

SB

150

SFIN

FILE

SB 150

was referred to the
Senate Finance
Committee

Hearing(s) were held

The bill did not move
from Committee

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. SB150

Revision Date/Time (Note if correction) _____ Dept. Affected Revenue
 Title Small Community Housing Loans BRU Revenue Operations
 Component AHFC
 Sponsor Senate Finance Committee
 Requester Senate Finance Committee Component Serial No. 110

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
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 ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year (FY99) cost: _____

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The interest rate change proposed in this legislation will not result in any change to the administrative and operating costs within the corporation. Increasing the interest rate on this program by 1% to the taxable rate would increase returns from loans within the program.

However, borrowers would be required to either pay 10% more in monthly payments or would qualify for 10% less in borrowing capacity. The affect this fact will have on the number of loans made or the amount of loans is unknown at this time.

AHFC's mission is to provide safe and affordable housing for Alaskans. It is AHFC's preference to maintain the current 1% rate reduction this program offers.

Prepared by John Bitney, Legislative Liaison Phone 586-3587
 Division Alaska Housing Finance Corporation Date/Time _____
 Approved by Wilson L. Condon Date 4/21/99
 Commissioner _____
 Agency Department of Revenue

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BROKER

Michael V. Morris

ASSOCIATE BROKERS

*Dick Synhorst
Debra Leisek*

OFFICE MANAGER

Julie Neff

BAY REALTY, INC.

331 E. PIONEER AVENUE

Suite A

Homer, Alaska 99603

Phone: 907-235-6183

Fax: 907-235-4031

Email: bayrealt@xyz.net

WWW: <http://www.xyz.net/~bayrealt>

ASSOCIATES

*Terry Yager
John D. Kosch
Mark Edwards
Scott Connelly
Cheri Edwards*

PROPERTY MANAGER

*Teri Stephens
Angela John*

April 20, 1999

Senator John Torgerson
Room 514
State Capitol
Juneau, Alaska 99801-1182

APR 23 1999

Dear Senator Torgerson:

I am writing to express to you my opposition to SB-150, reference to Small Communities (Rural) Loan Program Bill. My reasons are as follows:

- * The Rural Mortgage Program is a successful program and should not be changed like this.
- * Urban borrowers have access to plenty of opportunity for interest rate reductions. This does not need to be a "fairness" issue for Anchorage or Fairbanks.
- * This program pays for itself.

Sincerely,



Michael V. Morris
Broker
Bay Realty, Inc.

MVM/pme

Bristol Bay Housing Authority**P.O. Box 50 Dillingham, Alaska 99578 FAX (907) 842-2784 Phone (907) 842-5956**

TO: Senate Finance Committee
FROM: Dave McClure, Executive Director *DM*
SUB: Full text of HUD Urban Policy Brief
REF: SB 150
DATE: April 22, 1999

Attached please find the full text of an Urban Policy Brief from August 1995 issued by the Department of Housing and Urban Development.

This is for the committee's review and record as additional testimony in opposition to SB 150.

Thank you for the opportunity to comment.

Urban Policy Brief, Number 2
August 1995

HOMEOWNERSHIP AND ITS BENEFITS

At the request of President Clinton, the U.S. Department of Housing and Urban Development (HUD) is working with dozens of national leaders in government and the housing industry to implement the National Homeownership Strategy, an unprecedented public-private partnership to increase homeownership to a record-high level over the next 6 years. The ideal of homeownership is so integral a part of the American Dream that its value for individuals, for families, for communities, and for society is scarcely questioned. This paper provides a brief survey of research into the nature and significance of homeownership's presumed benefits, particularly for lower income households and other underserved populations.

Introduction

The desire for homeownership is deeply rooted in the American psyche. Owning a home embodies the promise of individual autonomy and of material and spiritual well-being that many people sought in coming to this country. In addition to its functional importance and economic value, homeownership has traditionally conveyed social status and political standing. It is even thought to pro-mote thrift, stability, neighborliness, and other individual and civic virtues.

Throughout this century, there has been bipartisan support for Federal policies designed to encourage home-ownership. Herbert Hoover called the owner-occupied home "a more wholesome, healthful, and happy atmosphere in which to raise children." Lyndon Johnson promoted homeownership as part of a strategy for addressing the urban ills of the 1960s, declaring that "owning a home can increase responsibility and stake out a man's place in his community....The man who owns a home has something to be proud of and reason to protect and preserve it." Ronald Reagan said that homeownership "supplies stability and rootedness."

President Bill Clinton has linked increasing homeowner-ship to the challenge of expanding opportunity for work-ing families. Speaking to the National Association of Realtors in November 1994, he expressed a national consensus that "more Americans should own their own homes, for reasons that are economic and tangible, and reasons that are emotional and intangible, but go to the heart of what it means to harbor, to nourish, to expand the American Dream."

However, the American Dream became more distant for many during the 1980s, as the national homeownership rate fell from its historic high of 65.6 percent in 1980 to only 64.1 percent in 1991. The decline has been sharp-est among segments of the population for whom access to the homebuying market has traditionally been most difficult. The homeownership rate for very low-income families with children fell by almost one-third, from 39 percent to 27 percent, between 1980 and 1991. Even among moderate-income households, homeowner-ship dropped by 10 percent. Homeownership rates stagnated at

approximately 43 percent for blacks, while homeownership among Hispanics fell from 43 percent in 1980 to 39 percent in 1991.

Perhaps most alarming has been the decline in home-ownership among families under age 35, when most first-time homebuying occurs and the preference for ownership is strongest. In 1980 almost 45 percent of families in this age cohort owned a home; by 1991, the percentage stood at less than 38 percent.

To reverse this trend, President Clinton directed HUD Secretary Henry G. Cisneros to work with leaders in the housing industry, representatives of nonprofit groups, and officials at all levels of government to develop a National Homeownership Strategy that would increase ownership opportunities among populations and communities with lower than average homeownership rates.

This unprecedented public-private partnership is founded on a deeply rooted and almost universally held belief that homeownership provides important advantages that merit continued public support. The National Homeownership Strategy cites four fundamental benefits:

"Through homeownership, a family...invests in an asset that can grow in value and...generate financial security."

"Homeownership enables people to have greater control and exercise more responsibility over their living environment."

"Homeownership helps stabilize neighborhoods and strengthen communities."

"Homeownership helps generate jobs and stimulate economic growth."

The validity of some of these assertions is so widely accepted that economists and social scientists have seldom tested them. However, the nature and significance of homeownership's actual benefits particularly for lower income, minority, and younger families has profound implications for national housing policies and programs. The following pages will briefly review evidence on the four premises that undergird the National Homeownership Strategy.

Homeownership and Wealth Accumulation

Purchasing a home is the largest investment that most families will ever make. Homeownership has been called a "forced savings plan" in that an owner-occupant's payments on mortgage principal are retained as equity in a comparatively illiquid asset. Wealth is accumulated to the extent that the constant-dollar value of the owner's equity exceeds any decline in the home's value.

But accrued equity is only one potential financial benefit of homeownership. Buying a home with a mortgage is a leveraged investment; even though only a small part of the purchase price is paid as a downpayment, the buyer controls all appreciation in the value of the property and absorbs any loss in value as well. General trend data on housing prices confirm that owner-occupied homes have performed well as long-term investments. Real prices for the median-priced home increased by a total of 41 percent between 1960

and 1989. Even the lowest-priced houses increased in value by almost 30 percent.

However, many external factors can affect whether and at what rate a home's value increases or decreases. Changes in interest rates influence demand for housing and its attractiveness relative to other investments. Regional economic downturns, such as the oil "bust" in the Southwest during the mid-1980s, can severely de-press housing prices. The dynamics of a particular housing market or the fortunes of a particular neighborhood can also be a strong determinant of local home values.

Nonetheless, homeownership has become a critical factor in moving up the economic ladder. Home equity is the largest single source of household wealth for most Americans. Median net wealth for homeowners exceeds \$78,400, while renters accumulate less than \$2,300, or 3 percent of this amount. For homeowners, almost 60 percent of their wealth is in the form of home equity. For minority homeowners, home equity is an even more important component of wealth, representing more than three-fourths of their median net wealth of approximately \$48,300, almost 100 times the median wealth of the average black renter (barely \$500). For owners in the lowest income brackets as well, equity in single-family homes constitutes more than half their wealth.

Homeowners also enjoy important tax advantages. The value and distribution of Federal tax preferences for homeownership, such as the deductibility of property taxes and mortgage interest and the one-time exclusion of capital gains, are currently a matter of contentious debate. It is estimated that three-fourths of the \$100 billion foregone in Federal tax revenues in 1994 due to these preferences will benefit the wealthiest 20 percent of all households. However, some economists reply that the comparative benefit would show a tilt toward less affluent owners if these calculations included the advantage that owner-occupants enjoy over landlords by not being taxed on the return on investment they receive by essentially renting to themselves.

Thus the economic evidence is clear in affirming that homeownership is a good investment that increases wealth for families of all races and incomes. However, critics of homeownership point out that the economic benefits of homeownership for lower income and minority families should also be balanced against its financial risks. The lower average incomes and educational attainment of these groups make them particularly vulnerable to economic downturns that can result in job loss and, eventually, foreclosure. Indeed, newly published research on FHA-insured mortgages indicate that default risk is higher among black and lower income borrowers, although the explanation for this finding is far from clear.

Additional Readings:

Gyourko, Joseph, and Peter Linneman. "Affordability of the American Dream" in *Journal of Housing Research* 4 (1993): 39-72.

Hughes, James W. "Clashing Demographics: Homeownership and Affordability Dilemmas" in *Housing Policy Debate* 2 (1991): 1217-50.

Joint Center for Housing Studies. *State of the Nation's Housing 1992-94*. Cambridge: Harvard University, 1992-94.

Ling, David C., and Gary A. McGill. "Measuring the Size and Distributional Effects of Homeownership Tax Preferences" in *Journal of Housing Research* 3 (1992): 273-303.

Stegman, Michael A. *More Housing, More Fairly: Report of the Twentieth Century Fund Task Force on Affordable Housing*. New York: Twentieth Century Fund Press, 1991.

Homeownership and Personal Well-being

Homeownership is thought to be an important element in achieving personal fulfillment. When asked to define the good life, polls have shown that many Americans value owning a home over such factors as an automobile, a happy marriage, an interesting or high-paying job, and good health. Homeownership is credited with increasing:

SELF-ESTEEM. Homeownership, as a commonly recognized symbol of social status in the United States and other countries, could influence one or more aspects of self-esteem reflected appraisal (the impact of homeowning on the esteem in which one is held by others), social comparison (homeownership as a measure of one's status and success relative to others), and self-attribution (ownership as an indicator of personal success). But because homeowners are more likely to possess other attributes positively correlated with high self-esteem such as higher incomes, occupational status, and education isolating the importance of homeownership can be difficult. Research on the determinants of self-esteem has not been designed to make this distinction.

CONTROL. It is often argued that homeownership enhances the homeowner's sense of control over her life and environment by offering greater privacy and protection against involuntary displacement. However, critics such as Achtenberg and Marcuse counter that low-income homeowners are less likely to benefit in these ways because lack of wealth makes them more vulnerable to displacement and less able to escape deteriorating neighborhoods.

LIFE SATISFACTION. Because owning a home is a widely shared and cherished goal indeed, an expectation of most Americans, many scholars have reasoned that its attainment would tend to increase the homeowner's overall contentment with life. Although a number of researchers have investigated the effects of housing on life satisfaction, their work has focused on housing quality rather than tenure.

Despite the rhetorical attention given to these issues, there is very little empirical evidence regarding the presumed psychological benefits of homeownership, particularly for lower income families. However, one small survey of low-income renters and first-time homebuyers in Baltimore does attempt to measure these benefits directly. Rohe and Stegman discovered that the low-income homeowners in their survey showed significantly higher levels of life satisfaction than similarly situated renters. While their survey uncovered little evidence that homeownership measurably influenced self-esteem or perceived control, large majorities of the respondents agreed, when asked directly, that owning a home had made them feel better about themselves and heightened their feeling of control.

Another topic that researchers are only beginning to explore is whether children benefit as well from living in an owner-occupied home. Various reasons for a correlation have been asserted, from environmental differences to the more developed life skills of homeowners. Others have speculated that unmeasured personality attributes that make some adults more likely to become homeowners also enable them to raise children more successfully. Recently published research by Green and White finds that children of homeowners are significantly less likely than children of renters to drop out of school, to have children while a teenager, or to be arrested before age 18. The differences were largest among low-income households. However, as with the other research discussed in this section, it is difficult to show a direct causal relationship between homeownership and behavioral patterns.

Additional Readings:

- Achtenberg, Emily Paradise and Peter Marcuse. "The Causes of the Housing Problem" in Rachel G. Bratt, et al., *Critical Perspectives on Housing*. Philadelphia: Temple University Press, 1986.
- Choko, Marc H. "Homeownership: From Dream to Materiality" in R. Allen Hays (ed.), *Ownership, Control, and the Future of Housing Policy*. Greenwich, CT: Greenwood, 1993.
- Green, Richard K. and Michelle J. White. *Measuring the Benefits of Homeowning: Effects on Children*. Chicago: Center for the Study of the Economy and the State, 1994.
- Kemeny, Jim. "A Critique of Homeownership" in Rachel G. Bratt, et al., *Critical Perspectives on Housing*. Philadelphia: Temple Univ. Press, 1986.
- Rohe, William M. and Michael A. Stegman. "The Effects of Homeownership on the Self-Esteem, Perceived Control, and Life Satisfaction of Low-Income People" in *Journal of the American Planning Association* 60 (1994): 173-84.

Homeownership and Neighborhood Stability

One of the most persistent claims made for homeownership is that owners have a greater economic and emotional stake in their community and thus are more likely than renters to act in ways that maintain and strengthen that community. While there is a rich sociological literature on the social and political life of communities, it concentrates on the importance of factors such as age, sex, income, presence of children, and residents' attitudes about their neighbors and neighborhood. However, several studies have considered the possible correlation between tenure choice and:

LENGTH OF RESIDENCE. In a seemingly direct sense, neighborhood stability means that residents are less likely to move away. Homebuying is frequently viewed as signifying a family's commitment to remain in the community. Numerous studies have consistently shown that homeowners are less likely to move than renters, and that neighborhoods of owner-occupants have lower

residential turnover, even after accounting for life cycle factors and housing characteristics. However, as Rohe and Stewart point out, factors such as lower incomes, which are also associated with length of residence among homeowners, "may have mitigating effects on overall neighborhood health, especially in the long run."

NEIGHBORING. It is thought that homeowners, unlike more transient renters, will more readily forge the informal social and mutual support relationships that foster close-knit, nurturing communities. In fact, several studies have found evidence that homeownership is positively asso-ciated with higher levels of neighboring. Overall, however, research on this topic has yielded decidedly mixed results, with some scholars finding no significant differ-ences in neighboring behaviors and at least one study of three British towns showing that renters actually had more friends in their neighborhood. However, none of these studies can establish whether homeownership in itself causes changes in neighboring.

UPKEEP. Advocates frequently explain their support for homeownership programs by asserting that such efforts promote improved neighborhood housing conditions and enhanced home values: owner-occupants are more likely than absentee landlords or their tenants to maintain and improve their properties. Research conducted by Galster affirms this belief. After controlling for a series of structural, household, and neighborhood characteristics, owner-occupants spent more on maintenance, were less likely to defer repairs, and reported fewer housing prob-lems. The contrast in maintenance efforts was "especially strong when comparing low-income households," suggesting that increasing ownership among such families could have a marked effect on neighborhood housing conditions.

CRIME PREVENTION. Beginning with Jane Jacobs, both scholarly and popular commentators have observed that the dynamics of stable neighborhoods seem to deter crime strangers are recognizable and residents, by the everyday acts of watching and using their surroundings, discourage illicit activity. Architect Oscar Newman has postulated that physical design features which assert this territoriality by demarcating and allocating space as semi-private can make the area more "defensible." Under this theory, neighborhoods of detached homes, where outside space is identified with a single family, are inherently safer than high-rise apartment blocks. Substantial research confirms that neighborhoods of single-family homes in good repair both traits associated with owner-occupancy, albeit imperfectly (particularly among lower income families) tend to experience less crime, although the precise reasons for this phenomenon are still unclear.

SOCIAL POLITICAL ACTIVISM. Another reason offered for the greater safety of predominantly owner-occupied neighborhoods is that stakeholders are more willing to commit time and resources to organizations and activities that promote social cohesion or address local problems. In fact, data have consistently shown that homeownership is associated with social and political participation, although tenure is less important than other attributes characteristic of homeowners, who tend to be older and have higher levels of income and education.

According to a 1986 nationwide survey by the National Association of Realtors, homeowners were more likely than comparable renters to volunteer time to community and religious organizations, to attend public hearings and to vote in national elections, to join community improve-ment groups, and to participate in voluntary organizations.

Rohe and Stegman's longitudinal study of low-income, first-time homebuyers found that homebuying increased a household's activity in neighborhood and block associations, but in the short term had little effect on participation in school, church, social, and political organizations beyond their immediate environment. Such results have generally been found to hold equally true whether the owner is motivated by a desire to protect their property's investment value or by some less tangible reason.

Additional Readings:

Baum, Terry C. and Paul William Kingston. "Homeownership and Social Attachment" in *Sociological Perspectives* 27 (1984): 159-80.

Chambers, Daniel N. and Mary B. Schwartz. *Owner-Renter Differences in Political and Social Involvement, Housing Maintenance, and Savings Choices*. Washington, DC: National Association of Realtors, 1989.

Cisneros, Henry G. *Defensible Space: Deterring Crime and Building Community*. Washington, DC: HUD, 1995.

Galster, George C. *Homeownership and Neighborhood Reinvestment*. Durham, NC: Duke Univ. Press, 1987.

Jacobs, Jane. *Death and Life of the Great American City*. New York: Random House, 1961.

Newman, Oscar. *Defensible Space*. New York: Macmillan, 1972.

Rohe, William M. and Michael A. Stegman. "The Impact of Homeownership on the Social and Political Involvement of Low-Income People" in *Urban Affairs Quarterly* 30 (1994): 28-50.

Rohe, William M. and Leslie Stewart. "Homeownership and Neighborhood Stability." Work in progress submitted to HUD, April 1995.

Saunders, Peter. *A Nation of Home Owners*. London: Unwin Hyman, 1990.

Homeownership and Economic Growth

Perhaps the greatest macroeconomic benefit of home-ownership is seen in the millions of jobs it creates for American workers. Building 1,000 single-family homes creates almost 2,100 full-time jobs. Almost half of these jobs are in onsite construction work; another 20 percent involve employment in transportation, trade, and other locally based services. Still more employment is created through the resulting increase in demand for household goods and services. Approximately 3 million workers are employed in residential construction, and industries that provide construction inputs employ another 3 million. Because housing production has such strong "multiplier" effects, construction activity is credited with the power to jump-start other sectors of the economy.

Given its vast size and labor-intensive nature, it is hardly surprising that

housing market activity is closely watched as a barometer of the Nation's economic health and as a harbinger of future trends. Total annual investment in residential property (\$282 billion in 1994) is over 4 percent of the entire U.S. gross domestic product (GDP). Investment in housing is estimated to account for at least one-third of the change in GDP as the national economy moves into or out of recession.

This investment in housing fuels an immensely powerful engine of economic activity. The use of the Nation's housing stock (rent and mortgage payments and related expenditures) represents more than 9 percent of GDP and 14 percent of personal consumption. Another 12 percent of personal consumption expenditures go toward household operations (including furniture, appliances, utilities, and maintenance).

The emergence of a strong secondary market for home mortgages has dramatically expanded investor participation in the housing market. Twenty years ago, banks and thrifts retained up to three-quarters of residential mortgages in their portfolios. However, since the late 1980s, Fannie Mae and Freddie Mac have purchased more than half of all newly-originated home mortgages. Most of these mortgages are pooled as mortgage-backed securities and sold in the secondary market, where they are purchased by mutual funds, pension funds, and a wide range of other institutional investors. These investors were holding \$1.5 trillion in mortgage-backed securities at the end of 1993, or nearly half of all residential mortgage debt.

Additional Readings:

Diamond, Douglas B. and Michael J. Lea. Sustainable Financing for Housing: A Contribution to Habitat II. Working paper. Washington, D.C.: Fannie Mae Office of Housing Research, 1995.

Dubin, Elliott. "Direct Fiscal Impacts of Residential Construction" in Housing Economics (May 1994): 11 14.

The Future of Home Building. Washington, DC: National Association of Home Builders, forthcoming.

"Homeownership Past, Present, and Future" in U.S. Housing Market Conditions (August 1994): 2 5.

"Patterns of Homeownership" in U.S. Housing Market Conditions (November 1994): 2 7.

U.S. Bureau of the Census. Residential Finance. 1990 Census of Housing, CH 4 1. Washington, D.C.: U.S. Government Printing Office, 1994.

The National Homeownership Strategy

For over 60 years, the Federal Government has played an important role in making the American Dream of homeownership a reality for millions of families. It created the Federal Housing Administration (FHA) and Government-sponsored enterprises such as Fannie Mae to enhance the availability and affordability of home mortgage funds. HUD and other Federal agencies have provided billions of dollars in grants and loans to support affordable home construction and rehabilitation and to aid low- and moderate-income families in buying their first home. Incentives for homeownership have been

written into the Nation's tax code.

However, Federal institutions, policies, and programs alone cannot meet President Clinton's goal of record-high levels of homeownership within the next 6 years. Under the leadership of Secretary Cisneros, HUD has forged a nationwide partnership that will draw on the resources and creativity of lenders, builders, real estate professionals, community-based nonprofit organizations, consumer groups, State and local governments and housing finance agencies, and many others in a cooperative, multifaceted campaign to create ownership opportunities and reduce the barriers facing underserved populations and communities. The National Homeownership Strategy is committed to:

CUTTING HOUSING PRODUCTION COSTS. Although the high cost of building and rehabilitating housing is a nationwide dilemma, the National Homeownership Strategy recognizes that the specific causes and thus many of the solutions vary significantly among local and regional markets. Accordingly, the National Partners have endorsed a wide range of complementary strategies to:

Reduce regulatory barriers that can significantly increase the cost of producing and rehabilitating affordable housing, including high-quality manufactured housing.

Encourage the production of modest "starter homes" that would be affordable to first-time homebuyers.

Stimulate the development of new building technologies, materials, and processes that could make homes more efficient to produce and operate.

MAKING FINANCING MORE AVAILABLE, AFFORDABLE, and FLEXIBLE. The inability (either real or perceived) of many younger families to qualify for a mortgage is widely recognized as a very serious barrier to homeownership. The National Homeownership Strategy commits both government and the mortgage industry to a number of initiatives designed to:

Cut transaction costs through streamlined regulations and technological and procedural efficiencies.

Reduce downpayment requirements and interest costs by making terms more flexible, providing subsidies to low- and moderate-income families, and creating incentives to save for homeownership.

Increase the availability of alternative financing products in housing markets throughout the country.

TARGETING ASSISTANCE TO UNDERSERVED COMMUNITIES. Decline and disinvestment have left many pockets of urban and rural America without the mortgage capital, infrastructure, and economic opportunity needed to make homeownership feasible for current residents and attractive to prospective ones. The National Homeownership Strategy urges government, employers, lenders, insurers, and nonprofits to undertake strategies that will:

Build the capacity of local actors to foster affordable homeownership in their own communities.

Promote homeownership opportunities in areas easily accessible to

employment.

Revitalize distressed urban neighborhoods so that they can attract and retain homeowners.

Expand homeownership in rural America through initiatives that recognize the unique challenges and resources of nonmetropolitan areas.

OPENING THE HOMEBUYING MARKET TO UNDERSERVED POPULATIONS.

Discrimination, inflexibility, and lack of information continue to keep homeownership out of reach for many Americans, including racial and ethnic minorities, people with disabilities, and others. The National Homeownership Strategy acknowledges a special need and presents a special opportunity to reach out to historically underserved populations through actions that:

Promote fair housing and fair lending by removing barriers that deter many Americans from seeking buying, insuring, or maintaining a home in the neighborhood of their choice.

Increase employment diversity in the homeownership industry.

RAISING AWARENESS OF HOMEOWNERSHIP OPPORTUNITIES. Although moderate interest rates and steady housing values have raised the National Association of Realtors Housing Affordability Index to its highest level in 20 years, many particularly younger families no longer believe that the American Dream is within their reach. The National Homeownership Strategy calls for a coordinated nationwide campaign to promote the accessibility of homeownership and emphasize its "importance...as a national value."

EXPANDING HOMEOWNERSHIP EDUCATION AND COUNSELING. A little help can make a big difference for first-time home-buyers struggling to cope with the challenges of finding and buying a home, as well as with the ongoing responsibilities of ownership. Lower income households in particular may lack important information about housing opportunities and financing options, or may need to develop their household budgeting and maintenance skills. The National Homeownership Strategy calls for creating "a new paradigm" that would "make counseling an integral component of the services made available at the local level to potential homebuyers." The Strategy proposes research, capacity-building, information-sharing, and other actions intended to:

Improve the quality, effectiveness, and availability of pre- and post-purchase counseling and education services.

Develop a dependable source of long-term funding for nonprofit homeownership counseling agencies.

Foster greater coordination at the local level between real estate brokers, lenders, and local providers of homeownership counseling and education services.

Conclusion

The United States has much at stake in the success of the National Homeownership Strategy. Although research on some key points

remains inconclusive, the preponderance of the existing scholarship confirms the validity of many of the benefits popularly attributed to homeownership. Homeownership is a key source of individual wealth and national prosperity. Overall, home-owners seem to be more content with their own lives and more likely to participate in the life of their neighborhood.

In some respects, the advantages of homeownership are greatest for the households who currently have the least access to them. Minorities derive a greater share of personal wealth from homeownership than whites. Home-ownership seems to make a particularly significant difference in the physical condition of low-income neighborhoods and, perhaps, in the lives of low-income children as well. By improving access to homeownership for those previously underserved, the National Home-ownership Strategy can, as Secretary Cisneros has predicted, "make a real difference in the lives of millions of American families, and in our communities, for years to come."



REALTOR®

ALASKA ASSOCIATION OF REALTORS, INC.

741 Sesame Street, Suite 100 • Anchorage, Alaska 99503

Telephone 907-563-7133 • Fax 907-561-1779

April 22, 1999

Senator Torgerson
State Capital
Juncau, Alaska 99801-1182

Dear Senator Torgerson,

The Alaska Association of REALTORS with over 1100 members statewide would like to recommend the following change to Senate Bill 150 which would raise the interest rates by 1% for small community housing mortgage loans under the housing assistance program of Alaska Housing Finance Corporation.

The Alaska Association recommends the definition of small communities be define as 11,000 people or less that are not connected to the road system, and 8,000 or less if connected to the road system.

This recommendation would solve inequities in current statutuue in rural areas while still providing an interest rate break for borrowers in areas where conventional mortgage programs are not available.

The Association encourages you to consider this recommendation to SB 150.

Sincerely,

Charles Sandberg, CCIM, CRS, GRI
1999 President

cc; Senate Finance Committee Members



BROKER
Michael V. Morris

ASSOCIATE BROKERS
Dick Synhorst
Debra Leisek

OFFICE MANAGER
Julie Neff

BAY REALTY, INC.
331 E. Pioneer Avenue, Suite A
Homer, Alaska 99603
Phone: 907-235-6183
Fax: 907-235-4031
email: bayrealt@xyz.net
<http://www.xyz.net/~bayrealt>

APR 27 1999

ASSOCIATES
Terry Yager
John D. Kosci
Mark Edwards
Scott Connelly
Cheri Edwards

PROPERTY MANAGER
Teri Stephens
Angela John

April 23, 1999

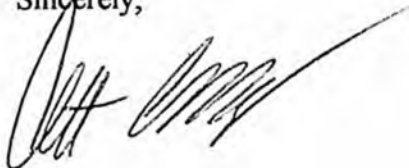
Senator John Torgerson
Room 514
State Capital
Juneau, Alaska 99801-1182

Dear Senator Torgerson:

I am writing to express to you my opposition to SB-150, reference to Small Communities (Rural) Loan Program Bill. My reasons are as follows:

- * The Rural Mortgage Program is a successful program and should not be changed like this.
- * Urban borrowers have access to plenty of opportunity for interest rate reductions. This does not need to be a "fairness" issue for Anchorage or Fairbanks.
- * This program pays for itself.

Sincerely,



Scott Connelly
Associate
Bay Realty, Inc.

SC/jn

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OFFICE MANAGER
Julie Neff

BAY REALTY, INC.
331 E. Pioneer Avenue, Suite A
Homer, Alaska 99603
Phone: 907-235-6183
Fax: 907-235-4031
email: bayrealt@xyz.net
http://www.xyz.net/~bayrealt

APR 27 1999

ASSOCIATES
Terry Yager
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Scott Connelly
Cheri Edwards

PROPERTY MANAGER
Teri Stephens
Angela John

April 23, 1999

Senator John Torgerson
Room 514
State Capital
Juneau, Alaska 99801-1182

Dear Senator Torgerson:

I am writing to express to you my opposition to SB-150, reference to Small Communities (Rural) Loan Program Bill. My reasons are as follows:

- * The Rural Mortgage Program is a successful program and should not be changed like this.
- * Urban borrowers have access to plenty of opportunity for interest rate reductions. This does not need to be a "fairness" issue for Anchorage or Fairbanks.
- * This program pays for itself.

Sincerely,



Dick Synhorst
Associate Broker
Bay Realty, Inc.

DS/jn

BROKER
Michael V. Morris

ASSOCIATE BROKERS
Dick Synhorst
Debra Leisek

OFFICE MANAGER
Julie Neff

BAY REALTY, INC.
331 E. Pioneer Avenue, Suite A
Homer, Alaska 99603
Phone: 907-235-6183
Fax: 907-235-4031
email: bayrealt@xyz.net
<http://www.xyz.net/~bayrealt>

APR 27 1999

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John D. Kosch
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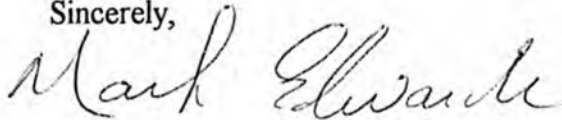
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Mark Edwards
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Bay Realty, Inc.

ME/jn

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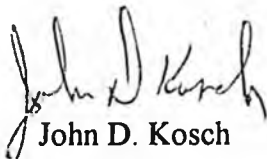
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Sincerely,



Cheri Edwards
Associate
Bay Realty, Inc.

CE/jn

04/22/99
10:12:11

LEGISLATIVE TELECONFERENCE NETWORK SYSTEM
PARTICIPANT LIST (TESTIFIERS ONLY)
TCN:90622 SCHEDULED FOR:04/22/99 09:00 TO 11:00
PUBLIC HEARING SENATE FINANCE

LTN1150
BY:JNU
FOR:ALL

LOCATION: ANCHORAGE

SB 150		✓BRUCE	KOVARIK	ASSN AK HOUSING	TESTIFY
SB 150		✓SUE	BENEDETT		TESTIFY
SB 150		✓ROBIN	WARD		TESTIFY
SB 150	left	✓JUDY	KEMPLEN	NBA	TESTIFY
SB 151		STEVE	VAN SANT	STATE ASSESSOR	TESTIFY
ALL ITEMS		DWIGHT	BECKER	SB73 ANS? SENIOR SERVICES	TESTIFY
ALL ITEMS		JEFF	JESSE	ANS ?S SB73	TESTIFY

LOCATION: DILLINGHAM

SB 150		✓DAVE	MCCLURE	BBHA	TESTIFY
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LOCATION: HOMER

SB 150	MS.	✓ANNE	WHITNEY	KACH. BOARD REALT	TESTIFY
SB 150	MS.	✓ANGIE	NEWBY	KACH BOARD REALT	TESTIFY

LOCATION: KENAI LIO

SB 150	MR. left	DAVE	FEEKEN	KPAR	TESTIFY
SB 151	MR.	DALE	BONDURANT	SELF	TESTIFY
SB 151	MR.	BYRON	BONDURANT	SELF	TESTIFY

LOCATION: KODIAK

SB 150	MR.	✓BOB	BRODIE	ASSOC REALTY	TESTIFY
SB 150	MS	✓BONNIE	AULABAUGH	REALTY	TESTIFY
SB 151	MS	DORIS	BACUS	SENIOR	TESTIFY
SB 151	MS	✓PAT Ed	BRANSON Mahoney	SENIOR CTR	TESTIFY

LOCATION: KETCHIKAN

SB 151	MR.	JOE	CRAIG		TESTIFY
SB 151	MR.	ED	ZASTROW	AARP	TESTIFY
SB 151	MAYOR	BOB	WEINSTEIN	CITY OF KTN	TESTIFY

LOCATION: MATSU

SB 151	MS	MARY	CURRY		TESTIFY
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