

LEG. FINANCE - BILLS 1983 - 1984 1971

CSHB 661 cont. - CSHB 663 1971

**Brown & Root, Inc.**

200 Porter Drive, San Ramon, California, 94583

W. D. Arnold  
Manager - Business Development  
Marine Services

(415) 838-6149



March 19, 1984

John B. Olson  
Director, Division of Major Project Management  
State of Alaska  
Department of Transportation and Public Affairs  
Pouch 6900  
4111 Aviation Avenue  
Anchorage, Alaska 99502

SUBJECT: Knik Arm Crossing

Dear Mr. Olson:

It was a pleasure to have visited with you in your offices in Anchorage on February 21st. The time you spent with us in explaining the situation regarding the Knik Arm Crossing was very much appreciated.

As discussed in our meeting, Brown & Root is very interested in bidding the Engineering/Construction of the Knik Arm Crossing and has had three consortia approach us about possible financing of portions of this project.

During our discussions you indicated that it would be difficult for the Department of Transportation or the State to negotiate an unsolicited bid for the overall package. Therefore, we would like to prequalify for the work in the routine manner that you plan to use later this year. Brown & Root has been involved in several major water crossings in the United States and has the expertise and the equipment available, including derrick barges that might be required for some of the heavy lifts.

Thanks again for the time that you allowed us back in February. We are looking forward to working with you on this project as it develops.

Kind Regards,

*Bill*

W. D. Arnold  
Manager, Business Development  
West Coast and Alaska

WDA/1mw

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MAR 27 1984

DOT & PF  
Major Projects MGMT.

**SAMWHAN CORPORATION**

ARCHITECTS, ENGINEERS & CONTRACTORS

58-20, WOONI-DONG, CHONGRO-KU, C.P.O. BOX 42, SEOUL, KOREA

HEAD OFFICE:  
TELEX: SAMWHAN K22212  
SAMWHAN K24389  
SAMWHAN K25117  
CABLE: GREENLIGHT SEOUL  
PHONE: 765-0151-9

February 20, 1984

John B. Olson  
Director  
Division of Major Projects Development  
Dept. of Transportation &  
Public Facilities

Dear Sir,

I would like to express my sincere gratitude for your warm hospitality rendered during my visit to your office on February 10, 1984, sharing time from your busy schedule.

You were very kind and helpful in conducting my successful survey on future Alaska construction market prospective for our business activities. Our technical engineering Dept. has just begun reviewing the draft of tender documents regarding Nome Harbour Project furnished to me in anticipation of your invitation.

Meanwhile, I sincerely hope that we would be invited to the tenders for the Knit Arm Bridge Project and other various projects planned for the five years ahead according as you promised that our Corporation would be registered with prospective bidder list applicable for your esteemed State Government's projects.

We assure you of our best service to highest standard if an opportunity be given to us. Wishing the ever-lasting prosperity of your esteemed Department.

Yours Sincerely,

SAMWHAN CORPORATION  
*Young Ju Moon*  
Young Ju Moon  
Director

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FEB 27 1984

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Major Projects MGMT.

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## NIPPON KOKAN K.K.

1-1-2, MARUNOUCHI, CHIYODA-KU, TOKYO 100

PHONE: (03) 212-7111

TELEX: 222-2811 NKK J

CABLE ADDRESS: KOKANNK TOKYO

January 27, 1984

Alaska Department of Transportation  
and Public Facilities  
State of Alaska  
4111. Aviation Drive  
Anchorage Alaska, 99502

Attn : Mr. J. B. Olson

Gentlemen,

Re : Knik Arm Crossing

We, NIPPON KOKAN K.K. (hereinafter called NKK), have the honour to express our keen interest in participating in the captioned project and to submit herewith our company brochures, experience record and technical documents in which you will find activities and performance of our company.

As you may see from the above documents, NKK is now ranked as the third largest steelmaker in the world and in terms of all around technical expertise, NKK holds an unrivaled position because it is simultaneously a world leader in three major industrial fields - Steelmaking, Heavy Industries and Shipbuilding - allowing it to supply a comprehensive range of products and services to you.

In the field of bridge construction, NKK has considerable experience about supply and erection of steel superstructure of various type of bridge and has enjoyed good reputation in our achievement abroad as well as domestic.

Furthermore NKK has remarkable speciality of steel structures for low temperature service and has executed structural steel works in your esteemed province, such as Kenai Bridge, Sagavaihtok River Crossing,

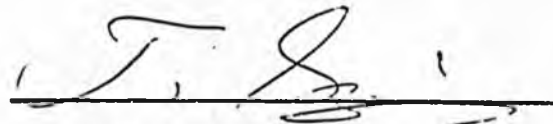
Alyeska Pipe Support Bridge, Gulkana Bridge and Pipe Support structures for Trans Alaska Pipeline Project, etc.

Judging from the foregoing, we are confident that NKK is capable enough in undertaking and proceeding this bridge construction project meeting with your expectation and requirements of price, engineering service, performance and quality.


We would highly appreciate it if you could invite us to the forthcoming qualification and tender and let us have a chance to work together with you toward successful construction of this bridge.

Thank you for your attention and we are looking forward to serving you in the near future.

Very truly yours,



T. Suganami  
Deputy General Manager  
Steel Structures &  
Construction Dept.

 MITSUBISHI BANK, LIMITED

7-1, MARUNOUCHI 2-CHOME, CHIYODA-KU,  
TOKYO 100, JAPAN

August 6, 1983

Mr. Mead Treadwell  
Executive Director  
Governor's Economic Committee  
On North Slope Natural Gas  
P.O. Box 1700  
Anchorage, Alaska 99510

Dear Mr. Treadwell,

Mr. Norio Yamamoto of Mitsubishi Research Institute kindly forwarded to us your Economic Feasibility Report on the Knik Arm Crossing dated April 15, 1983 for our reference.

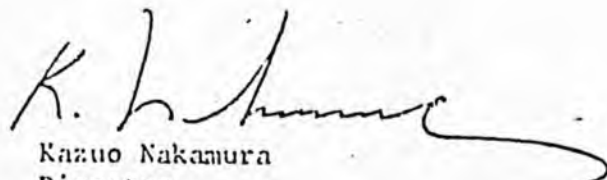
After a brief review, we have found the project interesting and wish to cooperate with you for the promotion of the project.

Accordingly, we appreciate it if you could let us know the area in which we shall be of assistance to you as a member of the Mitsubishi group which is the largest industrial groups in Japan. At the same time, it will be most helpful to us if you could provide us with a detailed financial plan for the project so that we shall be able to better analyze the project from the financial point of view.

It will be a great pleasure for us to exchange ideas with you how to promote the project and we wish to continue a dialogue on the development of the project. Please contact us at any time when you need our assistance.

Looking forward to hearing from you soon, and please give my best regards to Mr. Walter J. Hickel.

Very truly yours,

  
Kazuo Nakamura  
Director

KN/ri

P.S.

For your reference we enclosed herewith a memorandum in regards to the Yen-Financing market.



# YUKON PACIFIC CORPORATION

C: (copy) - Jerry Hamel (files)  
(Keep original here -  
give to me) J.D.

12/15  
Copied to J. Allen

November 4, 1983

Mr. John Olsen  
Major Projects Management  
Department of Transportation and Public Facilities  
4111 Aviation Drive  
Pouch 6900  
Anchorage, Alaska 99502

Dear John,

Enclosed is the letter I received from Mr. Kazuo Nakamura at the Mitsubishi Bank. Governor Hickel and I have had dinner with Mr. Nakamura twice before in Japan and he shares a strong interest in Alaska.

Either his bank, or some other part of the Mitsubitshi Group could be called upon to play a role in the Knik Arm Project. I'd keep chumming the waters by providing information his way so that they can respond when the time comes.

Congratulations on your appointment. We should be working together as time passes.

With best wishes,

Sincerely,

*Mead Treadwell*  
Mead Treadwell  
Secretary

/Enclosure

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Project Development

NOV 7 1983

	Copy	Act
Project Dev. Engr.	0	
Recon. Engr.		
Consultant		
Hamel w/attach		
Locations		
Other		
FILE		

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DOT & PF  
Major Projects MGMT.

*John Bushnell - his prepare a response for this  
Jack Cohen - carefully consider his usual thoughtful  
and suggestions.*

action 620



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June 2, 1983

'33

Mr. Richard S. Armstrong, P.E.  
Director, Central Region  
Design and Construction  
State of Alaska  
Dept. of Transportation and Public Facilities  
4111 Aviation Avenue, Pouch 6900  
Anchorage, Alaska 99502

Re: Knik Arm Crossing

Dear Mr. Armstrong:

Thank you for your letter of May 18 and the Economic Feasibility Report on the Knik Arm Crossing. We are strongly interested in financing, design, construction and operation of the toll bridge.

SEARCHED	INDEXED
SERIALIZED	FILED
JUN 2 1983	
FBI - ANCHORAGE	
<i>Done Huggins</i>	
<i>Tom Singer</i>	
<i>John Collins</i>	

Based on our experience in similar projects in Greece and Kuwait, we imagine that a possible scenario may look as follows:

1. Project will be formulated by the State. Bridge design criteria will be set; evaluation criteria for prequalification and final contract award will be laid out; and the terms of the eventual contract between the State and Contractor will be spelled out.
2. State will prequalify bidders (typically consortia of banks, engineering consultants and general contractors) on their financial, engineering and management strengths.
3. The prequalified bidders will submit their final designs, construction schedules and operation plans. State will select a successful bidder according to the preset criteria.

(continued)

Mr. Richard S. Armstrong  
June 2, 1983  
Page Two

4. Contractor will construct, operate and maintain the toll bridge.
5. After a certain number of years, State will purchase the bridge from Contractor for a predetermined price, and take over the operational responsibilities.

It appears from your report that most work necessary for establishment of design criteria has already been done. You could easily prepare a final design with State's fund and let bidders bid for it. This approach will simplify your task of bid evaluation, but you may miss an opportunity to take advantage of bidders' design ingenuity and particular strengths in performing certain types of construction.

Simple and loosely written design criteria helped the Government of Kuwait to get an ingeniously designed bridge (Bubiyah Bridge) inexpensively while the same approach muddled everything in the case of Rion-Antirion Crossing in Greece. My personal preference for the Knik Arm Crossing is to have relatively tight design specifications--at the level of your Conceptual Details--and permit the bidders to design only the details and construction methods to suit their capabilities.

Even with tight design specifications, the task of bid evaluation will not be simple. The fundamental question is what variable should be used as the main determinant of the bid when the construction cost is not a visible factor. One possibility would be the "Sell-back Price" if it is allowed to be bid on. All others being equal (or meeting the minimum criteria), State could pick up the bidder who offers the lowest sell-back price for a given target year.

As a part of the Contract terms, we expect the State to stipulate the maximum tolls chargeable to each type of vehicle for each period of years. We also expect the State to guaranty the minimum revenue traffic, and subsidize the Contractor if the traffic volume does not reach it. It will be a formidable task to devise a subsidy formula that will satisfy both the State and the Contractor. However, it is essential that it will be spelled out before bidding.

(continued)

Mr. Richard S. Armstrong  
June 2, 1983  
Page Three

Finally, because of Alaska's proximity to Japan, we expect Japanese consortia, and perhaps some Koreans, to offer very competitive bid packages. We also work closely with Japanese companies. We therefore urge you to keep the competition open to all international bidders and eliminate any and all Buy-American and U.S.-Flag requirements and penalties from this project, except that the local labor should be used for construction and operation, and that the operating company should be an Alaskan corporation.

If you wish, we will be happy to provide more detailed input as a potential bidder. Please feel free to call me anytime for informal discussion.

We wish you a great success in this challenging project.

Sincerely,



Y. Tito Sasaki  
President

KNIK ARM CROSSING - PROGRESS SUMMARY  
PRESENTED TO THE ALASKA STATE LEGISLATURE  
SENATE COMMITTEE ON TRANSPORTATION

April 1984

In 1981, the Legislature appropriated \$5.5 Million for the Department of Transportation and Public Facilities to develop location and design criteria, to include traffic, environmental and right-of-way studies, and to estimate right-of-way and construction costs for a Knik Arm Crossing and connections to the Parks and Glenn Highways. In August 1981, Expressions of Interest were solicited from engineering consultants. Because of the size and complexity of the project, three of the fifteen respondents were requested to submit detailed proposals which were received in December. In January, 1982, EMPS/Sverdrup was selected and requested to submit a project Work Plan. After review by Department staff and the Knik Arm Crossing Steering Committee (consisting of a representative each from the military, Municipality of Anchorage and the Mat-Su Borough), the work plan was accepted in July, followed by negotiations which were finalized in September 1982 with a contract issued to EMPS/Sverdrup.

Concurrent with consultant negotiations, during the period January thru June 1982, the Department, with Bomhoff Associates, Air Photo Technology, and North Pacific Aerial Survey, conducted photographic reconnaissance of the north side of the Knik Arm and potential crossing sites. In August 1982, the Department also executed an agreement with the University of Alaska Geophysical Institute to provide technical review and analysis of existing site conditions, to include hydraulics, seismic, ice and geotechnical.

Because construction permits required from federal agencies (notably the Coast Guard and the Corps of Engineers) mandate an environmental investigation in accordance with the National Environmental Protection Act (NEPA), the Department requested the Federal Highway Administration (FHWA) to participate in the project as the Federal "Lead Agency" in accordance with regulations which implement NEPA. FHWA accepted the responsibility on November 1, 1982 and our current environmental investigation is proceeding in line with FHWA procedures.

Expected declines in State revenues caused Governor Sheffield to be concerned for the potentially high cost of the project. He decided that the State should conduct a preliminary analysis to determine if the project was economically feasible. In February 1983, the project's consultant was directed to temporarily suspend scheduled work and to focus all efforts on an economic evaluation of the crossing. The consultant defined a representative alignment and bridge crossing and determined that the project was indeed economically feasible considering the projected construction costs. Results were presented in an April 15, 1983 Economic Feasibility Report. Consequently, Governor Sheffield directed the Department to proceed with the project through preparation of bid documents for the crossing facility.

A milestone in project development occurred with publication of the Knik Arm Crossing Scoping Report on March 12, 1983 after public and agency scoping meetings which were held in Anchorage and Wasilla the preceeding January. "Scoping" is the formal process to establish lines of communication with Federal, State, and local agencies, organizations and private citizens with interest in the project; and to identify project alternatives to be evaluated, impact assessment procedures, and a schedule for environmental document preparation.

Another milestone was publication of the Final Corridor Alternatives Analysis in December, 1983. Several agency and public meetings to discuss the Draft Corridor Alternatives Analysis report were held in Anchorage and in Wasilla in September, 1983. The Final Corridor Alternatives Analysis report documents the deletion of unreasonable corridors and identifies the remaining corridors to be evaluated in detail for the environmental impact statement. These corridors are shown in Figure 1. In April 1983, alignments (routes) within the corridors were selected. These are described in the attached copy of Newsletter #5.

Conceptual designs and detailed environmental analysis for the preferred alignments will be presented in a Draft Environmental Impact Statement (DEIS) which is announced in the Federal Register and presented at public hearings for the project. The DEIS is scheduled for release in June. Following public and agency review and comment, the DEIS will be revised, published in final form (FEIS) and again announced in the Federal Register. When a Record of Decision is published in the Register, (estimated for December 1984) the EIS will be approved, final design can be completed, and construction may begin.

Concurrent with development of the EIS, a Project Implementation Plan will be developed which will address costs, financing, legal considerations, special legislation (if any), and the possibility to involve private investors in financing the project. The possibilities for federal and/or a combination of public and private funding for the project will also be investigated. The Implementation Plan, a followup to the April 15, 1983 Economic Feasibility report, will be completed in October 1984.

Geotechnical field investigations will be conducted during the Summer of 1984, to include three borings in the Knik Arm. Cost for the borings alone will exceed \$600,000 and consequently will be made at the most likely locations for the bridge footings. Delay could result from adverse geotechnical findings. Once test holes are drilled, it is possible that unstable subsurface conditions could be found which might require selecting a new alignment.

Potential delays also exist in the environmental review process. For example, if archeological finds were made on the selected corridor, or if rare or endangered wildlife species are found that would be adversely impacted, court challenges by environmental or other groups could cause significant delays. The Department is doing everything possible to prevent delays.

Barring unforeseen problems a detailed presentation of construction and financing options will be presented to the legislature at the beginning of its CY 1985 session. With approval from the legislature, and after bidding and bid analysis, a contract for design/construction of the crossing facility will be awarded for initial design during the winter of 1985-86 and construction beginning in the Spring of 1986, with completion by 1990 or 1991.

Separate design and construction projects would be established for the Anchorage and Mat-Su Connector roads to the crossing, and because of the longer time needed to construct the crossing, these could be phased for construction and integrated in the annual Federal Aid Highway Program where they would be in competition with other State highway projects.

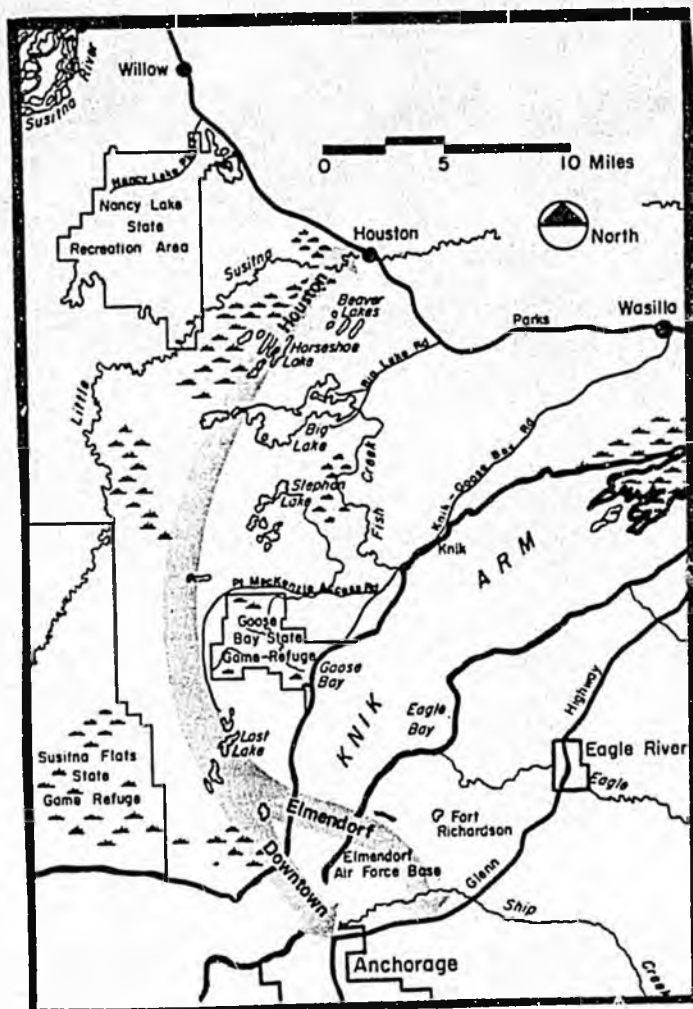
KNIK ARM CROSSING

KEY DATES

1984

DEIS	JUNE
PUBLIC HEARINGS	JULY
GEOTECHNICAL EXPLORATION DRILLING	AUGUST - SEPTEMBER
IMPLEMENTATION PLAN	OCTOBER
FEIS PUBLISHED	NOVEMBER
FEIS REVIEW & RECORD OF DECISION	DECEMBER
PRESENTATION TO LEGISLATURE: IMPLEMENTATION	JANUARY

FIGURE 1 RECOMMENDED CORRIDORS





# KNIK ARM CROSSING

## Newsletter

### CROSSING ALIGNMENTS IDENTIFIED

The corridor alternatives analysis, completed in November 1983, identified two reasonable corridors for the location of a Knik Arm Crossing and its approach roads—Downtown/Houston and Elmendorf/Houston. Alignments within these corridors have now been developed for analysis in the Environmental Impact Statement (EIS). These alignments are based on additional engineering work and public comment on the "representative" alignments used for corridor analysis.

Each alignment is divided into three parts including a "Crossing," an Anchorage "Connector," and a Mat-Su "Connector." This has been done to reflect possible project staging and different financing schemes. The "Crossing" includes a bridge structure over the Arm and short roadways to bring bridge traffic to the existing road system in Anchorage and to a planned road in the Mat-Su Borough. The "Connectors" are roads which provide additional crossing access.

Navigation clearance 1,000 feet wide and 140 feet above MHHW (Mean Higher High Water) would be provided under the main span for vessels entering or leaving the Port of Anchorage. The two towers supporting the stayed-girder spans would project about 30 feet into the aviation clear zone for Merrill Field.

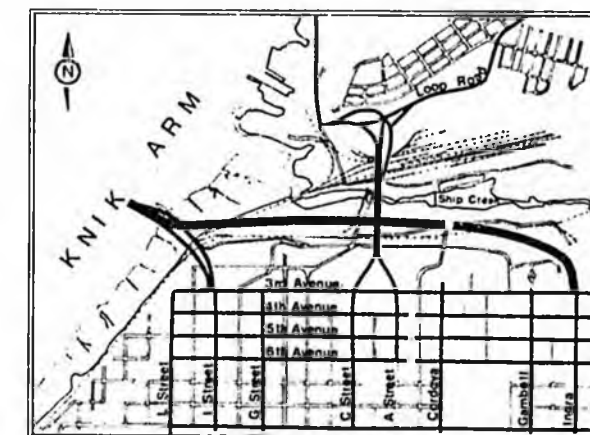
The estimated initial cost for the Crossing is \$549.7 million and annual maintenance cost is estimated to be \$1.1 million. Construction of the Crossing would take six years, including design time; the at-grade roadway can be built independently of the bridge and would take less time.

#### Seward Connector

This portion of the Downtown Project would be a 1.5-mile four-lane bridge connecting the Crossing to the Ingra-Gambell couplet at 3rd Avenue. Vehicular access to the Port of Anchorage would be provided from the Crossing by means of two ramps on the west side of the Alaska Railroad mainline track. The bridge would be high enough to allow clearance underneath for railroad traffic, but low enough to pass under the existing C Street viaduct.

The estimated initial cost of the Seward Connector is \$94.0 million and annual maintenance cost is estimated to be \$40,000. It is anticipated that construction would be completed in two years with much of the work continuing through the winter.

(continued)



Downtown Crossing & Seward Connector

### THE DOWNTOWN PROJECT INCLUDES THE FOLLOWING:

- Crossing (access ramps from I and L Streets in downtown Anchorage, a bridge across Knik Arm, and a road connecting to a planned extension of the Point McKenzie Access Road).
- Seward Connector (road connecting the crossing with the Seward Highway and access ramps for the Port of Anchorage).
- Houston Connector
  - Segment 1 (road between crossing and east-west segment of Point MacKenzie Access Road).
  - Segment 2 (road between end of Segment 1 and Parks Highway at Houston).

#### Downtown Crossing

The crossing, about 5.5 miles long, would begin at the intersection of I Street and 3rd Avenue, cross the Arm, and proceed north for about two miles to Lake Lorraine. Its central feature would be the 2.9-mile-long bridge over Knik Arm, which would include a single level four-lane stayed-girder structure. The bridge would accommodate installation of utilities, but there would be no provisions for use by non-motorized vehicles or pedestrians.

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PERMIT NO. 783  
ANCHORAGE, AK

KNIK ARM CROSSING  
430 "C" Street Suite 200 Anchorage, Alaska 99501

either water or land. Docking facilities would consist of large on-shore pads on each side of the Arm. Hovercraft are relatively unconstrained by ice and tides and would have greater operating speed, flexibility, and reliability than conventional ferry boats. Departures from one side of the Arm or the other would occur every 30 to 40 minutes. Hovercraft, access roads, and terminals would cost about \$156.0 million; the annual operating cost would be about \$7.0 million.

#### Glenn/Parks Improvement

This alternative would widen the Glenn Highway to six lanes between Eagle River and the Parks Highway near Palmer, and widen the Parks Highway to four lanes between the Glenn Highway and Big Lake Road costing approximately \$65 million. These improvements would increase the efficiency of future vehicle operations between outlying communities and Anchorage.

### PROJECT STATUS

Progress continues toward completion of a Draft EIS for presentation at public hearings this summer. The transportation and other benefits of each alternative as well as adverse transportation, social and economic, natural resource, and cultural resource impacts are now being determined and compared.

KNIK ARM CROSSING PROJECT SPONSOR: Alaska Department of Transportation & Public Facilities.  
PROJECT CONSULTANTS: EMPS-Sverdrup, Prime Consultant; De Leuw Cather & Company, Associate Consultant; Tryck, Nyman & Hayes, Associate Consultant.

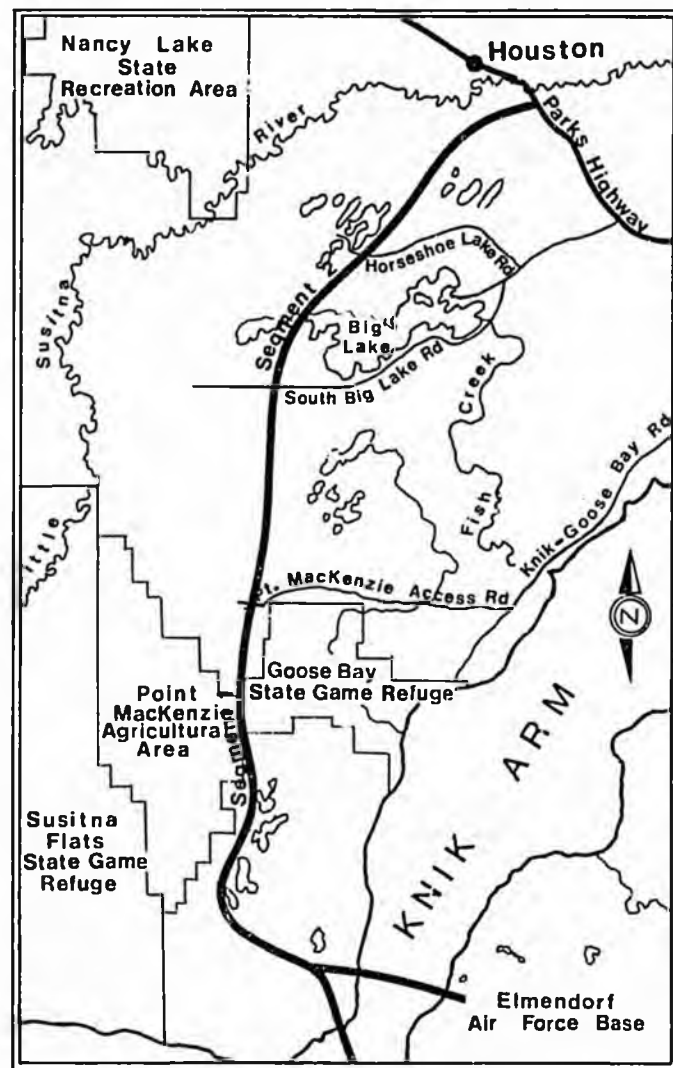
### Houston Connector

This Connector joins either the Downtown or Eimendorf Crossing to the Parks Highway.

Segment 1 of the Houston Connector, a four-lane road within a 400-ft. right-of-way, starts at the north terminus of the Crossing south of Lake Lorraine and ends where the Point MacKenzie Access Road turns east. Segment 2 of the Connector, a two-lane road within a 400-ft. right-of-way, would continue north and terminate at the Parks Highway about .25 miles south of the Alaska Railroad grade crossing near Houston. A bridge would be required for the water crossing of the narrows between Mirror Lake and Big Lake.

Access to the Connector would be limited to intersections at two- to five-mile intervals along the route. There would be no provisions for use by non-motorized vehicles or pedestrians except crossing of the road by users of the Iditarod Trail.

The estimated initial costs for the Connector are: Segment 1, \$25.8 million; Segment 2, \$27.0 million. Annual



Houston Connector

maintenance costs are estimated to be \$400,000 for Segment 1 and \$300,000 for Segment 2. Construction would occur during the final four years of project construction.

### THE ELMENDORF PROJECT INCLUDES THE FOLLOWING:

- Crossing (road in Anchorage, a bridge across Knik Arm, and a road connecting to a planned extension of the Point MacKenzie Access Road).
- Glenn Connector (additional interchange ramps at Muldoon Road and Glenn Highway).
- Houston Connector (same as with Downtown Project).

### Elmendorf Crossing

The Crossing, approximately 10 miles long, would begin at the Glenn Highway near Muldoon Road, cross Elmendorf AFB and Fort Richardson, cross Knik Arm, and reach the Mat-Su bluff about four miles northeast of the tip of Point MacKenzie. The Crossing would proceed west for about one mile before ending near Lake Lorraine.

The portion of the Crossing passing through Elmendorf AFB and Fort Richardson would be a fully access-controlled four-lane divided highway; 16 bridges would be needed including two over the Alaska Railroad. Except for Ship Creek, this portion of the highway would not cross any major streams or lakes.

A 300-foot-wide right-of-way would be required through military property, approximately 2,200 acres. The Air Force is preparing to commission an independent study to determine their best location for an Elmendorf Crossing segment from the perspective of the military's mission and operating requirements.

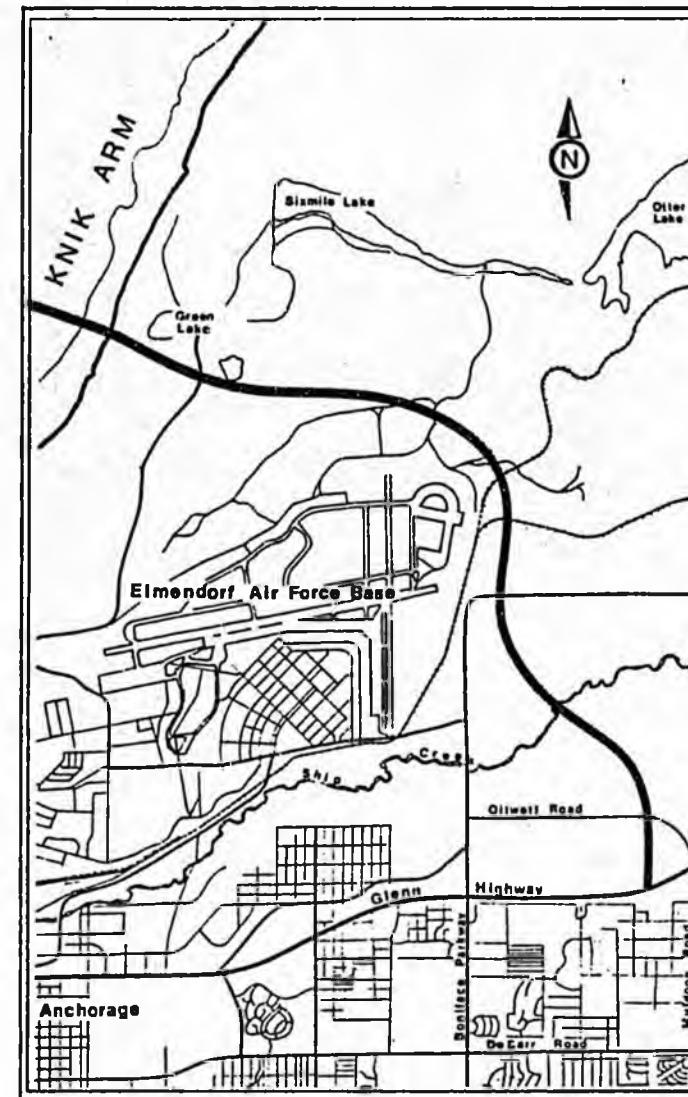
A four-lane double-level bridge, 2.5 miles long, would cross Knik Arm. Navigation clearance for large boats would not be provided. However, there would be clearance for small craft. Provisions could be made to allow for the installation of utility lines.

On the Mat-Su side of the Arm, the Crossing would be a four-lane at-grade roadway within a 400-foot right-of-way. No provisions would be made for use by pedestrians or non-motorized vehicles.

The estimated initial cost for the Crossing is \$373.8 million and annual maintenance cost is estimated to be \$1.1 million. Construction would take five years, taking into account design time, the effects of site conditions, and winter shutdown. The at-grade roadway can be built independently of the Arm bridge and would take about two years.

### Glenn Connector

The Connector consists solely of the two one-way ramps connecting to the east on the Glenn Highway. The estimated initial cost for the Connector is \$17.3 million and



### Elmendorf Crossing & Glenn Connector

annual maintenance cost is estimated to be \$20,000. Construction of the Connector can be delayed until traffic exceeds the capacity of a half-diamond interchange at Oilwell Road.

### RAILROAD ON THE CROSSING

An option to be considered is modifying the crossing bridge design to accommodate the railroad at some future time. Conceptual designs, costs, and impacts of this option are yet to be identified.

### BUS SERVICE IMPROVEMENTS

Bus service improvements are being evaluated as part of both the Crossing Alternatives and the No-Crossing Alternatives.

### OTHER ALIGNMENTS EXAMINED BUT DETERMINED TO BE UNREASONABLE

The alignments to be analyzed in the EIS achieve project transportation objectives while minimizing environ-

mental impacts. Several other alignments within the reasonable corridors identified in the corridor alternatives analysis were examined and dropped from further consideration early in the EIS preparation process and include:

### Downtown Crossing and Seward Connector

- Connect the Southbound Ramp in the Vicinity of the Ingra/Gambell Couplet Directly to Gambell Street. This alignment would pass through the Alaska Native Medical Center complex.
- Ramps Serving Downtown Anchorage on the "C" Street Viaduct. This route would cause congestion on the A/C couplet and throughout downtown.
- Ramps Connecting to "E" and "G" Streets. This route would not connect to a through street and would interfere with plans for a historic park.
- Connect the Southbound Ramp at the I/L Couplet Directly to "L" Street at 3rd Avenue. This alignment would encroach on Resolution Park.
- Connect the Southbound Ramp at the I/L Couplet to "L" Street at 6th Avenue. This route would disrupt the Bootlegger's Cove neighborhood.

**Elmendorf Crossing and Glenn Connector with the alignment beginning at Boniface Parkway and crossing the Arm further north.** This alignment would disrupt Elmendorf AFB access, buildings, hazardous waste disposal, munitions storage, and a costly antenna field.

**Houston Connector with the northern part of the alignment further west.** This route costs more and disrupts more wetlands and wildlife habitat.

### NO-CROSSING ALTERNATIVES

No-Crossing Alternatives will also be examined in the EIS. They include No-Action, Hovercraft, and Glenn/Parks Improvements.

### No-Action

The No-Action Alternative is defined as the existing road network in the Knik Arm crossing analysis area plus several improvements scheduled for completion with or without the proposed Crossing project.

### Hovercraft (Air-Cushion Vehicle)

This alternative is the purchase of two 60-vehicle/418 passenger Hovercraft which have the ability to travel over

(continued)

# STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

POUCH Z  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3900

March 29, 1984

Re: DOT&PF Position and  
Perspectives on CSHB 661

The Honorable Joe Hayes  
Representative  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Representative Hayes:

In response to a March 28, 1984 request from Mr. Neil Phelps-Munson of your office, following is a brief summary of the DOT&PF position and perspectives on CSHB 661. I have discussed this information with Commissioner Knapp to assure accurate presentation of our Department's position.

## BACKGROUND

The original HB 661 was submitted to accomplish two purposes:

1. Provide DOT&PF the authority to sell revenue bonds to finance toll bridges and highways; and
2. Authorize DOT&PF to collect tolls on bridges and highways to make principal and interest payments on the revenue bonds.

The purpose of the bill was to provide a financing mechanism for the Knik Arm Crossing. A framework approach was taken on advice of the Attorney General, recognizing the State Constitution's requirements to avoid legislation specific to a location or region. We also wanted to preserve the option to recommend the mechanism for future revenue producing highway or bridge projects.

The bill is modeled after the revenue bond provisions of the Airport Revenue Fund. The model was used because it is known to the legislature, and has a good track record to present to bond underwriters and rating organizations.

March 29, 1984

DEPARTMENT POSITION ON CSHB 661

The DOT&PF continues to recommend a framework concept for bills like HB 661. However, we recognize the committee substitute to be a reasonable compromise recognizing concerns expressed by legislators. We, therefore, support the committee substitute and recommend its passage.

APPLICATION TO KNIK ARM CROSSING

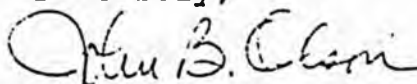
The bill provides a mechanism for applying the toll revenue stream expected from the Knik Arm Crossing to the construction of the facility. This mechanism will be considered, along with other financing approaches, in an implementation plan to be presented to the legislature next year. We expect the implementation plan will lead to the legislative direction needed to construct the crossing. No sales of revenue bonds or other related action will be taken before the next legislative session. I and other DOT&PF staff will be working with legislators to exchange information prior to finalizing our recommendations and presenting the implementation package to the legislature.

APPLICATION TO OTHER PROJECTS

If the Knik Arm Crossing uses the revenue bond sales concept outlined in CSHB 661, the mechanism will be available for other projects. (The bill requires application to the Knik Arm Crossing before any other project.) It should be recognized that bridge and highway projects that can generate revenues in excess of their operation and maintenance costs are quite unique in Alaska. To the extent such projects are identified in the future (we have none to suggest at this time) the legislature would play an active role in their development and financing.

Please contact me if you have any questions regarding our position on CSHB 661 or the Knik Arm Crossing.

Sincerely,



*RJK*  
R. J. Knapp  
Commissioner

ajh

cc: Ray Gillispie, Legislative Assistant, Governor's Office  
Jerry Hamel, Project Manager, Knik Arm Crossing  
David Haugen, Deputy Commissioner, Central Region  
Paula Ramsey, Budget Analyst/Legislative Liaison  
William R. Snell, Director Planning & Programming, Central

COMMITTEE REPORT  
HOUSE

(11)

FURTHER:

3/30/84

Date:

4-27-84

The Committee on FINANCE has had HB 663

"An Act relating to the Alaska Housing Finance Corporation; and providing for an effective date."

under consideration and recommends:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for HB 663 (Fin)  same title  
 new title
- and recommends Individual Recommendations
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation  Zero Fiscal Note Attached
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

Carl H. Fritz

Walt Furnace

[Signature]

[Signature]

MILLO H FRITZ

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

T.H. M... - No Rec.

[Signature] No Rec.

Paul P. [Signature] (Rural Funding??)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Carl H. Fritz

CHAIRMAN

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date \_\_\_\_\_

REQUEST

Bill/Resolution No: CSHB 663 (Fin)  
 Title: Relating to Alaska Housing Finance Corporation  
 Sponsor: Governor  
 Requestor: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: Revenue  
 Program Category Affected: \_\_\_\_\_  
 BRU, Program of Subprogram(s) Affected:  
Alaska Housing Finance Corporation

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-0-	-0-	-0-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-0-	-0-	-0-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis.

Prepared By: Michael S. Lynch  
 Division: Alaska Housing Finance Corporation

Phone: 276-5599  
 Date: 2/7/84

Approved by Commissioner: Robt. Abbott  
 Agency: D&R

Date: 2/7/84

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 663 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to certain state housing loan pro-  
7 grams; and providing for an effective date."

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

9 \* Section 1. AS 18.56.050 is amended to read:

10 Sec. 18.56.050. ADMINISTRATION OF AFFAIRS. The board shall  
11 manage the assets and business of the corporation and may prescribe,  
12 amend and repeal bylaws and regulations governing the manner in which  
13 the business of the corporation is conducted and the manner in which  
14 its powers are exercised. The board shall delegate supervision of the  
15 administration of the corporation to the executive director, appointed  
16 in accordance with AS 18.56.052. Among other duties that the board  
17 may delegate to the executive director, the board may delegate to the  
18 executive director the authority to sell an issue of bonds or notes of  
19 the corporation, providing that the board establish by resolution a  
20 maximum acceptable true interest cost on the bonds or notes to be sold  
21 under the delegation.

22 \* Sec. 2. AS 18.56.091 is amended to read:

23 Sec. 18.56.091. HOME OWNERSHIP ASSISTANCE PROGRAM [FUND]. The  
24 corporation shall implement a home ownership assistance program [THERE  
25 IS ESTABLISHED IN THE CORPORATION THE HOME OWNERSHIP FUND, CONSISTING  
26 OF MONEY APPROPRIATED TO IT BY THE LEGISLATURE. MONEY IN THE FUND  
27 SHALL BE USED SOLELY] to assist persons of lower and moderate income  
28 to purchase homes financed under the special mortgage loan purchase  
29 program by providing a subsidy to the persons in an amount not greater

1 than the difference between

2 (1) the amount annually required to pay interest and prin-  
3 cipal on that person's loan and real property taxes and insurance for  
4 the home purchased with the loan; and

5 (2) 25 percent of that person's annual gross income.

6 \* Sec. 3. AS 18.56.096 is amended to read:

7 Sec. 18.56.096. LIMITATION ON POWER TO MAKE OR PURCHASE MORTGAGE  
8 LOANS. (a) The corporation may not make, participate in the making  
9 of, purchase, or participate in the purchase of

10 (1) a first mortgage loan under this chapter for a duplex,  
11 triplex, or four-plex that exceeds the limitations on first mortgage  
12 loans for similar housing purchased by the Federal National Mortgage  
13 Association as to principal amount and loan-to-value ratio;

14 (2) a second mortgage loan for a duplex, triplex, or four-  
15 plex the amount of which, when combined with the principal balance of  
16 a first mortgage loan on the property, exceeds the limitation on the  
17 amount set out in (1) of this subsection [SECTION] or that has a  
18 loan-to-value ratio, when considered with the principal balance of the  
19 first mortgage loan, that exceeds 90 percent;

20 (3) a mortgage loan to finance the purchase of new housing  
21 or for the improvement or rehabilitation of existing housing, unless  
22 the construction, improvement, or rehabilitation work has been per-  
23 formed by a contractor who is registered to work as a contractor under  
24 AS 08.18; this paragraph does not apply if the construction, improve-  
25 ment, or rehabilitation work

26 (A) has been totally or substantially performed by the  
27 borrower;

28 (B) has been performed by a borrower who acts as the  
29 contractor for the construction, improvement, or rehabilitation

1 work; or

2 (C) has been performed in an area designated by the  
3 corporation as exempt from the requirements of this paragraph  
4 because of the unavailability of registered contractors in that  
5 area;

6 (4) a first mortgage loan for a single-family residence  
7 that exceeds the limitations on first mortgage loans for similar  
8 housing purchased by the Federal National Mortgage Association as to  
9 principal amount by more than 10 percent, or has a loan-to-value ratio  
10 that exceeds 95 percent, or a second mortgage loan for a single-family  
11 residence, the amount of which, when combined with the principal  
12 balance of a first mortgage loan on the property, exceeds the limita-  
13 tions on loans for similar housing purchased by the Federal National  
14 Mortgage Association as to principal amount by more than 10 percent,  
15 or has a loan-to-value ratio, when considered with the principal  
16 balance of the first mortgage loan, that exceeds 90 percent; [OR]

17 (5) a first or second mortgage loan for rental housing  
18 unless the borrower agrees not to discriminate against tenants or  
19 prospective tenants because of sex, marital status, changes in marital  
20 status, pregnancy, parenthood, race, religion, color, national origin,  
21 or status as a student; or

22 (6) a first mortgage loan if the borrower has an outstand-  
23 ing first mortgage housing loan under this chapter or an outstanding  
24 first mortgage loan for owner-occupied housing under AS 44.47.

25 (b) The loan-to-value limitation established in (a)(4) of this  
26 section does not apply to a qualified loan that is federally insured  
27 or guaranteed.

28 \* Sec. 4. AS 18.56.098(g) is amended to read:

29 (g) The corporation shall establish the interest rate on a first

1 mortgage loan purchased under (a) of this section in accordance with  
2 the following:

3 (1) The interest rate on the first \$90,000 of a mortgage  
4 loan purchased with the proceeds of an issue of taxable bonds of the  
5 corporation is three percent less than the cost of funds of that  
6 issue, except that

7 (A) if the cost of funds of that issue is less than 10  
8 percent, the interest rate is equal to the cost of funds; and

9 (B) if the cost of funds of that issue is more than 10  
10 percent, the interest rate may not be less than 10 percent.

11 (2) [Repealed]

12 (3) An interest rate determined under this subsection on  
13 the first \$90,000 of a mortgage loan that is not purchased from the  
14 proceeds of bonds that are qualified veterans' mortgage bonds under  
15 the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103A), as  
16 amended, shall be reduced by one percentage point if the loan is made  
17 to an eligible veteran under AS 18.56.101.

18 (3) [(4)] The interest rate for the amount of a mortgage  
19 loan purchased under (a) of this section that exceeds \$90,000 is equal  
20 to the cost of funds to the corporation attributable to that part of  
21 the loan.

22 (4) [(5)] The interest rate on the first \$90,000 of a  
23 mortgage loan purchased with moneys that is not the proceeds of either  
24 taxable or tax-exempt bonds is the rate the corporation determines is  
25 appropriate by application of the provision of (1) of this subsection.

26 (5) [(6)] The interest rate on the first \$90,000 of a  
27 mortgage loan purchased from the proceeds of bonds that are exempt  
28 from taxation [UNDER THE MORTGAGE SUBSIDY BOND TAX ACT OF 1980 (26  
29 U.S.C. 103A), AS AMENDED,] other than bonds that constitute qualified

1 veterans' bonds under (i) of this section, is equal to the interest  
2 rate determined under (1) and (2) of this subsection on a loan pur-  
3 chased under (a) of this section from the proceeds of the most recent  
4 applicable issue of taxable bonds sold by the corporation [10 PERCENT  
5 OR THE COST OF THE FUNDS, WHICHEVER IS LESS]. A higher or lower  
6 interest rate shall be established on the entire loan amount if re-  
7 quired to ensure the tax-exempt status of the bonds [UNDER THE MORT-  
8 GAGE SUBSIDY BOND TAX ACT].

9 (6) [(7)] In this subsection

10 (A) "cost of funds" means the true interest cost  
11 expressed as a rate on bonds of the corporation plus an addi-  
12 tional percentage as determined by the corporation to represent  
13 the allocable expenses of operation, costs of issuance, and  
14 mortgage servicing;

15 (B) "taxable bonds" means bonds bearing interest that  
16 is taxable under the provisions of the Mortgage Subsidy Bond Tax  
17 Act of 1980 (26 U.S.C. 103A) issued to finance the purchase of  
18 first mortgage loans.

19 \* Sec. 5. AS 18.56.170(a) is amended to read:

20 (a) Obligations issued under the provisions of this chapter  
21 other than state guaranteed bonds do not constitute a debt, liability  
22 or obligation of the state or of any political subdivision of the  
23 state or a pledge of the faith and credit of the state or of any such  
24 political subdivision but are payable solely from the revenues or  
25 assets of the corporation. Each obligation issued under this chapter  
26 other than a state guaranteed bond shall contain on its face a state-  
27 ment that the corporation is not obligated to pay it nor the interest  
28 on it except from the revenues or assets of the corporation [PLEDGED  
29 FOR IT] and that neither the faith and credit nor the taxing power of

1 the state or of any political subdivision of the state is pledged to  
2 the payment of the principal of or the interest on the obligation.

3 \* Sec. 6. AS 44.47.560(5) is repealed and reenacted to read:

4 (5) "rural" means

5 (A) a community with a population of 4,500 or less in  
6 the first or second judicial district of the state;

7 (B) a community with a population of 4,500 or less in  
8 the third judicial district of the state that is more than 100  
9 nautical miles from the conforming boundary of jurisdiction of  
10 the Municipality of Anchorage; or

11 (C) a community with a population of 4,500 or less in  
12 the fourth judicial district of the state that is more than 35  
13 nautical miles from the conforming boundary of jurisdiction of  
14 the City of Fairbanks;

15 \* Sec. 7. The Alaska Housing Finance Corporation may issue bonds in the  
16 principal amount of \$1,500,000,000 during the fiscal year ending June 30,  
17 1985.

18 \* Sec. 8. This Act takes effect July 1, 1984.  
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28  
29

BILL SHEFFIELD  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

Letter of Transmittal  
& Fiscal notes

February 13, 1984

The Honorable Joe Hayes  
Alaska House of Representatives  
Pouch V  
Juneau, AK 99811

Dear Representative Hayes:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting four bills which relate to the Alaska Housing Finance Corporation (AS 18.56).

The first bill includes several substantive proposals. Section 1 enables the Board of Directors to delegate to the executive director the authority to sell an issue of bonds, if the Board establishes the maximum true interest cost for the issue. This proposal will enable the corporation to respond more rapidly to the capital markets. Section 2, in conjunction with the related appropriation provision in an accompanying bill, is intended to clarify the statutory basis for the home ownership assistance program and to repeal the current separate fund for the program. (AS 18.56.091) Section 3 precludes the corporation from purchasing a loan if the borrower has an outstanding housing loan under a state loan program. Section 3 also amends AS 18.56.096 to specify, in accordance with the present practice of the corporation, that the loan-to-value limitation does not apply to a qualified loan which is federally insured or guaranteed. Section 4 amends AS 18.56.098(g)(6) to provide that the interest rate on the first \$90,000 of a qualified mortgage loan will be the same for all borrowers, regardless of whether the loan is purchased with proceeds from a taxable or tax-exempt bond issue. Section 5 makes a technical modification to a financial provision, and sec. 6 authorizes the corporation to issue \$1.5 billion in bonds during FY 85.

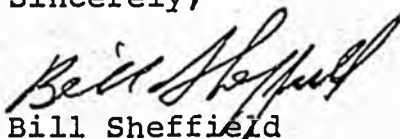
To remove any possible legal concerns, the second bill appropriates to the corporation unrestricted interest repayments as well as certain program receipts which may accrue to the corporation during the next fiscal year. In addition, sec. 2 of the bill transfers the assets of the home ownership fund (AS 18.56.091) to the Alaska Housing Finance revolving fund. (AS 18.56.082.) As proposed in the companion bill, the home ownership fund is abolished. The transfer of assets to the revolving fund, subject to bondholder agreements, will provide the requisite flexibility for the corporation to continue to implement the home ownership assistance program.

The third bill proposes the presentation to the voters of the question of whether to authorize the issuance of \$700,000,000 in state-guaranteed veterans' bonds. Since state-guaranteed veterans' bonds are tax-exempt, the corporation is able to provide benefits to veterans at a substantial savings to the state.

The fourth bill proposes a \$100,000,000 increase in the corporation's bond issuance authorization limit for this fiscal year (FY 84). When the current debt authority limit of \$980,000,000 was established, the purchase of mobile home loans was financed exclusively with state appropriations. The corporation has now designed a program under which the purchase of qualified mobile home loans may be financed through bond proceeds, and the proposed increase in the debt authorization level is necessary to implement this program.

These four bills present a balanced approach to the operations of the corporation. I therefore urge you to consider the legislation relating to the corporation as an integrated package. I add, also, that prompt legislative review and approval is important. In particular, please note that pending federal legislation may restrict, if not preclude, the issuance of tax-exempt veterans' bonds. Legislative approval before any Congressional action may thus allow the state to realize a substantial savings in providing benefits to qualified veterans.

Sincerely,

  
Bill Sheffield  
Governor

ALASKA HOUSING FINANCE CORPORATION  
HB 663

HB 663, introduced by the Governor, corrects drafting errors contained in the 1983 Legislation, incorporates clarifying amendments to AHFC statutes recommended by the Attorney General's Office, and amendments recommended by members of the Board and Staff which would allow the Corporation to maximize savings to the State and homebuyers and to respond to the anticipated funding level of mortgage demand for FY 1985.

Section 1

- Establishes the authority for the Executive Director to sell bonds within certain parameters established by the Board. The intent is to allow the Corporation the flexibility of selling bonds within a set time frame rather than a specific date and time. That could mean a potential savings for both the State and homebuyers as the Corporation could react to quickly changing market conditions much more rapidly.

Section 2

- Clarifies the statutory basis for the Home Ownership Assistance Program.

Section 3

- Clarifies the statute allowing one first mortgage loan per person from State loan programs. Present statutes (AS 18.56.098(f)(4)) requires that a residence for which the Corporation purchases a loan must be owner-occupied. Allowing only one State loan at a time to a person would more clearly state what is implied.

100-10-  
state  
100%

- Corrects statutory language to allow 100 percent financing for loans which are federally insured or guaranteed. 1983 Legislation unintentionally excluded federally insured loans and 95 percent financing for mobile homes. AHFC has always allowed both and it is felt they were excluded due to a drafting error.

Section 4

- Sets the rate on the first \$90,000 for the tax-exempt First Time Homebuyer's program at the same rate as the taxable program. The tax-exempt rate on the first \$90,000 remains at 10 percent unless the cost of funds falls below 10 percent. The intent of this legislation is for the rates on the Veterans Mortgage Program, the Taxable Program, and the Tax-Exempt Program to be set so they are the same for the first \$90,000, the amount of the loan subsidized by the State.

Section 5

- Clarifies the ability of the Corporation to incur a general obligation.

Alaska Housing Finance Corporation  
HB 663  
Page 2

Section 6

Raises AHFC's 12-month bonding authority from \$980 million to \$1.5 billion. AHFC is estimating for FY 1985 budget purposes that mortgage demand will be \$1.316 billion of which \$1.150 billion will need to be funded by bond proceeds. The present twelve-month bond authorization level is \$980 million. A level of \$1.5 billion would cover all contingencies.

A breakdown of the bonding levels anticipated for each program is attached.

Revised 2-22-84

ALASKA HOUSING FINANCE CORPORATION  
 SPECIAL MORTGAGE LOAN PURCHASE PROGRAM  
 SUMMARY OF MORTGAGE DEMAND AND PROPOSED BOND FINANCINGS  
 Fiscal Year 1985

(In Millions)

	Estimated Carry-Over From FY '84	Program Repayments And Earnings	Bond Proceeds	Sales Costs	Subsidy Subsidy	Subsidy Allocation	Estimated Carry-Over To FY '86	Estimated FY '85 Mortgage Demand
Taxable First Mortgage Program State Assisted Mortgage Bonds - Single-Family and Duplex Triplex and Four-plex	\$ 5	\$ 44 25	\$ 575	\$(11)	\$ 149	\$ 15	\$ 100 5	\$ 672 25
First Mortgage Veterans' Program - State Guaranteed Veterans' Bonds	(27)		575	(12)	86		75	547
Mobile Home Loan Bond Program	84						14	70
Taxable Second Mortgage Program - Second Mortgage Bonds	12						10	2
Reserve to Complete Open Series	—	—	—	—	15	(15)	—	—
<b>TOTAL</b>	<u>\$ 74</u>	<u>\$ 69</u>	<u>\$1,150</u>	<u>\$(23)</u>	<u>\$ 250</u>	<u>\$ —</u>	<u>\$ 204</u>	<u>\$1,316</u>

# Alaska State Legislature

POUCH V  
JUNEAU, ALASKA 99811  
(907)465-4821



REPRESENTATIVE RICK UEHLING  
CHAIRMAN  
REPRESENTATIVE WALT FURNACE  
REPRESENTATIVE NILO KOPONEN  
REPRESENTATIVE JERRY WARD  
REPRESENTATIVE RON WENDTE

## House Special Committee on State Loans

### M E M O R A N D U M

DATE: March 15, 1984  
TO: Members, House Special Committee on State Loans  
FROM: Representative Rick Uehling *RUEHLING*  
Subject: HB 663

I have requested staff prepare the following analysis of HB 663. The first of a series of four bills introduced by the Governor for the Alaska Housing Finance Corporation.

HB 663 is the longest and most complicated of the four bills to be introduced. It consists of 7 sections, two of which, the committee should examine more thoroughly.

Sec. 1) Would give the executive director the right to sell an issue of bonds within the frame work set by the board of directors of AHFC.

Sec. 6) Would raise AHFC's yearly bond issuance ceiling to 1.5 billion in bonds from a previous ceiling of 980 million. This would be an increase of 520 million dollars in bonds yearly.

Sections 2,3,4,5 contain technical changes and changes in drafting errors in already existing statutes. These changes create reorganization of the structure and the mechanics of AHFC. The effects of these changes and the details of how they would be carried out are not clearly delineated in the wording of the bill.

Section 7 provides and effective date of July 1, 1984.

A more detailed analysis will follow this brief overview.

Sec. 1) Would give the Executive Director of the AHFC the authority to sell bonds within a time framework set by the board of directors.

Q) Why is this change necessary?

Sec. 2) Restructures the organization of AHFC by eliminating the statutes that establish the Home Ownership Fund. AHFC would be required to implement a Home Ownership Assistance Program. In its companion bill, HB 664 all assets of the Home Ownership Fund are transferred to the Alaska Finance Revolving Fund. The Alaska Housing Finance Revolving Fund is then required to implement the Housing Ownership Assistance Program to assist persons of moderate and lower incomes. It is not clear how this change will effect AHFC's existing Home Ownership Fund program or in what manner the mobile home program is to continue.

Q) Why is not the existence of the Mobile Home Program clarified in the proposed changes to the statutes?

Sec. 3) Removes the owner occupied clause and limits the the borrower to one state subsidized housing loan, with one exception, (non owner occupied housing under AS 44.47.520). The question has arisen whether the change in wording is clear.

This section also would remove the AHFC loan-to-value limitation on loans that are federally insured or guaranteed. This has always been allowed with AHFC in the past, however due to a drafting error in the language used in the 1983 bill, these programs were excluded from 100% financing.

Sec. 4) This section would equalize the interest rate on the first \$90,000. in three programs under the Alaska Housing Finance Corporation. The three programs are the Taxable Program, The First Time Home Buyers Tax-Exempt Program and the Veterans Mortgage Program. It would appear that AHFC could generate revenue from this arrangement due to the spread of interest rates.

Q) AHFC should provide to the committee the current interest rates for the 3 programs on the first \$90,000. and what those rates would be changed to under this section.

Sec. 5) Clarifies and limits the AHFC bond obligations to the revenues and assets of the corporation.

Q) Why is this change necessary? Doesn't this limitation currently apply?

Sec. 6) Would raise AHFC's annual bonding authority from \$980 million to \$1.5 billion. This is an increase of \$520 million of bonded indebtedness per year.

Q) Would a yearly limit of 1.3 billion be sufficient and if not, why?

Sec. 7) Provides an effective date of July 1, 1984.

**Sec. 18.56.045. Minutes of meetings.** The board shall keep minutes of each meeting and send a certified copy to the governor and to the Legislative Budget and Audit Committee. (§ 1 ch 107 SLA 1971; am § 2 ch 115 SLA 1981)

**Effect of amendments.** — The 1981 amendment added "and to the Legislative Budget and Audit Committee" following "copy to the governor."

**Sec. 18.56.050. Administration of affairs.** The board shall manage the assets and business of the corporation and may prescribe, amend and repeal bylaws and regulations governing the manner in which the business of the corporation is conducted and the manner in which its powers are exercised. The board shall delegate supervision of the administration of the corporation to the executive director, appointed in accordance with AS 18.56.052. (§ 1 ch 107 SLA 1971; am § 2 ch 167 SLA 1978; am § 15 ch 106 SLA 1980)

**Effect of amendments.** — The 1978 amendment, substituted "shall manage" for "may manage," inserted "may" preceding "prescribe," and deleted "rules" preceding "and regulations," all in the first sentence, deleted the former second sentence, which read "The board may delegate to one or more of its directors, officers, agents or employees those powers and

duties it considers proper," and substituted "shall delegate" for "may delegate" and the language beginning "the executive director" for "an executive officer" in the present second sentence.

The 1980 amendment deleted "and may delegate to him other duties it considers proper" at the end of the section.

*Retained*  
✓  
✓

**Sec. 18.56.052. Executive director.** The corporation shall employ an executive director, who may not be a member of the board. The executive director shall be appointed by the board of directors and serves at the pleasure of the board. (§ 2 ch 167 SLA 1978)

**Sec. 18.56.055. Legal advisor.** The attorney general is the legal counsel for the corporation. He shall advise the corporation in legal matters and represent it in suits. (§ 1 ch 107 SLA 1971)

**Sec. 18.56.060. Employment of personnel.** The board may appoint other officers and engage professional and technical advisors as independent contractors. The executive director may hire employees of the corporation and, subject to the approval of the board, engage professional and technical advisors under contract with the corporation. The board shall prescribe the duties and compensation of corporation personnel, including the executive director. (§ 1 ch 107 SLA 1971; am § 4 ch 167 SLA 1978; am § 16 ch 106 SLA 1980)

**Effect of amendments.** — The 1978 amendment rewrote this section. The 1980 amendment added "including

the executive director" at the end of the section.

Chapter 101

Chapter 102

AN ACT

Relating to state housing loan and state alternative technology loan programs; and providing for an effective date.

\* Section 1. AS 18.55.996(a) is amended by adding a new paragraph to read:

(14) Sitka Community Association (Baranof Island)

18.55.996(a)(14)

\* Sec. 2. AS 18.56 is amended by adding a new section to read:

Sec. 18.56.082. ALASKA HOUSING FINANCE REVOLVING FUND. The Alaska housing finance revolving fund is established in the corporation. The revolving fund consists of appropriations made to the revolving fund by the legislature, money or other assets transferred to the revolving fund by the corporation and unrestricted repayments of principal on loans made or purchased by the corporation. Amounts deposited in the revolving fund shall be expended for the purposes of the corporation, set out in this chapter.

18.56.082

\* Sec. 3. AS 18.56.089 is amended to read:

Sec. 18.56.089. EXECUTIVE BUDGET ACT. The operating budget of the corporation is subject to the Executive Budget Act (AS 37.07). To further ensure effective budgetary decision making by the legislature, the corporation shall present a complete accounting of all assets of the corporation, including assets of the Alaska housing finance revolving fund, to the legislature by January 10 of each year. The accounting shall be audited by an independent outside auditor and

18.56.089

SCS CSHB 302(R1c)

*Retained*

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HB 379

housing insurance account, a rural housing hazard insurance fund and a rural housing title insurance fund.

graph (1) which concerned the power to make or participate in the making of construction loans.

The 1981 amendment repealed para-

*Change Proposed*

**Sec. 18.56.091. Home ownership fund.** There is established in the corporation the home ownership fund; consisting of money appropriated to it by the legislature. Money in the fund shall be used solely to assist persons of lower and moderate income to purchase homes financed under the special mortgage loan purchase program by providing a subsidy to the persons in an amount not greater than the difference between

(1) the amount annually required to pay interest and principal on that person's loan and real property taxes and insurance for the home purchased with the loan; and

(2) 25 percent of that person's annual gross income. (§ 22 ch 106 SLA 1980)

**Sec. 18.56.092. Veterans' loans for residential housing.**

Repealed by § 77 ch 106 SLA 1980.

**Editor's notes.** — The repealed section derived from § 7 ch. 151 SLA 1975.

*retained*

**Sec. 18.56.093. Insurance.** (a) There is established in the corporation the housing insurance fund, the rural housing hazard insurance fund, and the rural housing title insurance fund. The funds shall be completely segregated from all other funds of the corporation, and are trust funds for the uses and purposes of this section. The corporation may adopt regulations under AS 18.56.088 and enter into agreements with respect to the exercise of any power relating to the funds under this section, including, without limitation, agreements as to the use of the money in the funds, agreements with respect to the terms and conditions upon which payments from the funds must be made to the corporation with respect to mortgage loans insured under this section, agreements as to accounts or subaccounts in the funds for different categories of loans, and agreements regarding the payment of and security for bonds of the corporation. The corporation may pledge, assign, or grant other interests in the funds as may be necessary or appropriate in connection with the insurance of mortgage loans and to provide for the payment of and security for bonds of the corporation.

(b) In addition to any other fees and charges which the corporation may charge on mortgage loans, the corporation may collect, or cause to be collected, insurance commitment fees and insurance premiums on mortgage loans insured by a fund under this section.

(c) A mortgage loan purchased by the corporation as part of its special mortgage loan purchase program may be insured by the housing

been or may, after the date of determination of actuarial soundness, be appropriated pursuant to (f) of this section, including, without limitation, estimates of future defaults and losses on mortgage loans insured under this section based on actual default and loss experience on those mortgage loans or on similar mortgage loans in Alaska or elsewhere, estimates of recoveries on defaulted or foreclosed mortgage loans based on that experience, the terms and conditions of the mortgage loans insured under this section, estimates of earnings and income of amounts on deposit in the mortgage insurance fund, and any other appropriate factors. (§ 8 ch 151 SLA 1975; am §§ 23 — 26, 77 ch 106 SLA 1980)

**Effect of amendments.** — The 1980 amendment deleted "including a state veterans' loan" following "A mortgage loan" near the beginning of subsection (d), deleted the former second sentence in subsection (d), which read, "In addition, a state veterans' loan may be insured if the loan-to-value ratio does not exceed 90 percent," deleted "including state veterans' loans" following "or mortgage loans" near the beginning of paragraph (1) in subsection (e), inserted "and economic development" following "commissioner of commerce" near the end of paragraph (1)

in subsection (e), inserted "and economic development" preceding "shall determine" near the beginning of subsection (f), inserted "of commerce and economic development" following "the commissioner" near the beginning of the second sentence and near the beginning of the third sentence in subsection (f), inserted "and economic development" following "commissioner of commerce" near the end of paragraph (4) of subsection (h), and repealed the following: paragraph (2) of subsection (e); subsection (g); and paragraph (5) of subsection (h).

**Sec. 18.56.096. Limitation on power to make or purchase mortgage loans.** The corporation may not make, participate in the making of, purchase, or participate in the purchase of

(1) a first mortgage loan under this chapter that exceeds the limitations on first mortgage loans purchased by the Federal National Mortgage Association as to principal amount and loan-to-value ratio; or

(2) a second mortgage loan the amount of which, when combined with the principal balance of a first mortgage loan on the property, exceeds the limitation on the amount set out in (1) of this section or that has a loan-to-value ratio, when considered with the principal balance of the first mortgage loan, that exceeds 90 percent. (§ 27 ch 106 SLA 1980; am § 3 ch 115 SLA 1981)

**Effect of amendments.** — The 1981 amendment designated part of the former section as paragraph (1) and added paragraph (2). In paragraph (1), the amend-

ment added "first" preceding "mortgage" twice, substituted "that" for "which" preceding "exceeds the limitations" and added "or" following "loan-to-value ratio."

**Sec. 18.56.097. Collateral for loans.** Under procedures established by regulations of the corporation adopted in accordance with AS 18.56.088 a person may pledge as security for the repayment of a loan made, purchased or insured by the corporation under this chapter a

(G)<sup>cont.</sup> (5) The interest rate on a mortgage loan purchased from money appropriated to the corporation is the rate the corporation determines is appropriate by application of the provisions of (1) — (4) of this subsection. The rate may be based on an estimate of the cost of funds of a proposed issue or issues of bonds.

(6) The interest rate on the first \$90,000 of a mortgage loan purchased from the proceeds of bonds that are exempt from taxation under the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103A) is 10 percent or the cost of the funds, whichever is less. A higher or lower interest rate shall be established on the entire loan amount if required under the Mortgage Subsidy Bond Tax Act.

(7) In this subsection

(A) "cost of funds" means the true interest cost expressed as a rate on bonds of the corporation plus an additional percentage as determined by the corporation to represent the allocable expenses of operation, costs of issuance, and mortgage servicing;

(B) "taxable bonds" means bonds bearing interest that is taxable under the provisions of the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103A) issued to finance the purchase of first mortgage loans.

(h) The corporation shall establish the interest rate on a second mortgage loan purchased under (a) of this section in the manner established for computing the interest rates on a first mortgage loan under (g) of this section except that the outstanding principal balance of the existing first mortgage loan is subtracted from \$90,000 to determine the amount of the loan that is eligible for an interest rate on a second mortgage loan determined by reference to (g) of this section. (§ 27 ch 106 SLA 1980; am §§ 4 — 7, 51 ch 115 SLA 1981)

**Effect of amendments.** — The 1981 amendment added "first or second" preceding "mortgage loans," added "improvement, or rehabilitation" preceding "of residences," deleted paragraph designation (1) preceding "for the purchase" and deleted "or (2) for the refinancing of a mortgage loan on a residence if the purpose of the refinancing is to provide money for the improvement or rehabilitation of the residence" in subsection (a). In subsection (c), the amendment added the language beginning "and may expend amounts" and ending "equal the rates specified in this section" near the end of the subsection. In subsection (e), the amendment substituted "the" for "in order to discourage the speculative use of mortgage credit under the special mortgage loan purchase program for purposes other than home ownership, the" at the

beginning of the second sentence, substituted "restricting" for "otherwise setting conditions on" preceding "the right to assume," added "or the right to provide for the payment of" preceding "mortgage loans purchased" and added "by a person other than the mortgagor" following "of this section" at the end of the second sentence and added the present third and fourth sentences of the subsection. The amendment also added subsections (g) and (h) and repealed subsection (d) concerning interest rates charged on mortgage loans purchased under subsection (a) and repealed subsection (f) (3) which defined "mortgage program cost."

**Editor's notes.** — For 1980 priorities in the purchase of mortgage loans by the Alaska Housing Finance Corporation, see § 11, ch. 106, SLA 1980, in the 1980 Temporary and Special Acts and Resolves.

(16) to provide for the rights and liabilities, powers and duties arising upon the breach of any covenant, condition or obligation, and to prescribe the events of default and the terms and conditions upon which any or all the bonds, notes or other obligations of the corporation become or may be declared due and payable before maturity and the terms and conditions upon which any such declaration and its consequences may be waived;

(17) to vest in a trustee or trustees within or outside the state such property, rights, powers and duties in trust as the corporation may determine, which may include any or all of the rights, powers and duties of any trustee appointed by the holders of any bonds or notes, and to limit or abrogate the right of the holders of any bonds or notes of the corporation to appoint a trustee under this chapter or limit the rights, powers and duties of the trustee;

(18) to pay the costs or expenses incident to the enforcement of the bonds or notes or of the provisions of the resolution or of any covenant or agreement of the corporation with the holders of its bonds or notes;

(19) to agree with any corporate trustee which may be any trust company or bank having the powers of a trust company within or outside the state as to the pledging or assigning of revenues or funds to which or in which the corporation has any rights or interest; the agreement may further provide for such other rights and remedies exercisable by the trustee as may be proper for the protection of the holders of any bonds or notes of the corporation and not otherwise in violation of law and may provide for the restriction of the rights of an individual holder of bonds or notes of the corporation;

(20) to appoint and provide for the duties and obligations of any paying agent or paying agents, or such other fiduciaries as the resolution may provide within or outside the state;

(21) to limit the rights of the holders of any bonds or notes to enforce any pledge or covenant securing bonds or notes;

(22) to make covenants other than and in addition to the covenants expressly authorized in this section, of like or different character, and to make such covenants to do or refrain from doing such acts and things as may be necessary, or convenient and desirable, in order to better secure bonds or notes or which, in the absolute discretion of the corporation, will tend to make bonds or notes more marketable, notwithstanding that the covenants, acts or things may not be enumerated in this section.

(g) Notwithstanding AS 18.56.090(12) and (a) of this section, the corporation may not issue bonds, other than refunding bonds, in any 12-month period beginning after June 30, 1982, in an amount that exceeds the amount of bonds authorized to be issued during the preceding period, unless a different amount is authorized by the legislature. (§ 1 ch 107 SLA 1971; am § 11 ch 115 SLA 1981)

of America which mature or which will be subject to redemption, at the option of the holders of them, not later than the respective dates when the proceeds, together with the interest accruing on them, will be required for the purposes intended. (§ 1 ch 107 SLA 1971)

**Sec. 18.56.170. Credit of state not pledged.** (a) Obligations issued under the provisions of this chapter do not constitute a debt, liability or obligation of the state or of any political subdivision of the state or a pledge of the faith and credit of the state or of any such political subdivision but are payable solely from the revenues or assets of the corporation. Each obligation issued under this chapter shall contain on its face a statement that the corporation is not obligated to pay it nor the interest on it except from the revenues or assets pledged for it and that neither the faith and credit nor the taxing power of the state or of any political subdivision of the state is pledged to the payment of the principal of or the interest on the obligation.

(b) Expenses incurred by the corporation in carrying out the provisions of this chapter are payable from funds provided under this chapter and no liability may be incurred by the corporation in excess of these funds. (§ 1 ch 107 SLA 1971)

**Sec. 18.56.180. Officers not liable.** No member or other officer of the corporation is subject to personal liability or accountability by reason of his execution of any obligations or the issuance of them. (§ 1 ch 107 SLA 1971)

**Sec. 18.56.190. Tax exemption.** (a) The exercise of the powers granted by this chapter will be in all respects for the benefit of the people of the state, for their well-being and prosperity and for the improvement of their social and economic conditions, and the corporation is not required to pay a tax or assessment on any property owned by the corporation under the provisions of this chapter or upon the income from it, except taxes on real property of which the corporation is fee owner.

(b) All obligations issued under this chapter are hereby declared to be issued by a body corporate and public of the state and for an essential public and governmental purpose, and the obligations, and the interest and income on and from the obligations, and all fees, charges, funds, revenues, income and other money pledged or available to pay or secure the payment of the obligations, or interest on the obligations, are exempt from taxation except for transfer, inheritance and estate taxes. (§ 1 ch 107 SLA 1971)

**Sec. 18.56.200. Annual report.** (a) The corporation shall prepare and transmit annually a report accounting to the governor and the legislature for the efficient discharge of all responsibility assigned by law or by directive to the corporation.

(b) By January 10 of each year, the board shall publish a report of the corporation for distribution to the governor, legislature, and the

Offered: 3/30/84  
Referred: Finance

Original sponsor: Rules/Governor

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BY THE HOUSE SPECIAL  
COMMITTEE ON STATE LOANS

CS FOR HOUSE BILL NO. 663 (Loans)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
THIRTEENTH LEGISLATURE - SECOND SESSION  
A BILL

For an Act entitled: "An Act relating to the Alaska Housing Finance Corporation; and providing for an effective date."

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

\* Section 1. AS 18.56.050 is amended to read:

Sec. 18.56.050. ADMINISTRATION OF AFFAIRS. The board shall manage the assets and business of the corporation and may prescribe, amend and repeal bylaws and regulations governing the manner in which the business of the corporation is conducted and the manner in which its powers are exercised. The board shall delegate supervision of the administration of the corporation to the executive director, appointed in accordance with AS 18.56.052. Among other duties that the board may delegate to the executive director, the board may delegate to the executive director the authority to sell an issue of bonds or notes of the corporation, providing that the board establish by resolution a maximum acceptable true interest cost on the bonds or notes to be sold under the delegation.

\* Sec. 2. AS 18.56.091 is amended to read:

Sec. 18.56.091. HOME OWNERSHIP ASSISTANCE PROGRAM [FUND]. The corporation shall implement a home ownership assistance program [THERE IS ESTABLISHED IN THE CORPORATION THE HOME OWNERSHIP FUND, CONSISTING OF MONEY APPROPRIATED TO IT BY THE LEGISLATURE. MONEY IN THE FUND SHALL BE USED SOLELY] to assist persons of lower and moderate income to purchase homes financed under the special mortgage loan purchase program by providing a subsidy to the persons in an amount not greater

1 than the difference between

2 (1) the amount annually required to pay interest and prin-  
3 cipal on that person's loan and real property taxes and insurance for  
4 the home purchased with the loan; and

5 (2) 25 percent of that person's annual gross income.

6 \* Sec. 3. AS 18.56.096 is amended to read:

7 Sec. 18.56.096. LIMITATION ON POWER TO MAKE OR PURCHASE MORTGAGE  
8 LOANS. (a) The corporation may not make, participate in the making  
9 of, purchase, or participate in the purchase of

10 (1) a first mortgage loan under this chapter for a duplex,  
11 triplex, or four-plex that exceeds the limitations on first mortgage  
12 loans for similar housing purchased by the Federal National Mortgage  
13 Association as to principal amount and loan-to-value ratio;

14 (2) a second mortgage loan for a duplex, triplex, or four-  
15 plex the amount of which, when combined with the principal balance of  
16 a first mortgage loan on the property, exceeds the limitation on the  
17 amount set out in (1) of this subsection [SECTION] or that has a  
18 loan-to-value ratio, when considered with the principal balance of the  
19 first mortgage loan, that exceeds 90 percent;

20 (3) a mortgage loan to finance the purchase of new housing  
21 or for the improvement or rehabilitation of existing housing, unless  
22 the construction, improvement, or rehabilitation work has been per-  
23 formed by a contractor who is registered to work as a contractor under  
24 AS 08.18; this paragraph does not apply if the construction, improve-  
25 ment, or rehabilitation work

26 (A) has been totally or substantially performed by the  
27 borrower;

28 (B) has been performed by a borrower who acts as the  
29 contractor for the construction, improvement, or rehabilitation

1 work; or

2 (C) has been performed in an area designated by the  
3 corporation as exempt from the requirements of this paragraph  
4 because of the unavailability of registered contractors in that  
5 area;

6 (4) a first mortgage loan for a single-family residence  
7 that exceeds the limitations on first mortgage loans for similar  
8 housing purchased by the Federal National Mortgage Association as to  
9 principal amount by more than 10 percent, or has a loan-to-value ratio  
10 that exceeds 95 percent, or a second mortgage loan for a single-family  
11 residence, the amount of which, when combined with the principal  
12 balance of a first mortgage loan on the property, exceeds the limita-  
13 tions on loans for similar housing purchased by the Federal National  
14 Mortgage Association as to principal amount by more than 10 percent,  
15 or has a loan-to-value ratio, when considered with the principal  
16 balance of the first mortgage loan, that exceeds 90 percent; [OR]

17 (5) a first or second mortgage loan for rental housing  
18 unless the borrower agrees not to discriminate against tenants or  
19 prospective tenants because of sex, marital status, changes in marital  
20 status, pregnancy, parenthood, race, religion, color, national origin,  
21 or status as a student; or

22 (6) a first mortgage loan if the borrower has an outstand-  
23 ing first mortgage housing loan under a state loan program, other than  
24 a loan for nonowner-occupied housing under AS 44.47.520.

25 (b) The loan-to-value limitation established in (a)(4) of this  
26 section does not apply to a qualified loan that is federally insured  
27 or guaranteed.

28 \* Sec. 4. AS 18.56.098(g) is amended to read:

29 (g) The corporation shall establish the interest rate on a first

1 mortgage loan purchased under (a) of this section in accordance with  
2 the following:

3 (1) The interest rate on the first \$90,000 of a mortgage  
4 loan purchased with the proceeds of an issue of taxable bonds of the  
5 corporation is three percent less than the cost of funds of that  
6 issue, except that

7 (A) if the cost of funds of that issue is less than 10  
8 percent, the interest rate is equal to the cost of funds; and

9 (B) if the cost of funds of that issue is more than 10  
10 percent, the interest rate may not be less than 10 percent.

11 (2) [Repealed

12 (3)] An interest rate determined under this subsection on  
13 the first \$90,000 of a mortgage loan that is not purchased from the  
14 proceeds of bonds that are qualified veterans' mortgage bonds under  
15 the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103A), as  
16 amended, shall be reduced by one percentage point if the loan is made  
17 to an eligible veteran under AS 18.56.101.

18 (3) [(4)] The interest rate for the amount of a mortgage  
19 loan purchased under (a) of this section that exceeds \$90,000 is equal  
20 to the cost of funds to the corporation attributable to that part of  
21 the loan.

22 (4) [(5)] The interest rate on the first \$90,000 of a  
23 mortgage loan purchased with money that is not the proceeds of either  
24 taxable or tax-exempt bonds is the rate the corporation determines is  
25 appropriate by application of the provision of (1) of this subsection.

26 (5) [(6)] The interest rate on the first \$90,000 of a  
27 mortgage loan purchased from the proceeds of bonds that are exempt  
28 from taxation [UNDER THE MORTGAGE SUBSIDY BOND TAX ACT OF 1980 (26  
29 U.S.C. 103A), AS AMENDED,] other than bonds that constitute qualified

1 veterans' bonds under (i) of this section, is equal to the interest  
2 rate determined under (1) - (3) of this subsection on a loan purchased  
3 under (a) of this section from the proceeds of the most recent appli-  
4 cable issue of taxable bonds sold by the corporation [10 PERCENT OR  
5 THE COST OF THE FUNDS, WHICHEVER IS LESS]. A higher or lower interest  
6 rate shall be established on the entire loan amount if required to  
7 insure the tax-exempt status of the bonds [UNDER THE MORTGAGE SUBSIDY  
8 BOND TAX ACT].

9 (6) [(7)] In this subsection

10 (A) "cost of funds" means the true interest cost  
11 expressed as a rate on bonds of the corporation plus an addi-  
12 tional percentage as determined by the corporation to represent  
13 the allocable expenses of operation, costs of issuance, and  
14 mortgage servicing;

15 (B) "taxable bonds" means bonds bearing interest that  
16 is taxable under the provisions of the Mortgage Subsidy Bond Tax  
17 Act of 1980 (26 U.S.C. 103A) issued to finance the purchase of  
18 first mortgage loans.

19 \* Sec. 5. AS 18.56.170(a) is amended to read:

20 (a) Obligations issued under the provisions of this chapter  
21 other than state guaranteed bonds do not constitute a debt, liability  
22 or obligation of the state or of any political subdivision of the  
23 state or a pledge of the faith and credit of the state or of any such  
24 political subdivision but are payable solely from the revenues or  
25 assets of the corporation. Each obligation issued under this chapter  
26 other than a state guaranteed bond shall contain on its face a state-  
27 ment that the corporation is not obligated to pay it nor the interest  
28 on it except from the revenues or assets of the corporation [PLEGDED  
29 FOR IT] and that neither the faith and credit nor the taxing power of

1       the state or of any political subdivision of the state is pledged to  
2       the payment of the principal of or the interest on the obligation.

3       \* Sec. 6. The Alaska Housing Finance Corporation may issue bonds in the  
4       principal amount of \$1,500,000,000 during the fiscal year ending June 30,  
5       1985.

6       \* Sec. 7. This Act takes effect July 1, 1984.

Introduced: 2/13/84  
Referred: House Special Committee  
on State Loans and Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 663

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Housing Finance Corpo-  
7 ration; and providing for an effective date."

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

9 \* Section 1. AS 18.56.050 is amended to read:

10 Sec. 18.56.050. ADMINISTRATION OF AFFAIRS. The board shall  
11 manage the assets and business of the corporation and may prescribe,  
12 amend and repeal bylaws and regulations governing the manner in which  
13 the business of the corporation is conducted and the manner in which  
14 its powers are exercised. The board shall delegate supervision of the  
15 administration of the corporation to the executive director, appointed  
16 in accordance with AS 18.56.052. Among other duties which the board  
17 may delegate to the executive director, the board may delegate to the  
18 executive director the authority to sell an issue of bonds or notes of  
19 the corporation, providing that the board establish by resolution a  
20 maximum acceptable true interest cost on the bonds or notes to be sold  
21 under the delegation.

22 \* Sec. 2. AS 18.56.091 is amended to read:

23 Sec. 18.56.091. HOME OWNERSHIP ASSISTANCE PROGRAM [FUND]. The  
24 corporation shall implement a home ownership assistance program [THERE  
25 IS ESTABLISHED IN THE CORPORATION THE HOME OWNERSHIP FUND, CONSISTING  
26 OF MONEY APPROPRIATED TO IT BY THE LEGISLATURE. MONEY IN THE FUND  
27 SHALL BE USED SOLELY] to assist persons of lower and moderate income  
28 to purchase homes financed under the special mortgage loan purchase  
29 program by providing a subsidy to the persons in an amount not greater

1 than the difference between

2 (1) the amount annually required to pay interest and prin-  
3 cipal on that person's loan and real property taxes and insurance for  
4 the home purchased with the loan; and

5 (2) 25 percent of that person's annual gross income.

6 \* Sec. 3. AS 18.56.096 is amended to read:

7 Sec. 18.56.096. LIMITATION ON POWER TO MAKE OR PURCHASE MORTGAGE  
8 LOANS. (a) The corporation may not make, participate in the making  
9 of, purchase, or participate in the purchase of

10 (1) a first mortgage loan under this chapter for a duplex,  
11 triplex, or four-plex that exceeds the limitations on first mortgage  
12 loans for similar housing purchased by the Federal National Mortgage  
13 Association as to principal amount and loan-to-value ratio;

14 (2) a second mortgage loan for a duplex, triplex, or four-  
15 plex the amount of which, when combined with the principal balance of  
16 a first mortgage loan on the property, exceeds the limitation on the  
17 amount set out in (1) of this subsection [SECTION] or that has a  
18 loan-to-value ratio, when considered with the principal balance of the  
19 first mortgage loan, that exceeds 90 percent;

20 (3) a mortgage loan to finance the purchase of new housing  
21 or for the improvement or rehabilitation of existing housing, unless  
22 the construction, improvement, or rehabilitation work has been per-  
23 formed by a contractor who is registered to work as a contractor under  
24 AS 08.18; this paragraph does not apply if the construction, improve-  
25 ment, or rehabilitation work

26 (A) has been totally or substantially performed by the  
27 borrower;

28 (B) has been performed by a borrower who acts as the  
29 contractor for the construction, improvement, or rehabilitation

1 work; or

2 (C) has been performed in an area designated by the  
3 corporation as exempt from the requirements of this paragraph  
4 because of the unavailability of registered contractors in that  
5 area;

6 (4) a first mortgage loan for a single-family residence  
7 that exceeds the limitations on first mortgage loans for similar  
8 housing purchased by the Federal National Mortgage Association as to  
9 principal amount by more than 10 percent, or has a loan-to-value ratio  
10 that exceeds 95 percent, or a second mortgage loan for a single-family  
11 residence, the amount of which, when combined with the principal  
12 balance of a first mortgage loan on the property, exceeds the limita-  
13 tions on loans for similar housing purchased by the Federal National  
14 Mortgage Association as to principal amount by more than 10 percent,  
15 or has a loan-to-value ratio, when considered with the principal  
16 balance of the first mortgage loan, that exceeds 90 percent; [OR]

17 (5) a first or second mortgage loan for rental housing  
18 unless the borrower agrees not to discriminate against tenants or  
19 prospective tenants because of sex, marital status, changes in marital  
20 status, pregnancy, parenthood, race, religion, color, national origin,  
21 or status as a student; or

22 (6) a first mortgage loan if the borrower has an outstand-  
23 ing first mortgage housing loan under a state loan program, other than  
24 a loan for nonowner-occupied housing under AS 44.47.520.

25 (b) The loan-to-value limitation established in (a)(4) of this  
26 section does not apply to a qualified loan which is federally insured  
27 or guaranteed.

28 \* Sec. 4. AS 18.56.098(g)(6) is amended to read:

29 (6) the interest rate on the first \$90,000 of a mortgage

1 loan purchased from the proceeds of bonds that are exempt from taxa-  
2 tion under the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103A),  
3 as amended, other than bonds that constitute qualified veterans' bonds  
4 under (i) of this section, is equal to the interest rate determined  
5 under (1) -- (4) of this subsection on a loan purchased under (a) of  
6 this section from the proceeds of the most recent applicable issue of  
7 taxable bonds sold by the corporation [10 PERCENT OR THE COST OF THE  
8 FUNDS, WHICHEVER IS LESS]. A higher or lower interest rate shall be  
9 established on the entire loan amount if required under the Mortgage  
10 Subsidy Bond Tax Act.

11 \* Sec. 5. AS 18.56.170(a) is amended to read:

12 (a) Obligations issued under the provisions of this chapter  
13 other than state guaranteed bonds do not constitute a debt, liability  
14 or obligation of the state or of any political subdivision of the  
15 state or a pledge of the faith and credit of the state or of any such  
16 political subdivision but are payable solely from the revenues or  
17 assets of the corporation. Each obligation issued under this chapter  
18 other than a state guaranteed bond shall contain on its face a state-  
19 ment that the corporation is not obligated to pay it nor the interest  
20 on it except from the revenues or assets of the corporation [PLEGGED  
21 FOR IT] and that neither the faith and credit nor the taxing power of  
22 the state or of any political subdivision of the state is pledged to  
23 the payment of the principal of or the interest on the obligation.

24 \* Sec. 6. The Alaska Housing Finance Corporation may issue bonds in the  
25 principal amount of \$1,500,000,000 during the fiscal year ending June 30,  
26 1985.

27 \* Sec. 7. This Act takes effect July 1, 1984.  
28  
29

COMMITTEE REPORT

SENATE

FURTHER:

5/7/84

Date 5/25/84

Mr. President

The Committee on FINANCE considered CSHB 663(Fin) and certain state housing loan programs; and.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for CSHB 663(Fin)
- new title
- same title and recommends Do Pass
- and attached a "LETTER OF INTENT"  NEW FISCAL NOTE
- reports it back without recommendation *2/27/84  
accomplished  
will into committee*
- recommends referral to \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS

\_\_\_\_\_

\_\_\_\_\_

*[Handwritten signatures]*

\_\_\_\_\_

\_\_\_\_\_

*[Handwritten signature]*

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Chairman

Chairman recommendation



Official Business

# Alaska State Legislature

## Senate

### Committee on Finance

Pouch V  
State Capitol  
Juneau, Alaska 99811

Friday, May 25 1984

Letter of Intent to accompany SCSCSHB-663 (Fin.):

The Legislature is concerned about the number of trailer parks being sold or closed, and the increased risk this causes to portions of AHFC's mobile home loan portfolio and to certain borrowers under this program.

It is the intent of the Legislature that AHFC act immediately to make changes in its mobile home financing program through the adoption of emergency regulations as provided by AS 18.56.088(e). The emergency regulations will require that all mobile homes for which new mobile home loans are made be located on property owned by the borrower, property leased to the borrower for a period of time that exceeds the term of the loan, or if located on rented property, then the owner of the property must guarantee to allow the mobile home to remain on the property for a time period equal at least 75% of the loan term. As used here, the term "new mobile home loan" means a loan secured by collateral which is not already securing an existing AHFC mobile home loan.

AHFC shall continue to allow assumptions of existing mobile home loans, and shall use the flexibility authorized by section 1 of this bill to minimize undue hardship for owners of mobile homes under this program.

Additionally, as part of its annual trailer park approval process, AHFC shall require owners of approved trailer parks to provide at least one years eviction notice to their tenants prior to implementing a change in the land use of the property.

It is further the intent of the legislature that during the period the emergency regulations are in effect, the House and Senate Finance Committees, and the House Special Committee on State loans, in conjunction with the Commissioner of the Department of Revenue, and the Board and Executive Director of the Alaska Housing Finance Corporation, will develop proposed regulations for AHFC to consider regarding permanent changes to its mobile home loan financing program. In developing these proposed regulations, public hearings and other means will be utilized to gather input from all parties affected by the AHFC mobile home loan financing program.

Signed:

A handwritten signature in cursive script that reads "John C. Sackett".

JOHN C. SACKETT  
Co-Chairman, SFC



Official Business

# Alaska State Legislature

Senate

Committee on Finance

Pouch V  
State Capitol  
Juneau, Alaska 99811

Friday, May 25, 1984

Letter of Intent to accompany SCSCSHB.663.(Fin)

In effecting Sec. 8 of the subject bill, the committee acknowledges that neighborhood groups have suggested the possibility of low-income, owner-occupied, housing on the former S & S Apartment site within the Municipality of Anchorage.

It is the intent of the committee that insofar as prior statutory language would appear to prohibit grants for an owner-occupied program, the prohibition is to be removed as to this site so that owner-occupied housing will be eligible, if otherwise feasible. (Nothing in this amendment shall prohibit the use of appropriated moneys for low-rent housing on the site.)

SENATE AMENDMENT

By Senator Ferguson

To: \_\_\_\_\_ SENATE BILL No. \_\_\_\_\_

To: \_\_\_\_\_ HOUSE BILL No. SCS CSHB 663 (Fin)

PAGE: 6      LINE: 15

Add a new section 8 to read as follows, and renumber last section accordingly:

*Note -  
In final  
version of  
SCS (Fin),  
this amendment  
became  
New Sec. 1*

\* Sec. 8. AS 18.55.996(a) is amended to read:

(a) The following associations are given the authority specified in (b) of this section:

- (1) Arctic Slope Native Associations (Barrow and Point Hope)
- (2) Bering Straits Association (Seward Peninsula, Unalakleet, St. Lawrence Island)
- (3) Northwest Inupiat Housing Authority (ALASKA NATIVE ASSOCIATION) (Kotzebue)
- (4) Association of Village Council Presidents (southwest coast of Alaska including all villages in the Bethel area and all villages on the Lower Yukon River and Lower Kuskokwim River)
- (5) Tanana Chiefs Conference (Koyukuk, the middle and upper Yukon River villages and the upper Kuskokwim and Tanana River villages)
- (6) Cook Inlet Tribal Council (ASSOCIATION) (Kenai, Tyonek, Eklutna and Seldovia (ILIAMNA)
- (7) Bristol Bay Native Association (Dillingham, Upper Alaska Peninsula)
- (8) Aleut League (Aleutian Islands, Pribilof Islands and that part of the Alaska Peninsula which is in the Aleut League)
- (9) North Pacific Rim Native Corp. (Cordova, Tatitlek, Port Graham, English Bay, Valdez, Seward, Eyak and Chenega)
- (10) Tlingit-Haida Central Council or Alaska Native Brotherhood (Southeastern Alaska including Metlakatla)
- (11) Kodiak Area Native Association (all villages on and around Kodiak Island)
- (12) Copper River Native Association (Copper Center, Glennallen, Chitina and Mentasta)
- (13) Alaska Federation of Natives, Inc.
- (14) Sitka Community Association (Baranof Island).

54-  
005

A M E N D M E N T

Offered in the SENATE FINANCE COMMITTEE

By Josephson & Fischer

TO: COMMITTEE SUBSTITUTE FOR HOUSE BILL 663 (Fin) am

Page 6, between lines 1 and 2:

Insert the following new material to read:

\*Sec. ~~26~~. AS 44.47.630 is amended to read:

Sec 44.47.630. DECLARATION OF PURPOSE. There exists in the state a serious shortage of low cost multiple family residential rental housing (AVAILABLE AT LOW RENTALS), and, in the case of property acquired or to be acquired by the Municipality of Anchorage which was formerly the site of S&S Apartments, owner-occupied housing. There also exists in the state organizations whose purposes are to provide the housing needed to alleviate this shortage. Development work to provide this housing involves substantial expense that is often beyond the resources of the organizations.

Renumber remaining sections accordingly.

Asper  
5/22/84 P.M.

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 663 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to certain state housing loan pro-  
7 grams; and providing for an effective date."

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

9 \* Section 1. AS 18.56.088 is amended by adding a new subsection to  
10 read:

11 (i) The board may adopt regulations under (a) - (f) of this  
12 section that establish conditions and terms for mobile home loans that  
13 are not in accordance with the provisions of this chapter, including  
14 conditions and terms relating to owner-occupancy, the number of loans  
15 that may be made to a single borrower, and borrower eligibility re-  
16 quirements, if the board first determines that the regulations are  
17 necessary to ensure the continued security of the mobile home loan  
18 portfolio.

19 \* Sec. 2. AS 18.56.091 is amended to read:

20 Sec. 18.56.091. HOME OWNERSHIP ASSISTANCE PROGRAM [FUND]. The  
21 corporation shall implement a home ownership assistance program [THERE  
22 IS ESTABLISHED IN THE CORPORATION THE HOME OWNERSHIP FUND, CONSISTING  
23 OF MONEY APPROPRIATED TO IT BY THE LEGISLATURE. MONEY IN THE FUND  
24 SHALL BE USED SOLELY] to assist persons of lower and moderate income  
25 to purchase homes financed under the special mortgage loan purchase  
26 program by providing a subsidy to the persons in an amount not greater  
27 than the difference between

28 (1) the amount annually required to pay interest and prin-  
29 cipal on that person's loan and real property taxes and insurance for

1 the home purchased with the loan; and

2 (2) 25 percent of that person's annual gross income.

3 \* Sec. 3. AS 18.56.096 is amended to read:

4 Sec. 18.56.096. LIMITATION ON POWER TO MAKE OR PURCHASE MORTGAGE  
5 LOANS. (a) The corporation may not make, participate in the making  
6 of, purchase, or participate in the purchase of

7 (1) a first mortgage loan under this chapter for a duplex,  
8 triplex, or four-plex that exceeds the limitations on first mortgage  
9 loans for similar housing purchased by the Federal National Mortgage  
10 Association as to principal amount and loan-to-value ratio;

11 (2) a second mortgage loan for a duplex, triplex, or four-  
12 plex the amount of which, when combined with the principal balance of  
13 a first mortgage loan on the property, exceeds the limitation on the  
14 amount set out in (1) of this subsection [SECTION] or that has a  
15 loan-to-value ratio, when considered with the principal balance of the  
16 first mortgage loan, that exceeds 90 percent;

17 (3) a mortgage loan to finance the purchase of new housing  
18 or for the improvement or rehabilitation of existing housing, unless  
19 the construction, improvement, or rehabilitation work has been per-  
20 formed by a contractor who is registered to work as a contractor under  
21 AS 08.18; this paragraph does not apply if the construction, improve-  
22 ment, or rehabilitation work

23 (A) has been totally or substantially performed by the  
24 borrower;

25 (B) has been performed by a borrower who acts as the  
26 contractor for the construction, improvement, or rehabilitation  
27 work; or

28 (C) has been performed in an area designated by the  
29 corporation as exempt from the requirements of this paragraph

1 because of the unavailability of registered contractors in that  
2 area;

3 (4) a first mortgage loan for a single-family residence  
4 that exceeds the limitations on first mortgage loans for similar  
5 housing purchased by the Federal National Mortgage Association as to  
6 principal amount by more than 10 percent, or has a loan-to-value ratio  
7 that exceeds 95 percent, or a second mortgage loan for a single-family  
8 residence, the amount of which, when combined with the principal  
9 balance of a first mortgage loan on the property, exceeds the limita-  
10 tions on loans for similar housing purchased by the Federal National  
11 Mortgage Association as to principal amount by more than 10 percent,  
12 or has a loan-to-value ratio, when considered with the principal  
13 balance of the first mortgage loan, that exceeds 90 percent; [OR]

14 (5) a first or second mortgage loan for rental housing  
15 unless the borrower agrees not to discriminate against tenants or  
16 prospective tenants because of sex, marital status, changes in marital  
17 status, pregnancy, parenthood, race, religion, color, national origin,  
18 or status as a student; or

19 (6) a first mortgage loan if the borrower has an outstand-  
20 ing first mortgage housing loan under this chapter or an outstanding  
21 first mortgage loan for owner-occupied housing under AS 44.47...

22 (b) The loan-to-value limitation established in (a)(4) of this  
23 section does not apply to a qualified loan that is federally insured  
24 or guaranteed.

25 \* Sec. 4. AS 18.56.098(g) is amended to read:

26 (g) The corporation shall establish the interest rate on a first  
27 mortgage loan purchased under (a) of this section in accordance with  
28 the following:

29 (1) The interest rate on the first \$90,000 of a mortgage

1 loan purchased with the proceeds of an issue of taxable bonds of the  
2 corporation is three percent less than the cost of funds of that  
3 issue, except that

4 (A) if the cost of funds of that issue is less than 10  
5 percent, the interest rate is equal to the cost of funds; and

6 (B) if the cost of funds of that issue is more than 10  
7 percent, the interest rate may not be less than 10 percent.

8 (2) [Repealed

9 (3)] An interest rate determined under this subsection on  
10 the first \$90,000 of a mortgage loan that is not purchased from the  
11 proceeds of bonds that are qualified veterans' mortgage bonds under  
12 the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103A), as  
13 amended, shall be reduced by one percentage point if the loan is made  
14 to an eligible veteran under AS 18.56.101.

15 (3) [(4)] The interest rate for the amount of a mortgage  
16 loan purchased under (a) of this section that exceeds \$90,000 is equal  
17 to the cost of funds to the corporation attributable to that part of  
18 the loan.

19 (4) [(5)] The interest rate on the first \$90,000 of a  
20 mortgage loan purchased with money that is not the proceeds of either  
21 taxable or tax-exempt bonds is the rate the corporation determines is  
22 appropriate by application of the provision of (1) of this subsection.

23 (5) [(6)] The interest rate on the first \$90,000 of a  
24 mortgage loan purchased from the proceeds of bonds that are exempt  
25 from taxation [UNDER THE MORTGAGE SUBSIDY BOND TAX ACT OF 1980 (26  
26 U.S.C. 103A), AS AMENDED,] other than bonds that constitute qualified  
27 veterans' bonds under (i) of this section, is equal to the interest  
28 rate determined under (1) and (2) of this subsection on a loan pur-  
29 chased under (a) of this section from the proceeds of the most recent

1 applicable issue of taxable bonds sold by the corporation [10 PERCENT  
2 OR THE COST OF THE FUNDS, WHICHEVER IS LESS]. A higher or lower  
3 interest rate shall be established on the entire loan amount if re-  
4 quired to ensure the tax-exempt status of the bonds [UNDER THE MORT-  
5 GAGE SUBSIDY BOND TAX ACT].

6 (6) [(7)] In this subsection

7 (A) "cost of funds" means the true interest cos  
8 expressed as a rate on bonds of the corporation plus an addi-  
9 tional percentage as determined by the corporation to represen  
10 the allocable expenses of operation, costs of issuance, an  
11 mortgage servicing;

12 (B) "taxable bonds" means bonds bearing interest tha  
13 is taxable under the provisions of the Mortgage Subsidy Bond Ta  
14 Act of 1980 (26 U.S.C. 103A) issued to finance the purchase o  
15 first mortgage loans.

16 \* Sec. 5. AS 18.56.170(a) is amended to read:

17 (a) Obligations issued under the provisions of this chapte  
18 other than state guaranteed bonds do not constitute a debt, liabilit  
19 or obligation of the state or of any political subdivision of th  
20 state or a pledge of the faith and credit of the state or of any suc  
21 political subdivision but are payable solely from the revenues o  
22 assets of the corporation. Each obligation issued under this chapte  
23 other than a state guaranteed bond shall contain on its face a state  
24 ment that the corporation is not obligated to pay it nor the interest  
25 on it except from the revenues or assets of the corporation [PLEDGE  
26 FOR IT] and that neither the faith and credit nor the taxing power o  
27 the state or of any political subdivision of the state is pledged  
28 the payment of the principal of or the interest on the obligation.

29 \* Sec. 6. AS 44.47.560(5) is repealed and reenacted to read:

1 (5) "rural" means

2 (A) a community with a population of 4,500 or less in  
3 the first or second judicial district of the state;

4 (B) a community with a population of 4,500 or less in  
5 the third judicial district of the state that is more than 75  
6 nautical miles from the conforming boundary of jurisdiction of  
7 the Municipality of Anchorage; or

8 (C) a community with a population of 4,500 or less in  
9 the fourth judicial district of the state that is more than 35  
10 nautical miles from the conforming boundary of jurisdiction of  
11 the City of Fairbanks;

12 \* Sec. 7. The Alaska Housing Finance Corporation may issue bonds in the  
13 principal amount of \$1,500,000,000 during the fiscal year ending June 30,  
14 1985.

15 \* Sec. 8. This Act takes effect July 1, 1984:  
16  
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29

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date \_\_\_\_\_

REQUEST

Bill/Resolution No: HB 663  
 Title: Relating to Alaska Housing Finance Corporation  
 Sponsor: Governor  
 Requestor: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: Revenue  
 Program Category Affected: \_\_\_\_\_  
 BRU, Program of Subprogram(s) Affected: Alaska Housing Finance Corporation

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-0-	-0-	-0-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-0-	-0-	-0-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis.

Prepared By: Michael S. Lynch  
 Division: Alaska Housing Finance Corporation

Phone: 276-5599  
 Date: 2/7/84

Approved by Commissioner: Phil Abbott  
 Agency: DOR

Date: 2/7/84

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)



Official Business

# Alaska State Legislature

*Senate*

*Committee on Finance*

Pouch V  
State Capitol  
Juneau, Alaska 99811

## MEMORANDUM

TO: Billy Berrier  
Director - Legal Services

FROM: Max Gifford  
Administrative Assistant

A handwritten signature in dark ink, appearing to read "M. Gifford".

Subj: SCSCSHB-663 (Finance), An Act relating to certain state housing loan programs

This is clarify a technical error concerning the above referenced legislation and the actions taken by the Senate Finance Committee on May 25, 1984, when the CS was adopted.

The CS work draft laid on the finance committee table was dated 5/22/84 and had the notation "P.M." hand written adjacent to the draft date. That indicated that a change had been made in the 5/22/84 draft. The change was found in what was then Sec. 6 of the proposed CS, concerning the definition of rural. The draft contained a reference to "100 nautical miles.." and Senator Ferguson wished to have it changed to read.."75 nautical miles..." That change was made to the work draft by staff in the committee and Legal Services was notified of the change by telephone. When the change was made the notation "P.M." was added to the draft C.S. When the committee heard the bill, two more amendments were offered at the table. The amendments included two housing authority name changes (by Ferguson), which became the new Sec. 1 of the bill, and another by Senator Josephson concerning the S&S apartments in Anchorage, which became Sec. 8 of the CS. When the amendments were incorporated into the new CS in Legal Services, the correction from 100 to 75 nautical miles was overlooked.

I hope this explains the error made. The final version of SCSCSHB-663 (Finance) should include the housing authority names changes (Sec. 1), the rural definition containing the reference to "75 nautical miles" (Sec. 7), and the Josephson amendment concerning the S&S apartments, (Sec. 8).

Please contact me if you have any questions.

Offered: 4/30/84  
Referred: Rules

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE FINANCE COMMITTEE  
2 CS FOR HOUSE BILL NO. 663 (Finance) am  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 THIRTEENTH LEGISLATURE - SECOND SESSION  
5 A BILL  
6 For an Act entitled: "An Act relating to certain state housing loan pro-  
7 grams; and providing for an effective date."  
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
9 \* Section 1. AS 18.56.091 is amended to read:  
10 Sec. 18.56.091. HOME OWNERSHIP ASSISTANCE PROGRAM [FUND]. The  
11 corporation shall implement a home ownership assistance program [THERE  
12 IS ESTABLISHED IN THE CORPORATION THE HOME OWNERSHIP FUND, CONSISTING  
13 OF MONEY APPROPRIATED TO IT BY THE LEGISLATURE. MONEY IN THE FUND  
14 SHALL BE USED SOLELY] to assist persons of lower and moderate income  
15 to purchase homes financed under the special mortgage loan purchase  
16 program by providing a subsidy to the persons in an amount not greater  
17 than the difference between  
18 (1) the amount annually required to pay interest and prin-  
19 cipal on that person's loan and real property taxes and insurance for  
20 the home purchased with the loan; and  
21 (2) 25 percent of that person's annual gross income.  
22 \* Sec. 2. AS 18.56.096 is amended to read:  
23 Sec. 18.56.096. LIMITATION ON POWER TO MAKE OR PURCHASE MORTGAGE  
24 LOANS. (a) The corporation may not make, participate in the making  
25 of, purchase, or participate in the purchase of  
26 (1) a first mortgage loan under this chapter for a duplex,  
27 triplex, or four-plex that exceeds the limitations on first mortgage  
28 loans for similar housing purchased by the Federal National Mortgage  
29 Association as to principal amount and loan-to-value ratio;

1           (2) a second mortgage loan for a duplex, triplex, or four-  
2 plex the amount of which, when combined with the principal balance of  
3 a first mortgage loan on the property, exceeds the limitation on the  
4 amount set out in (1) of this subsection [SECTION] or that has a  
5 loan-to-value ratio, when considered with the principal balance of the  
6 first mortgage loan, that exceeds 90 percent;

7           (3) a mortgage loan to finance the purchase of new housing  
8 or for the improvement or rehabilitation of existing housing, unless  
9 the construction, improvement, or rehabilitation work has been per-  
10 formed by a contractor who is registered to work as a contractor under  
11 AS 08.18; this paragraph does not apply if the construction, improve-  
12 ment, or rehabilitation work

13                   (A) has been totally or substantially performed by the  
14 borrower;

15                   (B) has been performed by a borrower who acts as the  
16 contractor for the construction, improvement, or rehabilitation  
17 work; or

18                   (C) has been performed in an area designated by the  
19 corporation as exempt from the requirements of this paragraph  
20 because of the unavailability of registered contractors in that  
21 area;

22           (4) a first mortgage loan for a single-family residence  
23 that exceeds the limitations on first mortgage loans for similar  
24 housing purchased by the Federal National Mortgage Association as to  
25 principal amount by more than 10 percent, or has a loan-to-value ratio  
26 that exceeds 95 percent, or a second mortgage loan for a single-family  
27 residence, the amount of which, when combined with the principal  
28 balance of a first mortgage loan on the property, exceeds the limita-  
29 tions on loans for similar housing purchased by the Federal National

1 Mortgage Association as to principal amount by more than 10 percent,  
2 or has a loan-to-value ratio, when considered with the principal  
3 balance of the first mortgage loan, that exceeds 90 percent; [OR]

4 (5) a first or second mortgage loan for rental housing  
5 unless the borrower agrees not to discriminate against tenants or  
6 prospective tenants because of sex, marital status, changes in marital  
7 status, pregnancy, parenthood, race, religion, color, national origin,  
8 or status as a student; or

9 (6) a first mortgage loan if the borrower has an outstand-  
10 ing first mortgage housing loan under this chapter or an outstanding  
11 first mortgage loan for owner-occupied housing under AS 44.47.

12 (b) The loan-to-value limitation established in (a)(4) of this  
13 section does not apply to a qualified loan that is federally insured  
14 or guaranteed.

15 \* Sec. 3. AS 18.56.098(g) is amended to read:

16 (g) The corporation shall establish the interest rate on a first  
17 mortgage loan purchased under (a) of this section in accordance with  
18 the following:

19 (1) The interest rate on the first \$90,000 of a mortgage  
20 loan purchased with the proceeds of an issue of taxable bonds of the  
21 corporation is three percent less than the cost of funds of that  
22 issue, except that

23 (A) if the cost of funds of that issue is less than 10  
24 percent, the interest rate is equal to the cost of funds; and

25 (B) if the cost of funds of that issue is more than 10  
26 percent, the interest rate may not be less than 10 percent.

27 (2) [Repealed

28 (3)] An interest rate determined under this subsection on  
29 the first \$90,000 of a mortgage loan that is not purchased from the

1 proceeds of bonds that are qualified veterans' mortgage bonds under  
2 the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103A), as  
3 amended, shall be reduced by one percentage point if the loan is made  
4 to an eligible veteran under AS 18.56.101.

5 (3) [(4)] The interest rate for the amount of a mortgage  
6 loan purchased under (a) of this section that exceeds \$90,000 is equal  
7 to the cost of funds to the corporation attributable to that part of  
8 the loan.

9 (4) [(5)] The interest rate on the first \$90,000 of a  
10 mortgage loan purchased with money that is not the proceeds of either  
11 taxable or tax-exempt bonds is the rate the corporation determines is  
12 appropriate by application of the provision of (1) of this subsection.

13 (5) [(6)] The interest rate on the first \$90,000 of a  
14 mortgage loan purchased from the proceeds of bonds that are exempt  
15 from taxation [UNDER THE MORTGAGE SUBSIDY BOND TAX ACT OF 1980 (26  
16 U.S.C. 103A), AS AMENDED,] other than bonds that constitute qualified  
17 veterans' bonds under (i) of this section, is equal to the interest  
18 rate determined under (1) and (2) of this subsection on a loan pur-  
19 chased under (a) of this section from the proceeds of the most recent  
20 applicable issue of taxable bonds sold by the corporation [10 PERCENT  
21 OR THE COST OF THE FUNDS, WHICHEVER IS LESS]. A higher or lower  
22 interest rate shall be established on the entire loan amount if re-  
23 quired to ensure the tax-exempt status of the bonds [UNDER THE MORT-  
24 GAGE SUBSIDY BOND TAX ACT].

25 (6) [(7)] In this subsection

26 (A) "cost of funds" means the true interest cost  
27 expressed as a rate on bonds of the corporation plus an addi-  
28 tional percentage as determined by the corporation to represent  
29 the allocable expenses of operation, costs of issuance, and

1 mortgage servicing;

2 (B) "taxable bonds" means bonds bearing interest that  
3 is taxable under the provisions of the Mortgage Subsidy Bond Tax  
4 Act of 1980 (26 U.S.C. 103A) issued to finance the purchase of  
5 first mortgage loans.

6 \* Sec. 4. AS 18.56.170(a) is amended to read:

7 (a) Obligations issued under the provisions of this chapter  
8 other than state guaranteed bonds do not constitute a debt, liability  
9 or obligation of the state or of any political subdivision of the  
10 state or a pledge of the faith and credit of the state or of any such  
11 political subdivision but are payable solely from the revenues or  
12 assets of the corporation. Each obligation issued under this chapter  
13 other than a state guaranteed bond shall contain on its face a state-  
14 ment that the corporation is not obligated to pay it nor the interest  
15 on it except from the revenues or assets of the corporation [PLEGGED  
16 FOR IT] and that neither the faith and credit nor the taxing power of  
17 the state or of any political subdivision of the state is pledged to  
18 the payment of the principal of or the interest on the obligation.

19 \* Sec. 5. AS 44.47.560(5) is repealed and reenacted to read:

20 (5) "rural" means

21 (A) a community with a population of 4,500 or less in  
22 the first or second judicial district of the state;

23 (B) a community with a population of 4,500 or less in  
24 the third judicial district of the state that is more than 100  
25 nautical miles from the conforming boundary of jurisdiction of  
26 the Municipality of Anchorage; or

27 (C) a community with a population of 4,500 or less in  
28 the fourth judicial district of the state that is more than 35  
29 nautical miles from the conforming boundary of jurisdiction of

1           the City of Fairbanks;

2       \* Sec. 6. The Alaska Housing Finance Corporation may issue bonds in the  
3 principal amount of \$1,500,000,000 during the fiscal year ending June 30,  
4 1985.

5       \* Sec. 7. This Act takes effect July 1, 1984.



Official Business

# Alaska State Legislature

## Senate

### Committee on Finance

Pouch V  
State Capitol  
Juneau, Alaska 99811

Friday, May 25 1984

Letter of Intent to accompany SCSCSHB-663 (Fin.):

The Legislature is concerned about the number of trailer parks being sold or closed, and the increased risk this causes to portions of AHFC's mobile home loan portfolio and to certain borrowers under this program.

It is the intent of the Legislature that AHFC act immediately to make changes in its mobile home financing program through the adoption of emergency regulations as provided by AS 18.56.088(e). The emergency regulations will require that all mobile homes for which new mobile home loans are made be located on property owned by the borrower, property leased to the borrower for a period of time that exceeds the term of the loan, or if located on rented property, then the owner of the property must guarantee to allow the mobile home to remain on the property for a time period equal at least 75% of the loan term. As used here, the term "new mobile home loan" means a loan secured by collateral which is not already securing an existing AHFC mobile home loan.

AHFC shall continue to allow assumptions of existing mobile home loans, and shall use the flexibility authorized by section 1 of this bill to minimize undue hardship for owners of mobile homes under this program.

Additionally, as part of its annual trailer park approval process, AHFC shall require owners of approved trailer parks to provide at least one years eviction notice to their tenants prior to implementing a change in the land use of the property.

It is further the intent of the legislature that during the period the emergency regulations are in effect, the House and Senate Finance Committees, and the House Special Committee on State loans, in conjunction with the Commissioner of the Department of Revenue, and the Board and Executive Director of the Alaska Housing Finance Corporation, will develop proposed regulations for AHFC to consider regarding permanent changes to its mobile home loan financing program. In developing these proposed regulations, public hearings and other means will be utilized to gather input from all parties affected by the AHFC mobile home loan financing program.

Signed:

A handwritten signature in cursive script, reading "John C. Sackett".

JOHN C. SACKETT  
Co-Chairman, SFC



Official Business

# Alaska State Legislature

## Senate

### Committee on Finance

Pouch V  
State Capitol  
Juneau, Alaska 99811

Friday, May 25, 1984

Letter of Intent to accompany SCSCSHB.663.(Fin)

In effecting Sec. 5 of the subject bill, the committee acknowledges that neighborhood groups have suggested the possibility of low-income, owner-occupied, housing on the former S & S Apartment site within the Municipality of Anchorage.

It is the intent of the committee that insofar as prior statutory language would appear to prohibit grants for an owner-occupied program, the prohibition is to be removed as to this site so that owner-occupied housing will be eligible, if otherwise feasible. (Nothing in this amendment shall prohibit the use of appropriated moneys for low-income housing on the site.)

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 663 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to certain state housing loan pro-  
7 grams; and providing for an effective date."

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

9 \* Section 1. AS 18.55.996(a) is amended to read:

10 (a) The following associations are given the authority specified  
11 in (b) of this section:

12 (1) Arctic Slope Native Association (Barrow and Point Hope)

13 (2) Bering Straits Association (Seward Peninsula, Unala-  
14 kleet, St. Lawrence Island)

15 (3) Northwest Inupiat Housing Authority [ALASKA NATIVE  
16 ASSOCIATION] (Kotzebue)

17 (4) Association of Village Council Presidents (southwest  
18 coast of Alaska including all villages in the Bethel area and all  
19 villages on the Lower Yukon River and Lower Kuskokwim River)

20 (5) Tanana Chiefs Conference (Koyukuk, the middle and upper  
21 Yukon River villages and the upper Kuskokwim and Tanana River  
22 villages)

23 (6) Cook Inlet Tribal Council [ASSOCIATION] (Kenai, Tyonek,  
24 Eklutna and Seldovia [ILIAMNA])

25 (7) Bristol Bay Native Association (Dillingham, Upper  
26 Alaska Peninsula)

27 (8) Aleut League (Aleutian Islands, Pribilof Islands and  
28 that part of the Alaska Peninsula which is in the Aleut League)

29 (9) North Pacific Rim Native Corp. (Cordova, Tatitlek, Port

1 Graham, English Bay, Valdez, Seward, Eyak and Chenega)

2 (10) Tlingit-Haida Central Council or Alaska Native Brother-  
3 hood (Southeastern Alaska including Metlakatla)

4 (11) Kodiak Area Native Association (all villages on and  
5 around Kodiak Island)

6 (12) Copper River Native Association (Copper Center,  
7 Glennallen, Chitina and Mentasta)

8 (13) Alaska Federation of Natives, Inc.

9 (14) Sitka Community Association (Baranof Island).

10 \* Sec. 2. AS 18.56.088 is amended by adding a new subsection to read:

11 (i) The board may adopt regulations under (a) - (f) of this  
12 section that establish conditions and terms for mobile home loans that  
13 are not in accordance with the provisions of this chapter, including  
14 conditions and terms relating to owner-occupancy, the number of loans  
15 that may be made to a single borrower, and borrower eligibility re-  
16 quirements, if the board first determines that the regulations are  
17 necessary to ensure the continued security of the mobile home loan  
18 portfolio.

19 \* Sec. 3. AS 18.56.091 is amended to read:

20 Sec. 18.56.091. HOME OWNERSHIP ASSISTANCE PROGRAM [FUND]. The  
21 corporation shall implement a home ownership assistance program [THERE  
22 IS ESTABLISHED IN THE CORPORATION THE HOME OWNERSHIP FUND, CONSISTING  
23 OF MONEY APPROPRIATED TO IT BY THE LEGISLATURE. MONEY IN THE FUND  
24 SHALL BE USED SOLELY] to assist persons of lower and moderate income  
25 to purchase homes financed under the special mortgage loan purchase  
26 program by providing a subsidy to the persons in an amount not greater  
27 than the difference between

28 (1) the amount annually required to pay interest and prin-  
29 cipal on that person's loan and real property taxes and insurance for

1 the home purchased with the loan; and

2 (2) 25 percent of that person's annual gross income.

3 \* Sec. 4. AS 18.56.096 is amended to read:

4 Sec. 18.56.096. LIMITATION ON POWER TO MAKE OR PURCHASE MORTGAGE  
5 LOANS. (a) The corporation may not make, participate in the making  
6 of, purchase, or participate in the purchase of

7 (1) a first mortgage loan under this chapter for a duplex,  
8 triplex, or four-plex that exceeds the limitations on first mortgage  
9 loans for similar housing purchased by the Federal National Mortgage  
10 Association as to principal amount and loan-to-value ratio;

11 (2) a second mortgage loan for a duplex, triplex, or four-  
12 plex the amount of which, when combined with the principal balance of  
13 a first mortgage loan on the property, exceeds the limitation on the  
14 amount set out in (1) of this subsection [SECTION] or that has a  
15 loan-to-value ratio, when considered with the principal balance of the  
16 first mortgage loan, that exceeds 90 percent;

17 (3) a mortgage loan to finance the purchase of new housing  
18 or for the improvement or rehabilitation of existing housing, unless  
19 the construction, improvement, or rehabilitation work has been per-  
20 formed by a contractor who is registered to work as a contractor under  
21 AS 08.18; this paragraph does not apply if the construction, improve-  
22 ment, or rehabilitation work

23 (A) has been totally or substantially performed by the  
24 borrower;

25 (B) has been performed by a borrower who acts as the  
26 contractor for the construction, improvement, or rehabilitation  
27 work; or

28 (C) has been performed in an area designated by the  
29 corporation as exempt from the requirements of this paragraph

1           because of the unavailability of registered contractors in that  
2           area;

3           (4) a first mortgage loan for a single-family residence  
4           that exceeds the limitations on first mortgage loans for similar  
5           housing purchased by the Federal National Mortgage Association as to  
6           principal amount by more than 10 percent, or has a loan-to-value ratio  
7           that exceeds 95 percent, or a second mortgage loan for a single-family  
8           residence, the amount of which, when combined with the principal  
9           balance of a first mortgage loan on the property, exceeds the limita-  
10          tions on loans for similar housing purchased by the Federal National  
11          Mortgage Association as to principal amount by more than 10 percent,  
12          or has a loan-to-value ratio, when considered with the principal  
13          balance of the first mortgage loan, that exceeds 90 percent; [OR]

14          (5) a first or second mortgage loan for rental housing  
15          unless the borrower agrees not to discriminate against tenants or  
16          prospective tenants because of sex, marital status, changes in marital  
17          status, pregnancy, parenthood, race, religion, color, national origin,  
18          or status as a student; or

19          (6) a first mortgage loan if the borrower has an outstand-  
20          ing first mortgage housing loan under this chapter or an outstanding  
21          first mortgage loan for owner-occupied housing under AS 44.47.

22          (b) The loan-to-value limitation established in (a)(4) of this  
23          section does not apply to a qualified loan that is federally insured  
24          or guaranteed.

25 \* Sec. 5. AS 18.56.098(g) is amended to read:

26          (g) The corporation shall establish the interest rate on a first  
27          mortgage loan purchased under (a) of this section in accordance with  
28          the following:

29          (1) The interest rate on the first \$90,000 of a mortgage

1 loan purchased with the proceeds of an issue of taxable bonds of the  
2 corporation is three percent less than the cost of funds of that  
3 issue, except that

4 (A) if the cost of funds of that issue is less than 10  
5 percent, the interest rate is equal to the cost of funds; and

6 (B) if the cost of funds of that issue is more than 10  
7 percent, the interest rate may not be less than 10 percent.

8 (2) [Repealed

9 (3)] An interest rate determined under this subsection on  
10 the first \$90,000 of a mortgage loan that is not purchased from the  
11 proceeds of bonds that are qualified veterans' mortgage bonds under  
12 the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103A), as  
13 amended, shall be reduced by one percentage point if the loan is made  
14 to an eligible veteran under AS 18.56.101.

15 (3) [(4)] The interest rate for the amount of a mortgage  
16 loan purchased under (a) of this section that exceeds \$90,000 is equal  
17 to the cost of funds to the corporation attributable to that part of  
18 the loan.

19 (4) [(5)] The interest rate on the first \$90,000 of a  
20 mortgage loan purchased with money that is not the proceeds of either  
21 taxable or tax-exempt bonds is the rate the corporation determines is  
22 appropriate by application of the provision of (1) of this subsection.

23 (5) [(6)] The interest rate on the first \$90,000 of a  
24 mortgage loan purchased from the proceeds of bonds that are exempt  
25 from taxation [UNDER THE MORTGAGE SUBSIDY BOND TAX ACT OF 1980 (26  
26 U.S.C. 103A), AS AMENDED,] other than bonds that constitute qualified  
27 veterans' bonds under (i) of this section, is equal to the interest  
28 rate determined under (1) and (2) of this subsection on a loan pur-  
29 chased under (a) of this section from the proceeds of the most recent

1 applicable issue of taxable bonds sold by the corporation [10 PERCENT  
2 OR THE COST OF THE FUNDS, WHICHEVER IS LESS]. A higher or lower  
3 interest rate shall be established on the entire loan amount if re-  
4 quired to ensure the tax-exempt status of the bonds [UNDER THE MORT-  
5 GAGE SUBSIDY BOND TAX ACT].

6 (6) [(7)] In this subsection

7 (A) "cost of funds" means the true interest cost  
8 expressed as a rate on bonds of the corporation plus an addi-  
9 tional percentage as determined by the corporation to represent  
10 the allocable expenses of operation, costs of issuance, and  
11 mortgage servicing;

12 (B) "taxable bonds" means bonds bearing interest that  
13 is taxable under the provisions of the Mortgage Subsidy Bond Tax  
14 Act of 1980 (26 U.S.C. 103A) issued to finance the purchase of  
15 first mortgage loans.

16 \* Sec. 6. AS 18.56.170(a) is amended to read:

17 (a) Obligations issued under the provisions of this chapter  
18 other than state guaranteed bonds do not constitute a debt, liability  
19 or obligation of the state or of any political subdivision of the  
20 state or a pledge of the faith and credit of the state or of any such  
21 political subdivision but are payable solely from the revenues or  
22 assets of the corporation. Each obligation issued under this chapter  
23 other than a state guaranteed bond shall contain on its face a state-  
24 ment that the corporation is not obligated to pay it nor the interest  
25 on it except from the revenues or assets of the corporation [PLEGGED  
26 FOR IT] and that neither the faith and credit nor the taxing power of  
27 the state or of any political subdivision of the state is pledged to  
28 the payment of the principal of or the interest on the obligation.

29 \* Sec. 7. AS 44.47.560(5) is repealed and reenacted to read:

1 (5) "rural" means

2 (A) a community with a population of 4,500 or less in  
3 the first or second judicial district of the state;

4 (B) a community with a population of 4,500 or less in  
5 the third judicial district of the state that is more than 100  
6 nautical miles from the conforming boundary of jurisdiction of  
7 the Municipality of Anchorage; or

8 (C) a community with a population of 4,500 or less in  
9 the fourth judicial district of the state that is more than 35  
10 nautical miles from the conforming boundary of jurisdiction of  
11 the City of Fairbanks;

12 \* Sec. 8. AS 44.47.630 is amended to read:

13 Sec. 44.47.630. DECLARATION OF PURPOSE. There exists in the  
14 state a serious shortage of low cost multiple family residential  
15 housing, and owner-occupied housing, in the case of property acquired  
16 or to be acquired by the Municipality of Anchorage that was formerly  
17 the site of the S&S Apartments [AVAILABLE AT LOW RENTALS]. There also  
18 exist [EXISTS] in the state organizations whose purpose is [PURPOSES  
19 ARE] to provide the housing needed to alleviate this shortage. De-  
20 velopment work to provide this housing involves substantial expense  
21 that is often beyond the resources of the organizations.

22 \* Sec. 9. The Alaska Housing Finance Corporation may issue bonds in the  
23 principal amount of \$1,500,000,000 during the fiscal year ending June 30,  
24 1985.

25 \* Sec. 10. This Act takes effect July 1, 1984.  
26  
27  
28  
29

5/25/84  
Josephson  
005

Neighborhood groups have suggested the possibility of low-income, owner-occupied, housing on the former S&S Apartment site within the Municipality of Anchorage.

It is the intent of the Committee that insofar as prior statutory language would appear to prohibit grants for an owner-occupied program, the prohibition is to be removed as to this site so that owner-occupied housing will be eligible, if otherwise feasible. (Nothing in this amendment shall prohibit the use of appropriated moneys for low-rent housing on the site.)



Official Business

# Alaska State Legislature

Senate

Committee on Finance

Pouch V  
State Capitol  
Juneau, Alaska 99811

*new one I  
put out  
don't have*

Wednesday, May 23, 1984

Letter of Intent to accompany SCSCSHB-663 (Fin.):

The Legislature is concerned about the number of trailer parks being sold or closed, and the increased risk this causes to portions of AHFC's mobile home loan portfolio and to certain borrowers under this program.

It is the intent of the Legislature that AHFC act immediately to make changes in its mobile home financing program through the adoption of emergency regulations as provided by AS 18.56.088(e). The emergency regulations will require that all mobile homes be located on land owned by the borrower, land leased to the borrower for a period that exceeds the term of the loan or if located on land on a short-term rental, then the owner of the land must guarantee to allow the mobile home to remain on the land for a time period equal to 75% of the loan term.

Additionally, as part of its annual trailer park approval process, AHFC shall require owners of approved trailer parks to provide at least one years eviction notice to their tenants prior to implementing a change in the land use of the property.

It is further the intent of the legislature that during the period the emergency regulations are in effect, the House and Senate Finance Committees, and the House Special Committee on State loans, in conjunction with the Commissioner of the Department of Revenue, and the Board and Executive Director of the Alaska Housing Finance Corporation, will develop proposed regulations for AHFC to consider regarding permanent changes to its mobile home loan financing program. In developing these proposed regulations, public hearings and other means will be utilized to gather input from all parties affected by the AHFC mobile home loan financing program.

Signed: \_\_\_\_\_

JOHN C. SACKETT  
Co-Chairman, SFC

Alaska HOUSING FINANCE CORPORATION



May 22, 1984

The Honorable John Sackett  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Dear Senator:

The following are the positions of AHFC on various items presently under consideration before the Senate Finance Committee:

Mobile Home Park Closures

The closure of mobile home parks and the impact of the closures on the security of AHFC's mobile home loan portfolio has been the subject of hearings. In addition to the hearings many short-term recommendations for reducing the risks of loss have been put forward in the following correspondence:

- a) a letter from AHFC to Commissioner Heath regarding Mobile Home Park Closures.
- b) a memorandum from Senator Pat Rodey regarding Mobile Home Park Closures.
- c) a memorandum prepared by House Finance Committee staff regarding suggested changes in Alaska Housing Finance Corporation's Mobile Home financing.

These recommendations should be consolidated to the following steps.

a) As part of AHFC's park approval process AHFC will require park owners to give tenants one years notice of eviction when the reason for eviction is closure of the park. This will give present park occupants increased notice (present requirement is 90 days) and failure by a park owner to agree to the extended notice, while not conclusive evidence of an intent to close the park, should at least alert tenants to the possibility. This change can be made to the program through regulation.

b) As part of AHFC's mobile home loan underwriting criteria AHFC will require that all mobile homes be located on land owned by the borrower, land leased to the borrower for a period that exceeds the term of the loan or if located on land on a short-term rental, then the owner of the land must guarantee to allow the mobile home to remain on the land for a time period equal to 75% of the loan term. This would not affect the assumability of existing loans on units in parks but would stop the increase of exposure to AHFC. This step could be accomplished by regulation.

Long term, if mobile homes are to remain as a low cost housing alternative, other solutions must be found. The steps recommended above may substantially reduce the number of mobile homes that will qualify for AHFC financing. These solutions should be developed by a task force composed of members drawn from the