVING FUND FOR THE
11 PAYMENT OF BONDS ISSUED UNDER THIS SECTION AND MAY] use money
12 in the account only in accordance with an appropriation of that money [FOR
13 PAYMENT OF THE BONDS].

14 * Sec. 5. AS 18.56 is amended by adding a new section to read:

15 **Sec. 18.56.795. Regulations.** For purposes of implementing AS 18.56.700 -
16 18.56.799, the corporation shall, under AS 18.56.088, establish by regulation the age
17 requirement for occupants of senior housing, which may not be less than 55 years of
18 age.

19 * Sec. 6. AS 18.56.799(2) is amended to read:

20 (2) "senior housing"

21 (A) means construction or improvement undertaken primarily
22 to provide dwelling accommodations for [PERSONS 60 YEARS OF AGE OR]
23 older individuals, including conventional housing, housing for frail elderly,
24 group homes, congregate housing, residential horizontal property regimes
25 organized under AS 34.07, residential cooperatives organized under AS 10.15
26 or AS 34.08, residential condominiums organized under AS 34.08, and other
27 housing that meets special needs of the elderly;

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

31 * Sec. 7. AS 18.56.800 is amended to read:

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

7 * **Sec. 8.** AS 18.56.720, 18.56.790(b), and 18.56.790(c) are repealed.

8 * **Sec. 9.** AS 18.56.790(d) is repealed on June 30, 1999.