

SB

153

SFIN

FILE

SB 153

was referred to the
Senate Finance
Committee

Hearing(s) were held

The bill did not move
from Committee

SENATOR
JOHN J. COWDERY
Anchorage

Committees
Chair: Rules
Chair: Transportation
Chair: World Trade &
State/Federal Relations
Legislative Council

Alaska State Legislature

Senate

January - May:
State Capitol, Suite 101
Juneau, Alaska 99801-1182
Tel: 907-465-3879
Toll Free: 888-269-3879
Fax: 907-465-2069

May - December:
716 W. 4th Avenue
Anchorage, Alaska 99501
Tel: 907-269-0222
Fax: 907-269-0223

Senator_John_Cowdery@legis.state.ak.us

SPONSOR STATEMENT FOR SB 153

"An act authorizing a long-term lease of certain Alaska Railroad Corporation land at Anchorage; and providing for an effective date."

In 2002, the Alaska Legislature passed HB298. Its purpose was to allow the Alaska Railroad to increase its maximum lease term without termination rights from 35 to 55 years. The purpose of the increase was to afford entrepreneurs an opportunity to obtain financing or grants that might require a lease length longer than the original limit. Overall, the issue was promoting economic development within the Railbelt and its communities.

One beneficiary of HB298 was a developer of low-cost senior housing, who was applying for HUD (Federal Department of Housing and Urban Development) section 202 Senior Housing Grants.

Shortly after HB298 came into effect, however, HUD extended its lease requirement to 75 years. This meant developers seeking to receive HUD 202 grants were put out of the picture. The way the law now reads, the Alaska Railroad can approve leases in excess of 55 years; however the railroad must reserve the right to terminate the lease in the event the land is needed for railroad purposes.

If SB 153 comes into effect, the railroad will be allowed to offer the lease in question in excess of 55 years without the right to terminate.

A multifamily senior housing project has been planned for Government Hill (in Anchorage), and the developer received a 55-year lease from the Alaska Railroad Board. However with changes in the lease term requirement the project was no longer eligible for a HUD 202 grant.

SB153 will allow the Alaska Railroad to extend the developer's current 55-year lease without termination clause, in order to allow the senior housing developer to seek HUD 202 funding.

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES



- Low Income Housing Tax Credits
- Historic Preservation
- Multifamily Finance
- HUD and FHA Programs
- Public Housing Redevelopment
- Development Issues

- ABOUT HUD
- Publications
- Documents
- Open House Staff
- Real Estate
- HUD and FHA
- Financials
- Marketing
- Links



HUD Section 202 Program Now Allows Participation by For-Profit Owners, Developers

Private sector participation in the HUD Section 202 elderly housing program is now possible due to legislative changes enacted in 2000. The changes permit the use of the low-income housing tax credit for such projects for the first-time, according to Washington, DC attorneys Monica Sussman and Richard Goldstein.

The two, partners in the law firm of Nixon Peabody LLP, spoke on a panel August 18 at the National Housing & Rehabilitation Association's 2001 Summer Institute in Half Moon Bay, CA. (See related article on p. 1 on opportunities for owners of older HUD-assisted properties.)

Under the Section 202 program, HUD provides grants to nonprofit sponsors to finance the construction or rehabilitation of supportive housing projects for the elderly. It also provides rent subsidies for such developments. Sussman said an opportunity "just getting underway" is development and ownership of Section 202 projects by for-profit developers/owners in joint ventures with nonprofits.

This stems from amendments made to the program made by a law (P.L. 106-569) signed last December. It permits Section 202 and Section 811 (housing for persons with disabilities) projects to be owned by limited partnerships that include a for-profit limited dividend entity, provided a nonprofit sponsor is the sole general partner. A recent HUD notice (H 2001-11), outlining policies for Section 202/811 projects receiving FY 2001 HUD funds, says the purpose of for-profit participation must be to develop a "mixed-finance or mixed-use project for additional units (i.e., units in addition to the Section 202 or Section 811 units)."

Sussman said HUD is trying to decide whether it must issue regulations to implement the 202 program changes. But she contended that HUD now has authority to close transactions on an "ad hoc" basis without rules, noting precedent in HUD programs. Sussman, though, indicated that she isn't aware of any transactions that have closed yet.

She said the changes will also permit greater leveraging of 202 program funds, by allowing allocations of 202 funds - which now typically fund smaller projects - to be combined with other funds to produce larger housing

Provided by Sen. Cowdery

projects containing both 202 and non-202 units. Sussman likened this to many HUD HOPE VI projects, where the HOPE VI grant is combined with other public and private funds to finance developments with a mix of units for public housing, tax credit-eligible, and market-rate tenants.

Goldstein said for-profit participation in 202 projects will enable the use of housing tax credits for such projects, and the raising of equity for them through the syndication of the credits.

Sussman and Goldstein discussed several issues regarding the use of credit in 202 projects.

One is whether HUD will continue to provide 202 funds to nonprofit sponsors as grants. Second is whether HUD will permit such nonprofits to convert the grant they receive to a loan to the project partnership.

Tax credit program rules require a federal grant to be excluded from the eligible basis of a credit project, which reduces the tax credit amount. If the grant is provided as a loan to a project, and the interest rate on it is at least at the Applicable Federal Rate (AFR), the project won't be considered to be "federally subsidized," and new construction or substantial rehabilitation expenses won't be limited to the so-called 4 percent rather than the 9 percent credit.

Goldstein said a statement by the congressional banking committee that wrote the 202 program changes said the program shouldn't be considered a federal grant program. However, he continued, the congressional banking committees don't have jurisdiction over federal tax law - the tax committees do.

A related issue is whether Section 202 funds, if provided as a loan to the project with an interest rate below the AFR, will be treated as providing "federally subsidized" financing. If so, the project would be limited to the 4 percent tax credit. The IRS has said certain federal funds won't be treated as federal subsidies, including Section 8 rent subsidies, HOME funds, and a few other resources.

NH&RA Executive Director Peter Bell said the 202 program changes might also enable for-profit developers to work with nonprofit sponsors to make existing 202 properties more attractive to prospective tenants, by helping reconfigure the unit mix to convert studio units to larger apartments. He said 202 projects often were built with many studio units, but consumers prefer two- and three-bedroom units instead.

[About](#) | [Publications](#) | [Conferences](#) | [Officers, Board, Staff](#) | [Testimonials](#) | [Apply](#)
[Comments](#) | [Links](#) | [Site Map](#) | [LIHTC](#) | [Multifamily Financing](#) | [Historic Preservation](#)
[HUD & FHA Programs](#) | [Public Housing Redevelopment](#) | [Development Issues](#) | [News](#) | [Home](#)

Info provided by Sen. Cowdery
4/9/03

1-GH2071AG

CS FOR HOUSE BILL NO. 344(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 3/27/00

Referred: Today's Calendar

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act authorizing a land exchange between the Department of Natural
2 Resources and Alaska Hardrock, Inc.; approving a long-term lease of certain
3 Alaska Railroad Corporation land at Healy; and providing for an effective date."

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

5 * Section 1. The uncodified law of the State of Alaska is amended by adding a new
6 section to read:

7 PURPOSE. The purpose of section 2 of this Act is to approve the final agreement for
8 the exchange of land between the State of Alaska, Department of Natural Resources and
9 Alaska Hardrock, Inc., dated January 26, 2000. The land to be acquired by the state under
10 the agreement is located within or adjacent to the Independence Mine State Historical Park.
11 The appraised fair market value of the land to be exchanged is unequal. AS 38.50.020
12 requires the submission of a land exchange agreement for legislative review and approval if
13 the agreement involves the exchange of land of other than equal appraised fair market value.
14 The Department of Natural Resources has determined that the value of the land to be received

HB0344b

-1-

CSHB 344(FIN)

New Text Underlined [DELETED TEXT BRACKETED]

1 by the state under the agreement exceeds the value of the state land relinquished.

2 * Sec. 2. The uncodified law of the State of Alaska is amended by adding a new section
3 to read:

4 APPROVAL OF AGREEMENT AND LAND EXCHANGE. The final agreement for
5 the exchange of land between the Department of Natural Resources and Alaska Hardrock, Inc.,
6 dated January 26, 2000, is approved. The approval of the final agreement authorizes the
7 exchange of state-owned land for land owned by Alaska Hardrock, Inc., as specified in the
8 approved final agreement.

9 * Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section
10 to read:

11 APPROVAL OF THE LEASE OF LAND AT HEALY. (a) The Alaska Railroad
12 Corporation is authorized to lease certain corporation land at Healy, Alaska, for the Tri-Valley
13 subdivision within Township 12 South, Range 7 West, Section 18, Fairbanks Meridian, that
14 is the subject of Alaska Railroad contract no. 69-25-0003-4779 for a period in excess of 35
15 years without reserving the right to terminate the lease.

16 (b) This section constitutes legislative approval under AS 42.40.285(4) for the Alaska
17 Railroad Corporation to lease the land described in (a) of this section for a period in excess
18 of 35 years without reserving the right to terminate the lease if the land is needed for railroad
19 purposes.

20 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

Bill History/Action Display



BILL: HB 344

SHORT TITLE: HARDROCK LAND EXCHANGE/HEALY RR
LEASE

BILL VERSION: CSHB 344(FIN)

SPONSOR(S): RLS BY REQUEST OF THE
GOVERNOR

CURRENT STATUS: CHAPTER 91 SLA 00

STATUS DATE: 05/31/00

TITLE: "An Act authorizing a land exchange between the Department of Natural Resources and Alaska Hardrock, Inc.; approving a long-term lease of certain Alaska Railroad Corporation land at Healy; and providing for an effective date."

[Full Text](#)
[Fiscal Notes](#)

Committee Action with Bill History

Jrn-Date	Jrn-Page	Action
02/07/00	<u>2116</u>	(H) READ THE FIRST TIME - REFERRALS
02/07/00	<u>2117</u>	(H) RES, FIN
02/07/00	<u>2117</u>	(H) ZERO FISCAL NOTE (DNR)
02/07/00	<u>2117</u>	(H) LAND EXCHANGE AGREEMENT ATTACHED
02/07/00	<u>2117</u>	(H) GOVERNOR'S TRANSMITTAL LETTER
03/08/00	<u>2450</u>	(H) RES RPT GDP 1NR
03/08/00	<u>2450</u>	(H) DP: COWDERY, HARRIS, WHITAKER, MASEK,
03/08/00	<u>2450</u>	(H) MORGAN, HUDSON; NR: JOULE
03/08/00	<u>2450</u>	(H) ZERO FISCAL NOTE (DNR) 2/7/00
03/27/00	<u>2710</u>	(H) FIN RPT CS(FIN) NT 10DP
03/27/00	<u>2710</u>	(H) DP: THERRIault, MULDER, BUNDE, DAVIES,
03/27/00	<u>2710</u>	(H) GRUSSENDORF, MOSES, DAVIS, PHILLIPS,
03/27/00	<u>2710</u>	(H) WILLIAMS, FOSTER
03/27/00	<u>2710</u>	(H) ZERO FISCAL NOTE (DNR) 2/7/00
03/27/00	<u>2714</u>	(H) RULES TO CALENDAR 3/27/00
03/27/00	<u>2714</u>	(H) READ THE SECOND TIME
03/27/00	<u>2714</u>	(H) FIN CS ADOPTED UNAN CONSENT
03/27/00	<u>2715</u>	(H) ADVANCE - THIRD READING UNAN CONSENT
03/27/00	<u>2715</u>	(H) READ THE THIRD TIME CSHB 344(FIN)
03/27/00	<u>2715</u>	(H) PASSED Y34 E6
03/27/00	<u>2715</u>	(H) EFFECTIVE DATE(S) SAME AS PASSAGE
03/27/00	<u>2717</u>	(H) TRANSMITTED TO (S)
03/28/00	<u>2756</u>	(S) READ THE FIRST TIME - REFERRALS
03/28/00	<u>2757</u>	(S) RES
04/04/00	<u>2861</u>	(S) FIN REFERRAL ADDED AFTER RES
04/06/00	<u>2904</u>	(S) RES RPT GDP
04/06/00	<u>2904</u>	(S) DP: HALFORD, TAYLOR, PARNELL,

- 04/06/00 2904 (S) PETE KELLY, LINCOLN, GREEN
- 04/06/00 2904 (S) HOUSE ZERO FISCAL NOTE (DNR)
- 04/19/00 3295 (S) FIN RPT 7DP
- 04/19/00 3295 (S) DP: TORGERSON, PHILLIPS, GREEN, LEMAN,
- 04/19/00 3295 (S) ADAMS, WILKEN, DONLEY
- 04/19/00 3295 (S) HOUSE ZERO FISCAL NOTE (DNR)
- 04/25/00 3490 (S) RULES TO CALENDAR AND 1 OR 4/25/00
- 04/25/00 3496 (S) READ THE SECOND TIME
- 04/25/00 3496 (S) ADVANCED TO THIRD READING UNAN CONSENT
- 04/25/00 3496 (S) READ THE THIRD TIME CSHB 344(FIN)
- 04/25/00 3497 (S) PASSED Y19 N- A1
- 04/25/00 3497 (S) EFFECTIVE DATE(S) SAME AS PASSAGE
- 04/25/00 3497 (S) MACKIE NOTICE OF RECONSIDERATION
- 04/26/00 3533 (S) RECONSIDERATION HELD TO 4/27/00
- 04/27/00 3554 (S) RECON TAKEN UP - IN THIRD READING
- 04/27/00 3554 (S) PASSED ON RECONSIDERATION Y20 N-
- 04/27/00 3555 (S) EFFECTIVE DATE(S) SAME AS PASSAGE
- 04/27/00 3555 (S) RETURN TO (H), TRANSMIT TO GOV NEXT
- 07/14/00 3842 (H) 10:25AM 5/12/00 TRANSMITTED TO GOVERNOR
- 07/14/00 3875 (H) SIGNED INTO LAW 5/31 CHAPTER 91 SLA 00
- 07/14/00 3875 (H) EFFECTIVE DATE OF LAW 6/1/00

Similar Subject Match or Exact Subject Match

- MINING
- PARKS & RECREATION
- PUBLIC LAND
- RAILROAD
- RESOURCES

Bill Root:



TO REPORT PROBLEMS WITH BASIS INQUIRY

LIVE KTOO STREAMS 

Return to Basis Main Menu (21 Legislature)
Return to Legislature Home Page

GOVERNMENT HILL COMMUNITY COUNCIL

Susanne DiPietro and Thomas Pease, Co-Presidents/Dan Lowery, Vice President/Diane Miller and Bob French, Co-Secretary-Treasurers/Belinda Breaux and Caroline Higgins, At-Large Board Members/
Stuart C. Hall, Past President
P.O. Box 100018 Anchorage, AK 99510-0018

March 21, 2003

Senator Johnny Ellis
Representative Les Gara
Representative Nancy Dahlstrom
Senator Fred Dyson
State Capitol
Juneau, AK 99801

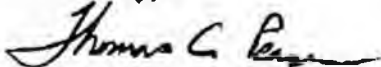
Re: HB 97 and SB 153

Dear Senator Ellis, Representative Gara, Representative Dahlstrom, and Senator Dyson:

At its regular monthly meetings on February 20 and March 20, 2003, the Government Hill Community Council discussed House Bill 97 concerning the extension of the lease terms from 55 to 70 years for an Alaska Railroad property located on Hollywood Drive on Government Hill. The Community voted at its March 20th meeting unanimously to oppose this bill. The Community believes that HB 97 (and its companion, SB 153), focusing on a single piece of real property, is narrow, special interest legislation, is unsound public policy and is not in the best interest of our neighborhood, the Alaska Railroad Corporation or the State of Alaska.

Please feel free to call me or Co-President Susanne DiPietro if you have any questions or would like more information about our concerns about this legislation. I can be reached at 277-4351 and Susanne can be reached at 264-0785, or by email at dipietro@alaska.net.

Sincerely,



Thomas C. Pease
GHCC Co-President

Cc: Sen. John Cowdery
Sen. Lyda Green
Sen. Gary Wilken
Rep. James Holm

Rep. Bud Fate
Rep. Mike Chenault
Rep. Ralph Samuels

Rep. Ethan Berkowitz
Rep. John Harris
Rep. Bill Williams

**Alaska Enfranchise
Facilities, Inc.**

**Providing safe,
Clean and affordable
Housing for Alaskan
Seniors.**

Alaska Enfranchised Facilities, Inc. respectfully requests your assistance in providing legislation allowing for the development of senior housing, on land leased from the Alaska Railroad Corporation, using HUD's 202 program.

HUD's 202 program was initiated in the 1960's as a low interest loan program, designed to provide rental housing for low income persons sixty-two years of age and older. The program has evolved over the years and in the mid 1990's the program became a grant program whereby 501 C-3 not-for-profit applicants would receive the grant funds and use the money to build and operate housing for low income people sixty-two years of age and older.

Each year HUD uses a formula to determine how many housing units to assign to each of the fifty states in two categories. The categories are rural and urban. Once the allocation is made the opportunity to apply for the grant funds is advertised to all potential not-for-profit applicants with a NOFA (notification of funding availability). The NOFA is typically posted on the HUD website each April.

The last several years Alaska's annual allocation has been twenty urban units and five rural units. The grant program allows for grant funded buildings to be built on leased land. Before the 2002 grant cycle the rules called for the duration of the lease to be a minimum of forty years. In the April 2002 NOFA the duration of the lease, necessary to build on leased land, was increased to seventy-five years.

Alaska Enfranchised Facilities, Inc. has received seven grants in the past eight years. Four buildings are built and occupied in Anchorage. One building is under construction in Sutton, and later this summer another building will be built in Sutton and one in downtown Anchorage. These buildings total 115 housing units. Marc Marlow has acted as the contractor for most of the buildings built with the grants AEF has received to date. Mr. Marlow also acts as a facilitator for AEF, Inc., coordinating requirements for application in a timely manner as well as assisting in coordinating efforts after AEF, Inc. has received a grant.

Please find attached a brochure of the buildings AEF, Inc. has finished for Alaska's elderly to date.

Alaska Enfranchised Facilities, Inc. desires to apply for the 2003 HUD 202 grant and hopes to build the building on Government Hill in Anchorage, on a piece of land that the Alaska Railroad Corporation owns. The Alaska Railroad Corporation is only allowed to lease land for a period not to exceed fifty-five years, unless a longer period is approved by the legislature. In so far as the 202 program requires a lease period of at least seventy-five years, the legislature's approval is hereby requested to allow the Alaska Railroad Corporation to lease the portion of Section 8, Township 13 North, Range 3 West, Seward Meridian that is owned by the Alaska Railroad Corporation for a period in excess of fifty-five years.

HISTORY

Alaska Enfranchise Facilities, Inc., previously Alaska Evangelis'tic Fellowship, Inc., received its non-profit corporation status in 1991.

The purpose of the corporation as amended in March, 1999 states: "the purpose of this corporation is to (1) research community needs and target feasible projects; (2) build facilities to support programs by seeking incentives for developers; (3) organize and train program-specific management and volunteers; (4) coordinate the utilization of community-based services in the programs; (5) obtain support for quality-of-life improvements in completed facilities; (6) seek continuous evaluation of facility and program effects; and (7) involve local and regional leadership in the entire process."

Current activities include sponsoring and facilitating the development of owner corporations for seven (7) Section 202 Capital Advance, Supportive Housing for the Elderly, projects in Alaska.

CURRENT PROJECTS

Muldoon Manor

Project #176-EE007
20 units
2040 Muldoon Road
Anchorage, Alaska 99504
Funded 1995
Grant amount \$2,438,199
100% Occupied

Commodore Park Plaza

Project #176-EE010
25 units
10415 Jamestown Drive
Anchorage, Alaska 99507
Funded 1996
Grant amount \$3,034,440
100% Occupied

Russian Jack Manor

Project #176-EE015
20 units
1260 Delasala Place
Anchorage, Alaska 99508
Funded 1999
Grant amount \$2,821,200
100% Occupied

Sutton Manor

Project #176-EE025
5 units
15816 North Glenn Highway
Sutton, Alaska 99674
Funded 2001
Grant amount \$891,100
Under construction

Jewel Lake Plaza

Project #176-EE014
20 units
8300 Jewel Lake Road
Anchorage, Alaska 99502
Funded 1998
Grant amount \$2,351,000
100% Occupied

Sutton Annex

Project #176-EE028
5 units
15838 North Glenn Highway
Sutton, Alaska 99674
Funded 2002
Grant amount \$891,100
Design phase

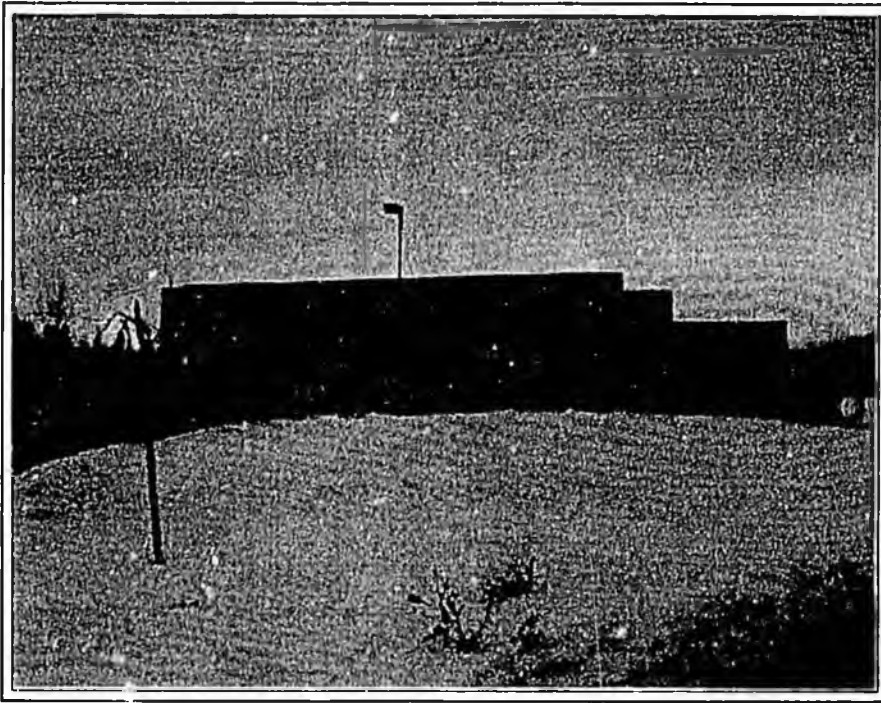
Sullivan Manor

Project #176-EE027
20 units
Anchorage, Alaska
Funded 2002
Grant amount \$3,620,500
Design phase

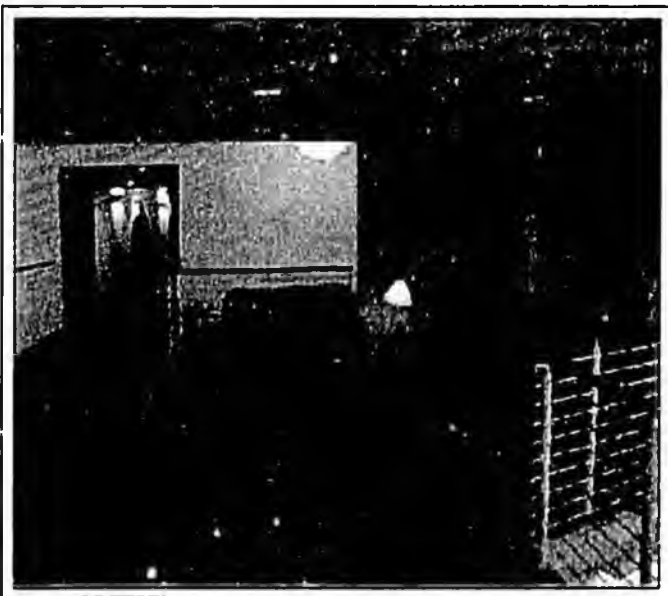
The Board of Directors works with Manor Management of Alaska, Inc. (MMA) on the development and operation of its current facilities as well as future projects. MMA was formed as a sister corporation to Manor Management Services, Inc. (MMS) specifically to provide housing and related services to seniors in Alaska. MMA was incorporated on July 29th, 1992.

Board meetings are held on a quarterly basis with the management team. Board members are asked to review financial statements from each facility, comment on facility operations, and provide support for project funding, design phase to project completion.

Attached for your review are photographs from our current facilities. Should you have any questions please contact Patrick C. O'Toole, President, MMA, at 1-800-201-4922.



Commodore Park
Plaza
#176-EE010





Muldoon Manor
#176-EE007



SENATE COMMITTEE REPORT First Committee of Referral

DATE: 3/20/03

FURTHER: Finance

Date of 5-Day Notice: 3/20/03
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 3/25/03

Transportation Committee considered SENATE BILL NO. 153

SB 153 LONG-TERM LEASES OF ALASKA RR LAND

"An Act authorizing a long-term lease of certain Alaska Railroad Corporation land at Anchorage; and providing for an effective date."

and recommends:

be replaced with _____ CS _____ (_____)

adopt previous _____ CS _____ (_____)

attached amendment(s)

adopt Letter of Intent by _____ Committee

further referral to _____ Committee

Senate Bill:

same title

new title

House Bill:

same title

technical title

new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
DOTPF	3/24		✓	1

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:		DO PASS	DO NOT PASS	NO REC	AMEND
Olson	<i>[Signature]</i>			✓	
Therriault	<i>[Signature]</i>	✓			
Wagner	<i>[Signature]</i>	✓			
Lincoln	<i>[Signature]</i>			✓	
Cowdery	CHAIR: <i>[Signature]</i>				

