

**HB**

**50**

<TARGET><BILL>HB 50</BILL><SUBJECT>HB  
50</SUBJECT><COMM>SFIN28</COMM></TARGET>

# SENATE FINANCE COMMITTEE REPORT

DATE: 4/11/13

FURTHER:

DATE TURNED  
IN TO OFFICE: \_\_\_\_\_

Finance Committee considered CS FOR HOUSE BILL NO. 50(FIN)

## HB 50-MULTI-UNIT HOUSING: COMMERCIAL USE

"An Act authorizing the Alaska Housing Finance Corporation to allow certain commercial uses in a multi-unit residential housing development owned or financed by the corporation and limiting the Alcoholic Beverage Control Board's issuance of certain licenses to premises in the residential housing development."

and recommends:

- [ ] be replaced with SCS \_\_\_\_\_ ( \_\_\_\_\_ ) [ ] Same Title [ ] Technical Title Change  
[ ] New Title/SCR No. \_\_\_\_\_
- [ ] adopt previous SCS \_\_\_\_\_ ( \_\_\_\_\_ ) [ ] Same Title [ ] Technical Title Change  
[ ] New Title/SCR No. \_\_\_\_\_
- [ ] attached amendment(s)
- [ ] adopt \_\_\_\_\_ Letter of Intent
- [ ] further referral to \_\_\_\_\_ Committee

Dept Abbr.	
ADM	LWF
CED	LAW
COR	LEG
CRT	MVA
EED	DNR
DEC	DPS
DFG	REV
GOV	DOT
DHS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
Rev			✓	1

[ ] APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	Do PASS	Do NOT PASS	NO REC	AMEND
<i>[Signature]</i>	DeSleavy	✓			
<i>[Signature]</i>	FAIRCLOUGH	X			
<i>[Signature]</i>	Hoffman	✓			
CO-CHAIR: <i>[Signature]</i>	Meyer				
CO-CHAIR: <i>[Signature]</i>					

# Fiscal Note

State of Alaska  
2013 Legislative Session

Bill Version: HB 50  
Fiscal Note Number: 1  
(H) Publish Date: 3/1/13

Identifier: HB050-DOR-AHFC-02-22-13  
Title: MULTI-UNIT HOUSING: COMMERCIAL USE  
Sponsor: COSTELLO  
Requester: (H) L&C

Department: Department of Revenue  
Appropriation: Alaska Housing Finance Corporation  
Allocation: AHFC Operations  
OMB Component Number: 110

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014 Appropriation Requested	Included in Governor's FY2014 Request	Out-Year Cost Estimates					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None								
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time								
Part-time								
Temporary								

<b>Change in Revenues</b>								
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes  
If yes, by what date are the regulations to be adopted, amended or repealed? 09/30/13

**Why this fiscal note differs from previous version:**

Initial version
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Prepared By:	Les Campbell, Budget Director	Phone:	(907)330-8356
Division	Alaska Housing Finance Corporation	Date:	02/22/2013 12:00 PM
Approved By:	Dan Fauske, CEO	Date:	02/22/13
	Alaska Housing Finance Corporation		

FISCAL NOTE ANALYSIS #1

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

BILL NO. HB 50

**Analysis**

Financial activity will be managed in the same fashion as other loan programs in AHFC's loan portfolio. This is a "Zero Fiscal Note."



**Representative Mia Costello**  
Member, House Finance Committee

**Sponsor Statement**  
**House Bill 50 (CSHB 50(FIN))**

*"An Act authorizing the Alaska Housing Finance Corporation to allow certain commercial uses in a multi-unit residential housing development owned or financed by the corporation and limiting the Alcoholic Beverage Control Board's issuance of certain licenses to premises in the residential housing development."*

The Alaska Housing Finance Corporation (AHFC) has identified a needed fix in current law which impacts the larger-scale housing complexes it builds or finances. House Bill 50 intends to fix that problem, and enhance the economic feasibility of these developments.

All Alaskans desire to live in vibrant neighborhoods with easy access to needed services that include shopping, restaurants, services such as child care, and other amenities. Many municipalities across the nation have recognized the value of multi-use housing as a way to create a stronger economy and vibrant neighborhoods. Other renters using this bill could be police substations, medical offices, or a variety of other businesses.

However, under current statute the Alaska Housing Finance Corporation is not allowed to finance or permit commercial enterprises in multi-unit residential housing developments.

House Bill 50 changes existing statute to allow AHFC to permit certain commercial enterprises in multi-unit residential housing developments. It is based on good community planning, and would be an additional revenue source for AHFC, which would allow the corporation to expand its ability to help ease Alaska's housing shortage. Developers have also stated this change will enhance their ability to build AHFC housing units.

The bill would not allow establishments that involve adult entertainment to be permitted under this bill, and only an establishment selling alcohol that has been designated as a restaurant by the Alcohol Beverage Control Board could be permitted, as opposed to bars. In other words, this bill is intended to exclude businesses that are not children and family friendly.

Please feel free to contact our office if you have any questions.

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**Representative Mia Costello**  
Member, House Finance Committee

Sectional Analysis  
House Bill 50 (CSHB 50(FIN))

*"An Act authorizing the Alaska Housing Finance Corporation to allow certain commercial uses in a multi-unit residential housing development owned or financed by the corporation and limiting the Alcoholic Beverage Control Board's issuance of certain licenses to premises in the residential housing development."*

**Section 1.** Allows the Alcoholic Beverage Control Board to issue a new license, renew a license, or approve a request for relocation for premises located in a multi-unit residential housing development owned or financed by the Alaska Housing Finance Corporation if the license is for a restaurant or eating place and the premises are designated by the board as a restaurant under AS 04.16.049.

**Section 2.** Authorizes certain types of commercial uses in multi-unit residential housing to be owned or financed by the Alaska Housing Finance Corporation.

**Section 3.** Limits the types of commercial uses that the Alaska Housing Finance Corporation is allowed to authorize in multi-unit residential housing development it owns or finances. The total of all commercial uses cannot occupy more than a percentage of the space in the multi-unit residential housing development that the corporation has determined is consistent with the corporation's goal of increasing available affordable housing. The corporation may not authorize the commercial use of space for:

- A business that offers adult entertainment
- The sale of alcoholic beverages unless the sale is in a restaurant as designated by the Alcoholic Beverage Control Board
- Substance abuse treatment
- A business that primarily deals in cigarettes or tobacco products

The section does not require the corporation to authorize commercial use in a multi-use residential housing development owned or financed by the corporation.

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# ALASKA STATE LEGISLATURE

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**Representative Mia Costello**  
District 20 - Sand Lake, Jewel Lake, Dimond & Campbell Lake

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## MEMORANDUM

**To:** Senator Mike Dunleavy  
Chair, Senate Labor & Commerce Committee

**From:** Representative Mia Costello

**Re:** Summary of changes to House Bill 50 (Original vs. CSHB 50(FIN))

**Date:** March 21, 2013

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The following is a summary of the changes made to House Bill 50 (28-LS0155\U) in the Finance Committee substitute (28-LS0155\O). All changes are made to Section 3, which amends AS 18.56 by adding a new section AS 18.56.340. This new section establishes limitations on the commercial uses in a multi-unit residential housing development owned or financed by the Alaska Housing Finance Corporation (AHFC). The changes are as follows:

**AS 18.56.340(b)(1).** Paragraph deleted and following paragraphs renumbered accordingly.

Removes a clause prohibiting AHFC from authorizing charitable gaming businesses in multi-use residential properties financed by AHFC.

**AS 18.56.340(b)(5).** Delete all material, and replace with "(4) a business that primarily sells, transfers, or stores cigarettes or tobacco-related products."

Allows AFHC to authorize businesses that may have some incidental sales of tobacco products as part of a larger business, while maintaining a prohibition against authorizing businesses that are primarily tobacco-related. In the original version, no businesses involving tobacco manufacturing, sales, transfers, or storage could be authorized.



January 28, 2013

The Honorable Representative Les Gara  
House of Representatives  
State Capitol Room 400  
Juneau AK, 99801

**SUBJECT: HB 50 – ALLOWING AHFC TO PERMIT CERTAIN NON-PROFIT AND COMMERCIAL  
BUSINESSES IN LARGE MULTI-UNIT RESIDENTIAL HOUSING DEVELOPMENTS**

Dear Representative Gara:

I write today on behalf of Cook Inlet Housing Authority ("CIHA") to express strong support for HB 50, which would fix an existing law that unnecessarily constrains innovation in the construction and financing of large-scale housing developments by the Alaska Housing Finance Corporation ("AHFC").

As a Regional Housing Authority created under Alaska Law, CIHA has for almost forty years provided housing and housing-related services to seniors and families living in the Municipality of Anchorage, the Mat-Su Valley, and portions of the Kenai Peninsula. Presently, we own and/or manage nearly 1,000 units of rental housing throughout Southcentral Alaska.

Our work would not be possible, however, without substantial investments from AHFC. CIHA believes HB 50 will provide AHFC reasonable flexibility to finance and build new housing developments that enhance quality of life for residents and better promote economic development in communities throughout the state.

Under existing law, AHFC may not finance commercial or retail space as part of a mixed-use approach to the construction of multi-unit residential developments or permit businesses to occupy space in developments it owns. This prohibition on mixed-use development makes little sense. The State should encourage AHFC to finance and build developments that promote vibrant neighborhoods with easy access to services like child care, shopping, restaurants, and medical offices. State and local governments across the country have recognized the value of mixed-use development as a way to create healthy economies and neighborhoods of choice.

House Bill 50 would revise an existing statute to allow AHFC to permit certain commercial enterprises in multi-unit residential housing developments. This approach, common throughout the U.S., is based on sound community planning principles. Further, it would generate revenue for AHFC, providing additional resources that the corporation could use to help address Alaska's growing housing shortage. This change will also make it easier for developers to build financially feasible affordable housing throughout Alaska using funds from AHFC, since income from commercial spaces could offset reduced rents from affordable housing units.

January 29, 2013  
The Honorable Representative Les Gara

Of course, it is also important to understand what HB 50 will NOT do. It will not permit AHFC to finance or own space occupied by establishments that involve charitable gaming or adult entertainment. An enterprise occupying space in a development owned or financed by AHFC might be able to obtain a liquor license, but only if such an enterprise were a restaurant, as designated by the Alcohol Beverage Control Board, and not a bar or night club. Simply put, the bill will not allow AHFC to finance or own space occupied by businesses that are not family friendly.

As an affordable housing provider in Alaska and strong proponent of the Alaska Housing Finance Corporation's ongoing work to address housing needs in Alaska, Cook Inlet Housing Authority strongly supports HB 50. Please do not hesitate to contact me if we may be able to help advance this critical legislation.

Respectfully,

  
Carol Gore  
President/CEO

Glenn Gellert  
1113 W. Fireweed Lane, #202  
Anchorage, Alaska 99503

1/22/13

Dear Members of the Alaska House,

I am writing in support of House Bill 50, an act authorizing the Alaska Housing Finance Corporation to allow certain commercial uses in a multi-unit residential housing development owned or financed by the corporation.

For the last 15 years I have worked closely with Alaska Housing Finance to provide affordable housing to Alaskans in Anchorage, Fairbanks, the Mat-Su Valley and Kenai. Rising construction costs and land costs have made it more difficult to fill funding gaps. HB 50 would potentially provide other revenue sources that could allow a property to carry more debt and fill these financing holes.

While there are clearly financial benefits to mixed-use development, there is also a lifestyle benefit too, especially in urban areas of the state where it really makes sense to locate services close to where people live. The Inlet Tower offers a good example. Many of the tenants in the Inlet Tower are young professionals who don't want to prepare meals. They can come home from work; grab a meal or a glass of wine in the restaurant with other friends from the building as well as the surrounding neighborhood. This helps promote a stronger sense of community.

I urge the House to pass Bill 50 so that more affordable multi-family housing will become feasible to develop and community cohesion can be promoted.

Sincerely,



Glenn Gellert

**PARK PLACE CONDOMINIUM ASSOCIATION, INC.**

**A resolution supporting a full-service restaurant located at the Inlet Tower.**

WHEREAS, Inlet Tower has made substantial improvements and renovations to its mixed use facilities including providing affordable and market housing with a convenient neighborhood restaurant;

WHEREAS, the adopted Anchorage 2020 Comprehensive Plan calls for a more progressive mixture of commercial and residential land uses to enhance the Municipality's downtown and adjacent neighborhoods;

WHEREAS, the adopted Anchorage 2020 Comprehensive Plan also encourages more affordable residential housing options to insure a sustainable, vibrant and economically viable downtown core for the Municipal region;

WHEREAS, the existing restaurant in the Inlet Tower is a valuable community amenity which serves as a pleasant gathering place for neighborhood residents enhancing a sense of community;

WHEREAS, the Park Place Condominium Association is the closest neighbor to Inlet Tower and is a 98 unit community of residents that greatly benefit from a renovated, well managed, secure and economically successful mixed-use facility at Inlet Tower;

Now, THEREFORE BE IT RESOLVED the Park Place Condominium Association supports the mixed-use facilities offered at the Inlet Tower including the full-service restaurant with liquor license;

BE IT FURTHER RESOLVED, the Park Place Condominium Association requests any necessary assistance of the South Addition Community Council; Municipal Assemblyperson Patrick Flynn; State Representative Les Gara; State Senator Johnny Ellis; and AHFC CEO Dan Fausky to support the continuing development of the mixed-use project at Inlet Tower, including the operation of a full service restaurant.

Ratified at the regular December 19, 2012 meeting of the Park Place Condominium Association Board of Directors;

In witness whereof, the undersigned has caused this Resolution to hereby be adopted and executed this 19<sup>th</sup> day of DECEMBER 2012.

Park Place Condominium Association, Inc.

By: \_\_\_\_\_

(signature)

JOHN TOLLEY; Its President

(print name)



St. Vincent de Paul Society  
Juneau, Alaska

svdpjuneau.org

Mindy Voigt, President

Ida Barnack

Terry Elder

Barbara Bechtold

Robert Rehfeld

Anna Marg Rear

Peggy Morris

Theresa Harris

Charles Van Kirk

*We provide material and  
spiritual charity and work  
for social justice for all  
people.*



## St. Vincent de Paul Society

### Diocesan Council of Southeast Alaska, Inc.

8617 Teal St., Juneau, Alaska 99801

(907) 789-5535 phone

[st.vincentdepaul.juneau@gci.net](mailto:st.vincentdepaul.juneau@gci.net)

(907) 789-2557 fax

February 25, 2013

Alaska Legislature, House Labor and Commerce Committee

Representative Kurt Olson, Chair

Honorable Representative Olson;

We are pleased to have this opportunity to offer written testimony in support of HB 50, allowing AHFC to finance development projects that mix residential and commercial uses.

The mixed development concept (generally commercial on the ground floor and multifamily residential above) is certainly not new. Throughout human history, cities have grown and prospered as the center of both residential and commercial activity. Buildings that incorporate both needs are the rule in all the world's great cities. As demographics and lifestyles change, the 21<sup>st</sup> century is shaping up to be the urban century. Alaska's cities will undoubtedly develop as modern, livable, vital models for development in the North. HB 50 will make it easier and more economically feasible.

For more than 20 years, our organization has built and managed housing opportunities in Juneau. Our modest Thrift Store is the economic engine that has leveraged our multifamily developments. Starting in 1992 with 5 transitional apartments,



we now have more than 100 under direct management and expect to grow to more than 150 over the next year.

More important is the fact that an urban environment is most livable when a family's needs—mundane as well as cultural—are met within a couple of blocks of their apartment. Or better yet, just downstairs! Mixed development encourages revitalization of downtown areas and neighborhoods, leading the way for diverse local economic development on a human scale.

HB 50 will allow the Alaska Housing Finance Corporation to support restricted commercial development within residential projects they finance. Developers, for profit, non-profit and joint ventures, will not have to secure two separate lenders in order to build appropriate mixed developments.

We believe the changes to AHFC statutes proposed in HB 50 will help Alaska cities take their place as leaders in the "urban century".

Dan Austin, General Manager/Director

(907) 321-5222

