

Leg. Finance-House & Senate Finance Comte Files (1991-1992) 745

=etter to Senator Frank
May 1, 1992
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Another definitional issue that needs clarification is the term "housing", also found in AS 44.47.560. Both HB 431 and SB 402 redefine "housing" to allow up to 25% of the gross floor area to be used for commercial purposes. This change has not been made in HB 152 and should be made before the bill leaves the Senate Community and Regional Affairs Committee.

A final issue with the other pending legislation has to do with the retroactive effect of the change in the definition of rural. HB 431 contains a retroactivity provision so that the changes in definition cover loans and loan commitments made after December 31, 1991. A comparable provision should be included in HB 152.

Program Characteristics

The DCRA housing loan program is special because the lending criteria under which rural housing loans are made take into consideration the unusual circumstances of housing in rural Alaska and the sometimes seasonal nature of employment in rural Alaska. Since DCRA does not repackage its loans for sale on the secondary mortgage market, we do not have to apply the conventional lending criteria demanded by the national secondary mortgage market. Our program also does not require a borrower to obtain mortgage insurance, thereby simplifying and making more flexible our ability to serve borrowers in rural Alaska. The department is very concerned that when the program is administered by AHFC it continue to be administered as a flexible program that will continue to meet the housing needs of rural Alaska. We have been told that AHFC intends to fund the rural housing program through earnings from its portfolio and not from bond sales or sales of loans on the national mortgage market. If that is the case, it should be possible for AHFC to operate the program as DCRA now operates it--with flexible criteria and no mortgage insurance. The legislation, as now written, appears to give a 1% interest advantage to rural borrowers, but currow low rates for Fannie Mae and Freddie Mac loans have eliminated that advantage from obtaining a DCRA housing loan. Rural areas do need an interest break, however.

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We also believe that the maintenance of our field office system of operation is critical to meeting the housing needs of rural Alaska. As presently operated by DCRA, the housing loan program has loan examiners in regional offices in Juneau, Anchorage, Dillingham, Bethel, Nome, Kotzebue, and Fairbanks. Our loan examiners work closely with banks originating loans or directly with borrowers where there are no banks to originate loans. Our loan examiners go into small communities to explain our housing loan program and other DCRA loan programs. They also take questions about loan programs administered by other agencies and have those agencies respond by phone or mail to the questioner. When we make direct loans, our loan examiners are sometimes called upon to make inspections. We have much more "hands on" involvement with our borrowers than is typical of the conventional lending done by AHFC. It will be necessary for AHFC to recognize the different needs and adopt a different approach to lending under our program when it is transferred to AHFC.

Weatherization/Energy Efficiency Programs

DCRA presently administers a number of weatherization/energy efficiency programs that are described briefly in Attachment D. Because they are tied closely to the provision of quality housing, the department felt that these programs should be transferred to AHFC if the DCRA housing programs were to be transferred to AHFC.

Transfer of Programs


Attachment E is a list of the DCRA personnel that will be transferred to AHFC by job title and range. At the bottom of the page is a location summary. A total of 41 jobs in the areas of housing, energy/weatherization, senior housing, and administrative services will be transferred to AHFC under HB 152. The Senate State Affairs Committee asked the number of people being transferred from DCRA to AHFC who would be eligible to take advantage of early retirement if the pending early retirement legislation becomes law. Six people would be eligible: one Range 10, one Range 12, two people at Range 17, and two people at Range 18.

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In conclusion, for eleven years DCRA has administered a housing loan program of great importance to rural Alaska. When it transfers to AHFC, it is important that the program retain its present vitality. The language of HB 152, with the amendments discussed above, addresses most of the issues that can reasonably be dealt with through legislation, as far as our loan program is concerned. To retain its vitality, however, the program will have to be adequately funded and staffed in the future by AHFC. That will be the responsibility of the AHFC board, executive director, and the legislature. Hopefully, Alaska's commitment to rural housing will not wane with the transfer of this program.

If you have further technical questions about the operation of our housing loan program or our energy/weatherization programs, please let me know.

Sincerely,



Sandra J. Wicks
Deputy Director

Enclosures: Attachments A-E

Attachment A
Housing Assistance Loan Fund
(AS 44.47.380)

<u>FY</u>	<u>AMOUNT APPROPRIATED</u>	<u>FY</u>	<u>AMOUNT RETURNED</u>
81	\$10,500,000.00	81	-0-
82	\$40,000,000.00	82	\$1,695,000.00
83	\$45,000,000.00	83	\$5,242,000.00
84	\$45,000,000.00	84	\$10,943,000.00
85	\$45,650,000.00	85	-0-
86	\$4,000,000.00	86	-0-
87	-0-	87	\$70,000,000.00
88	\$2,500,000.00	88	\$2,196,800.00
89	-0-	89	-0-
90	-0-	90	-0-
91	-0-	91	-0-
92	-0-	92	-0-
	<hr/>		<hr/>
TOTALS	\$192,650,000.00		\$90,076,800.00

Portfolio Analysis
March 31, 1992

ACTIVE LOAN PORTFOLIO BY COMMUNITY - March 31, 1992

COMMUNITY	LOAN AMOUNT	PRINCIPAL BALANCE	# LOANS
AMBLER	\$20,000	\$18,771.16	1
ANCHOR POINT	\$271,250	\$260,791.67	4
ANCHORAGE	\$430,900	\$399,216.11	7
ANGOON	\$146,250	\$137,881.78	2
ANIAK	\$1,649,100	\$1,547,384.99	18
BARROW	\$4,102,341	\$3,954,488.89	31
BELUGA RIVER	\$196,500	\$150,712.17	2
BETHEL	\$17,887,625	\$16,931,277.33	173
BETTLES	\$37,200	\$32,854.29	1
CENTRAL	\$68,000	\$46,591.15	1
CHEVAK	\$27,000	\$22,272.45	1
CHIGNIK	\$65,000	\$64,517.02	1
CHINIAC	\$500,300	\$458,420.41	6
COLD BAY	\$129,000	\$128,168.85	1
CORDOVA	\$7,632,100	\$7,312,449.74	75
CRAIG	\$4,747,750	\$4,521,068.12	52
DELTA JUNCTION	\$173,300	\$171,269.48	3
DILLINGHAM	\$10,711,450	\$10,032,280.11	93
EAGLE	\$120,500	\$51,284.29	2
ELFIN COVE	\$73,800	\$70,088.10	1
ELIM	\$140,800	\$129,345.21	1
EMMONAK	\$89,500	\$83,183.17	2
FAIRBANKS	\$202,000	\$185,156.57	5
FALSE PASS	\$82,850	\$81,214.83	1
FORT YUKON	\$191,825	\$161,734.91	5
FUNTER BAY	\$80,000	\$73,695.27	1
GALENA	\$1,403,000	\$1,305,264.54	21
GUSTAVUS	\$327,950	\$314,832.45	4
HAINES	\$4,971,610	\$4,761,364.49	62
HALIBUT COVE	\$130,800	\$125,590.44	1
HOLLIS	\$112,250	\$99,526.41	3
HOONAH	\$1,084,800	\$1,027,954.02	16
ILIAMNA	\$441,000	\$409,825.28	3
KAKE	\$65,000	\$62,583.19	1
KASIGLUK	\$240,350	\$223,810.52	4
KENAI	\$38,000	\$35,507.05	1
KETCHIKAN	\$823,100	\$820,502.61	7
KIANA	\$139,500	\$126,464.90	3
KINGS COVE	\$250,250	\$242,581.56	3
KING SALMON	\$3,369,350	\$3,171,734.47	20
KLAWOCK	\$883,600	\$830,761.36	8
KODIAK	\$46,117,325	\$43,621,227.06	374
KOTZEBUE	\$14,441,250	\$13,444,274.68	110
KUPREANOF	\$105,000	\$72,053.76	2
KUPREANOF ISLAND	\$90,000	\$85,410.24	1
LAKE MINCHUMINA	\$28,900	\$27,304.12	1
LARSEN BAY	\$40,000	\$38,253.35	1

ACTIVE LOAN PORTFOLIO BY COMMUNITY - March 31, 1992

COMMUNITY	LOAN AMOUNT	PRINCIPAL BALANCE	# LOANS
MANLEY HOT SPRINGS	\$26,600	\$19,657.13	1
MANOKOTAK	\$68,200	\$61,942.20	2
MCGRATH	\$940,300	\$827,899.00	14
MEKORYUK	\$379,500	\$339,989.86	5
METLAKATLA	\$929,900	\$835,200.96	14
MEYERS CHUCK	\$25,000	\$19,175.30	1
NAKNEK	\$1,611,900	\$1,437,974.06	15
NEWHALEN	\$145,150	\$135,298.20	2
NOME	\$26,086,325	\$24,320,061.51	241
NORTH POLE	\$48,000	\$46,389.82	1
NUNAPITCHUK	\$70,000	\$67,332.78	1
PEDRO BAY	\$95,000	\$90,244.55	1
PELICAN	\$843,150	\$798,937.61	14
PETERSBURG	\$18,110,308	\$17,035,881.46	196
PORT ALEXANDER	\$209,150	\$199,427.93	4
PORT ALSWORTH	\$149,000	\$147,284.39	2
PORT HEIDEN	\$65,000	\$64,274.82	1
PORT LIONS	\$66,500	\$58,679.79	2
RUBY	\$38,000	\$3,931.76	1
SAND POINT	\$587,700	\$560,876.45	6
SAVOONGA	\$31,000	\$26,436.84	1
SELAWIK	\$97,700	\$79,843.67	2
SELDOVIA	\$1,254,450	\$1,165,142.08	18
SHISHMAREF	\$99,262	\$94,220.60	1
SKAGWAY	\$1,637,200	\$1,577,257.04	25
SKWENTNA	\$60,000	\$55,968.09	1
ST MARYS	\$416,400	\$399,921.49	4
ST PAUL	\$23,750	\$12,474.12	1
STEBBINS	\$263,600	\$191,530.16	2
TANANA	\$124,750	\$119,590.06	3
TENAKEE SPRINGS	\$105,000	\$100,503.01	2
THORNE BAY	\$1,123,350	\$1,055,103.34	15
TOGIK	\$29,900	\$27,120.44	1
TUTKA BAY	\$125,000	\$114,403.04	1
UNALAKLEET	\$889,650	\$826,411.21	7
UNALASKA	\$3,728,650	\$3,591,769.20	33
VOZNESENKA	\$59,500	\$54,750.60	1
WASILLA	\$28,500	\$24,928.48	1
WRANGELL	\$7,363,950	\$6,855,436.01	94
YAKUTAT	\$299,900	\$290,895.67	4
March 31, 1992			
TOTAL	\$193,135,571	\$181,607,119.30	1877

ATTACHMENT C

Rural Communities Connected by Road or Rail
to Anchorage or Fairbanks
(1992 population 1400 or lower)

<u>1992 Population of Community</u>		<u>1992 Population of Community</u>	
866	Anchor Point	*	Livengood
628	Anderson	38	Lower Tonsina
400	Big Delta	96	Manley Hot Springs
147	Cantwell	25	McCarthy
52	Central	171	McKinley Park
*	Chena Hot Springs	37	Mendaltna
145	Chickaloon	96	Mentastna Lake
60	Chistochina	81	Moose Pass
49	Chitina	*	Nabesna
73	Circle	*	Nelchina
29	Circle Hot Springs	555	Nenana
79	Clam Gulch	456	Ninilchik
243	Cooper Landing	123	Northway
449	Copper Center	88	Northway Junction
70	Dot Lake	30	Paxson
106	Dry Creek	*	Petersville
169	Eagle	63	Slana
147	Ester	308	Sutton
275	Fox	250	Talkeetna
25	Gakona	106	Tanacross
451	Glennallen	247	Tazlina
103	Gulkana	87	Tetlin
1265	Haines	487	Healy
935	Tok	161	Hope
38	Tonsina	738	Houston
299	Whittier	383	Kasilof
285	Willow	267	Kenny Lake
33	Wiseman	272	Knik
692	Skagway		

* Population unknown at this time but under 1400.

Note: This list is based on the DCRA 1992 Community/Borough map and is not intended to exclude other communities not shown on the map.

Department of Community & Regional Affairs
Weatherization/Energy Efficiency Programs
Attachment D

WARM HOMES FOR ALASKANS

The Warm Homes for Alaskans initiative offers a comprehensive approach for improving the quality and efficiency of Alaska housing. This approach offers an innovative public/private partnership between the State of Alaska and the housing industry. Program elements of the initiative include:

- * LOW INCOME WEATHERIZATION - Program makes the most cost-effective improvements to homes of low income families, resulting in the reduction of heating bills by an average of 25% which in turn assists senior citizen and handicapped Alaskans stretch their family budgets
- * ENERGY RATED HOMES OF ALASKA - Private/public partnership sponsored by the Department of Community and Regional Affairs. It is a nationally recognized innovative market driven program that assists Alaskans to afford higher quality, energy efficient homes through uniform rating of homes according to their energy efficiency. The documented energy efficiency is then credited in the mortgage loan. Program also offers equity investments to home buyers and owners to purchase energy efficient homes or improve their current homes.
- * ALASKA CRAFTSMAN HOME PROGRAM - Nationally recognized non-profit organization funded through the Department that offers latest building technology for northern climates. Homes built to the program's voluntary standard cost 60-80% less to heat. Program offers marketing support and building science education for Alaskan builders.
- * HUD INITIATIVE - Partnership with the federal government to improve quality and energy efficiency of homes financed through FHA and public housing. Through memorandums of agreement between HUD and the Department of Community and Regional Affairs the initiative features: agreement that all new housing financed through HUD will comply with state's energy efficiency standard, crediting of home's energy efficiency in FHA mortgages, major retrofit program for substandard rural housing.
- * THERMAL STANDARDS - The Department is responsible for implementing minimum energy efficiency standards for homes built after January 1, 1992 and financed with state funds.

ATTACHMENT E

FY93 GOV AMENDED

TITLE	LOC RANGE	TITLE	LOC RANGE
=====		=====	
HOUSING	24	ENERGY	13
DIRECTOR	ANCH 26	PROGRAM COORD	ANCH 20
DEP DIRECTOR	ANCH 23	ACCTNG CLERK II	ANCH 9
SECRETARY I	ANCH 10	ADMIN ASST I	ANCH 12
PROJ COORD	ANCH 18	CLERK TYPIST III	ANCH 8
LOAN EXAMINER III	ANCH 19	GRANT ADMIN II	ANCH 17
LOAN EXAMINER III	ANCH 18	ARCH ASST III	ANCH 19
CLERK TYPIST III	ANCH 8	ENERGY SPEC II	ANCH 18
CLERK TYPIST III	ANCH 8	ENERGY SPEC II	ANCH 18
ACCT TECH III	ANCH 16	GRANT ADMIN III	ANCH 19
LOAN CLOSER II	ANCH 12	ENERGY SPEC II	ANCH 18
LOAN MANAGER	ANCH 20	ADMIN OFFICER II	ANCH 19
ADMIN ASST I	ANCH 12	ENERGY SPEC II	ANCH 18
ACCT CLERK III	ANCH 10	ENERGY SPEC I	ANCH 16
LOAN EXAMINER I	ANCH 15		
ACCT TECH I	ANCH 12	SR HOUSING	2
LOAN EXAMINER II	BETH 17	LOAN EXMINR III	ANCH 19
CLERK TYPIST III	BETH 8	CLERK TYPIST III	ANCH 8
LOAN EXAMINER II	DILL 17		
FLD OFF ASST	DILL 10	ADMIN SVCS	2
LOAN EXAMINER II	FBKS 17	ACCOUNTANT II	ANCH 16
LOAN EXAMINER II	JUNO 17	ACCOUNTANT II	JUNO 16
LOAN EXAMINER II	KOTZ 17		
CLERK TYPIST III	KOTZ 8		
LOAN EXAMINER II	NOME 17		

LOCATION SUMMARY

LOCATION	ADM SVCS	ENERGY	HOUSING	SR HOUSING	TOTAL
=====	=====	=====	=====	=====	=====
ANCHORAGE	1	13	15	2	31
BETHEL			2		2
DILLINGHAM			2		2
FAIRBANKS			1		1
JUNEAU	1		1		2
KOTZEBUE			2		2
NOME			1		1
=====	=====	=====	=====	=====	=====
TOTAL	2	13	24	2	41



Alaska State Legislature

Official Business

State Capitol
Juneau, AK 99801-1182

TO: Senator Steve Frank, Chair
Senate Community & Regional Affairs Committee

FROM: Representative Kay Brown
Senator Pat Rodey, Chair
Senate State Affairs Committee

DATE: April 27, 1992

SUBJ: SCS CS HB 152 (State Affairs) — Alaska Housing Programs

This memorandum provides a brief summary of SCS CS HB 152 (State Affairs), legislation that would consolidate state housing programs and authorities of the Alaska State Housing Authority (ASHA) and the Department of Community and Regional Affairs (DCRA) within the Alaska Housing Finance Corporation (AHFC).

Fundamentally, the legislation would:

- 1) ensure greater coordination of the state's housing policy development and program delivery that is now scattered across approximately a dozen different agencies; and
- 2) ensure that financial resources are available to address Alaska's unmet low income and special housing needs.

Section 2 of the legislation expressly directs that the state's existing housing programs are to continue to operate without interruption. No immediate changes are proposed to ASHA and DCRA programs whose agency staff will continue to operate, in effect, as divisions within AHFC.

Expanded Board of Directors

A new, nine-member Board is created for the corporation under SCS CS HB 152 (State Affairs) representing a broad cross-section of Alaskan interests:

— Commissioner of Department of Revenue

- Commissioner of Department of Community & Regional Affairs
- member of the financial community who is a licensed real estate broker
- one representative of regional housing authority interests
- one representative of special needs/low income/senior housing interests
- one representative of energy efficient homebuilding and weatherization interests
- one rural resident
- two public members

The legislation also expands the ability of the corporation to address low income and "special needs" housing. Special housing needs is defined in the bill to include emergency shelters for the homeless, transitional housing, and housing for the elderly or individuals with a disability or mental illness.

The legislation modifies present responsibilities of AHFC, including the ability of the corporation to borrow from and receive assistance from the federal government for housing projects. To take advantage of the federal Housing Act of 1949, providing for redevelopment powers, restrictions will be placed on board members and corporation employees, including that corporation board members and employees are prohibited from acquiring an interest, direct or indirect, in a corporation project developed under what are presently ASHA authorities. The corporation's authorities include care of state housing projects. Under the terms of the legislation, the corporation may enter into contracts to provide for care and maintenance.

In order to ensure the effective operation of nine-member Board, SCS CS HB 152 (State Affairs) authorizes the establishment of an Executive Committee, or other committees, and allows the Board to delegate the powers and duties it considers appropriate.

Supplemental Fund, Senior, Veteran & Conservation Programs

The responsibility for senior housing programs, veteran's mortgage loans, replacement housing loans, the home energy conservation and weatherization program, and the supplemental housing development grant fund are transferred in their entirety, without change, from DCRA to the corporation.

In order to ensure continued state funding for the Supplemental Housing Fund, the powers and duties of the corporation have been amended to include that the corporation shall annually identify in its proposed operating budget, the funding available to the corporation, including its own assets, to supplement available federal development funds. (The fiscal note for the bill

includes a \$7.2 million appropriation from AHFC earnings for Supplemental Housing Fund grants in FY 93.)

Powers allowing Native associations to form public housing corporations under existing ASHA authorities will remain unchanged upon merger within AHFC.

Sale of the DCRA Loans to AHFC

The legislation also provides authority for AHFC to purchase the mortgage loans and other housing related loans that are held by DCRA. The funds received by the Commissioner of DCRA as a result of the sale under the terms of this section would then be deposited in the general fund. It is anticipated that the purchase of these DCRA loans by AHFC will yield roughly \$162 million for the state general fund.

DCED & ASHA Program Authorities

ASHA's existing purposes and powers regarding slum clearance, bond issuance, veterans' housing, disaster relief and low cost housing will be transferred in their entirety, without change, to AHFC. Existing loans held by DCED and serviced by AIDEA will, under the terms of the legislation, be held and serviced by AHFC.

Alaska State Housing Planning Commission

To facilitate the transition between the state's current housing program delivery system and the new corporation, a temporary Alaska Housing Planning Commission is created within the Office of the Governor. The commission is charged with assisting in the merger and making recommendations to the legislature regarding further statutory changes, if any, that may be needed as a result of the merger. The commission is repealed after six months.

The commission includes a representative of the Office of the Governor, the Commissioner of Commerce and Economic Development, the Commissioner of DCRA, a representative of AHFC, a public member representative of low income, homeless or special needs housing interests, and a representative of the U.S. Department of Housing and Urban Development who shall serve in an advisory capacity.

It would be appreciated if you could schedule this bill as soon as possible. We look forward to working with you on this legislation.

SCS CSHB 152 - SECTIONAL ANALYSIS
(The Housing Merger Bill)

1. Section 1, Page 1, sets out the Legislature's findings that there are critical low income and rural housing needs in the state, that a coordinated state housing policy is required to address these needs, and that such coordination can be best effectuated by a merger of state housing programs into the Corporation.
2. Section 2, Page 2, the purpose section, explains that the purpose of the Act is to direct the merger of the Alaska State Housing Authority ("ASHA") into the Alaska Housing Finance Corporation (the "Corporation"), to transfer certain housing programs of the Department of Community and Regional Affairs ("DCRA") to AHFC, to transfer responsibility for the senior citizens housing programs from DCRA to the Corporation, to transfer the responsibility for the home energy conservation weatherization program from DCRA to the Corporation, to transfer responsibility for mortgage loans under the veterans' program to the Corporation, and to assign to the Corporation the responsibility for replacement housing plans. In addition, Section 1 states that the bill authorizes the Corporation to purchase, at a discount, mortgage notes held by DCRA under its housing assistance programs; moneys paid to DCRA for the notes will be deposited into the state's general fund. These moneys, combined with an expected transfer of revenue by the Corporation to the State, will increase the state general fund by \$200,000,000.

Provisions Transferring ASHA AS 18.55.010-290 Powers to AHFC

3. Section 3, Page 4, amends the AS 18.55.010-290 ASHA purposes, which are slum clearance, low-cost housing, and veterans housing, to transfer the purposes to AHFC. (AS 18.55.010)
4. Section 4, Page 4, amends the prohibited interest section of the ASHA statute to reflect the transfer to the Corporation. (AS 18.55.080)
5. Section 5, Page 4, transfers ASHA's general powers to carry out AS 18.55.010-290 to the Corporation. (AS 18.55.100(a))
6. Section 6, Page 6, transfers to the Corporation certain ASHA disaster relief powers. (AS 18.55.100(b))

7. Section 7, Page 6, transfers ASHA's veterans' housing powers to the Corporation. (AS 18.55.110)
8. Section 8, Page 7, transfers ASHA's low-cost housing project powers to the Corporation. (AS 18.55.120)
9. Section 9, Page 7, amends the tenant qualification section of low-cost housing projects to refer to the Corporation. (AS 18.55.130)
10. Section 10, Page 8, substitutes the Corporation for ASHA in a provision allowing the issuance of bonds. (AS 18.55.140)
11. Section 11, Page 8, substitutes the Corporation for ASHA in respect of certain bond powers of ASHA for bonds issued under AS 18.55. (AS 18.55.150)
12. Section 12, Page 9, limits the Corporation's liability in the execution of any bonds under its ASHA .100 to .290 powers. It provides that the Corporation's bonds issued for its ASHA powers are not obligations of the State. (AS 18.55.160)
13. Section 13, Page 9, provides for exemption from taxes of bonds issued by the Corporation under its ASHA .100 to .290 powers. (AS 18.55.170)
14. Section 14, Page 9, provides for the issuance of bonds of the Corporation for ASHA .100 to .290 purposes. (AS 18.55.180)
15. Section 15, Page 10, provides for a financial advisor when the Corporation is issuing bonds and notes for .100 to .290 ASHA purposes. (AS 18.55.187)
16. Section 16, Page 11, gives to the Corporation ASHA's powers with respect to pledges and mortgages of property and provides for covenants and other bond security for the Corporation when it exercises ASHA .100 to .290 powers. (AS 18.55.200)
17. Sections 17 and 18, Page 12, give the Corporation or its bondholders certain rights when bonds are issued for ASHA .100 to .290 purposes. (AS 18.55.210-.220)
18. Section 19, Page 13, provides for exemption from execution or other judicial process of Corporation property in conjunction with the exercise of an ASHA .100 to .290 power. (AS 18.55.230)

19. Section 20, Page 13, provides that the Corporation may borrow funds or obtain other financial assistance from the federal government when it is exercising an ASHA .100 to .290 power. (AS 18.55.240)
20. Section 21, Page 13, exempts from taxation property owned by the Corporation in connection with its exercise of ASHA .100 to .290 powers. (AS 18.55.250)
21. Section 22, Page 13, provides for conveyance of real and personal property in the exercise by the Corporation of an ASHA .100 to .290 power, and sets out procedural safeguards for such conveyance. (AS 18.55.255(a))
22. Section 23, Page 14, provides for conveyance of property to a State or federal agency for less than appraised value in connection with the Corporation's exercise of ASHA .100 to .290 powers. (AS 18.55.255(b))
23. Section 24, Page 14, provides that bonds of the Corporation issued for ASHA purposes are legal investments. (AS 18.55.260)
24. Section 25, Page 14, requires the Corporation to recommend legislation in connection with exercise of ASHA .100 to .290 powers. (AS 18.55.270)
25. Section 26, Page 14, provides that the Corporation has certain general corporate powers in exercising an ASHA .100 to .290 power. (AS 18.55.280(a))
26. Section 27, Page 15, changes a reference from ASHA to Corporation. (AS 18.55.288 (1))
27. Section 28, Page 15, corrects the definition of "public building." (AS 18.55.288(3))
28. Section 29, Page 16, changes the short title of .010 to .290 of the ASHA statute to the Housing Project and Public Building Assistance Act. (AS 18.55.288(1))

ASHA Moderate-Cost and Rental Housing Powers Transferred to AHFC
(AS 18.55.300-470)

29. Section 30, Page 16, gives the Corporation ASHA powers to construct and operate moderate-cost and rental housing for veterans and other residents. (AS 18.55.310)

30. Section 31, Page 16, provides for veterans' preference in moderate-cost and rental housing projects. (AS 18.55.330)
31. Section 32, Page 16, provides for the maintenance and rental of moderate-cost and rental housing by the Corporation. (AS 18.55.340)
32. Section 33, Page 16, provides that housing projects may be rented or sold by the Corporation to eligible persons and prescribes certain uses for moneys received from such sales or rentals. (AS 18.55.350)
33. Section 34, Page 17, authorizes the Corporation to use money appropriated or made available under .300 to .470 for character loans of up to \$500 for certain purposes, and for moderate-cost or rental housing loans to public agencies, non-profit organizations, and other corporations of up to 95 percent of assessed valuation in the case of co-ops. (AS 18.55.370)
34. Section 35, Page 17, provides that powers under any statute including eminent domain, may be exercised by the Corporation with respect to moderate-cost and rental housing projects (.300 to .470). (AS 18.55.380)
35. Section 36, Page 17, limits the Corporation's powers under .300 to .470 to instances where other adequate financing is not available. (AS 18.55.390)
36. Section 37, Page 18, provides for the Corporation's expenditure of appropriated funds under .300 to .470 to research methods of low-cost construction. (AS 18.55.400)
37. Section 38, Page 18, provides for the adoption of regulations for the moderate-cost and rental housing program (.300 to .470). (AS 18.55.420)
38. Section 39, Page 18, provides for acquisition of land in connection with moderate-cost and rental housing projects (.300 to .470). (AS 18.55.440)
39. Section 40, Page 18, provides that the Corporation may accept properties from other agencies for moderate-cost and rental housing purposes (.300 to .470). (AS 18.55.450)
40. Section 41, Page 19, provides for a preference for professional and contractor services of State residents for .300 to .470 projects. (AS 18.55.460)

41. Section 42, Page 19, adds the definition of the Corporation. (AS 18.55.470(1))

ASHA Slum Clearance, Redevelopment, and Urban Renewal Powers
Transferred to AHFC
(AS 18.55.480-960)

42. Section 43, Page 19, provides that the intent of the Act is to take advantage of Title I of the U.S. Housing Act of 1949 (providing for redevelopment powers). (AS 18.55.490)
43. Section 44, Page 19, provides there be no interest of the members of the board of the Corporation in the redevelopment project. (AS 18.55.500)
44. Section 45, Page 20, provides that when the Corporation's redevelopment powers (.480 to .960) are exercised within a municipality, the governing body of the municipality must consent. (AS 18.55.510(a))
45. Section 46, Page 20, provides that in the exercise of its redevelopment powers (.480 to .960) the Corporation has other necessary powers to purchase property, to sell property, to make covenants, to borrow money, to invest money, and the like. In Subsection 11, Page 23, with the approval of the local government body, it can demolish structures in connection with redevelopment projects. (AS 18.55.520)
46. Section 47, Page 23, provides that neighborhood development projects (.480 to .960) shall consist of urban renewal projects undertaken in urban renewal areas under federal law. (AS 18.55.525)
47. Section 48, Page 23, provides that property may not be acquired for redevelopment projects unless the governing body has approved the redevelopment plan. (AS 18.55.530(a))
48. Section 49, Page 23, provides for the preparation of a redevelopment plan and defines the requisites of such a plan. (AS 18.55.530(d))
49. Section 50, Page 24, provides that before redevelopment plans are submitted to the governing body, the same shall be submitted to the local planning commission for review and comment. (AS 18.55.530(e))

50. Section 51, Page 24, sets out the documents and statements that must accompany the redevelopment plan when it is submitted to the governing body. (AS 18.55.530(g))
51. Section 52, Page 25, provides that after a hearing under this Section, the governing body may, by ordinance, approve a redevelopment plan. (AS 18.55.530(i))
52. Section 53, Page 25, provides for modification of such a redevelopment plan. (AS 18.55.530(j))
53. Section 54, Page 25, provides that when a natural catastrophe has been declared or certified by a local government body a redevelopment plan may be adopted on an expedited basis. (AS 18.55.530(k))
54. Section 55, Page 26, provides for sale, lease, or exchange of real property in connection with a redevelopment plan. (AS 18.55.540(a))
55. Section 56, Page 26, provides for public notice of redevelopment contract proposals and sets out procedures and criteria for the Corporation's consideration of such proposals. (AS 18.55.540(b))
56. Section 57, Page 27, provides for the Corporation's exercise of eminent domain in connection with a redevelopment project. (AS 18.55.550(a))
57. Section 58, Page 27, provides for the acquisition and development of vacant land not within a slum or blighted area if necessary for the redevelopment of a slum or blighted area. (AS 18.55.560)
58. Section 59, Page 28, provides for the Corporation's issuance of debt in connection with a redevelopment plan. (AS 18.55.570(a))
59. Section 60, Page 28, provides that the members of the Corporation's board of directors are not liable on any such debt. (AS 18.55.570(b))
60. Section 61, Page 29, provides that a signature of a board member of the Corporation on a bond is valid if the member leaves office after signing the bond. (AS 18.55.570(e))

61. Section 62, Page 29, provides detailed provisions in connection with the Corporation's issuance of bonds for redevelopment projects, including covenants, mortgages, and bond remedy features. (AS 18.55.580)
62. Section 63, Page 31, sets out the rights and remedies of a bondholder. (AS 18.55.590)
63. Section 64, Page 32, provides that bond proceeds issued for redevelopment purposes are legal investments. (AS 18.55.600(b))
64. Section 65, Page 32, provides that property held by the Corporation for redevelopment purposes is exempt from taxation and execution, and further requires payments in lieu of taxes in connection with such property. (AS 18.56.620)
65. Section 66, Page 33, empowers public bodies to convey property or furnish services to the Corporation in connection with a redevelopment project. (AS 18.55.630(a))
66. Section 67, Page 34, provides for powers of a municipal governing body in connection with physical development of redevelopment property by the Corporation. (AS 18.55.660)
67. Section 68, Page 34, provides that the Corporation may undertake an urban renewal project. (AS 18.55.680(a))
68. Section 69, Page 35, provides, with respect to urban renewal plans or projects, that the Corporation has the right to acquire and dispose of property, borrow money, and the like, and provides for the details of effectuation of an urban renewal plan or project. (AS 18.55.700)
69. Section 70, Page 36, provides that the Corporation may have power under a municipal ordinance to determine that properties or dwellings within an urban development area are not fit for human habitation. (AS 18.55.860)
70. Section 71, Page 36, details the conditions which could give rise to a finding that a property or dwelling is not fit for human habitation. (AS 18.55.860(b))
71. Section 72, Page 37, defines the Corporation. (AS 18.55.950(18))

Regional Native Housing Authorities
(AS 18.55.995-998)

72. Section 73, Page 37, provides that Native associations can form public corporations with powers, rights, and functions the same as those of ASHA under AS 18.55.100-.290 which are transferred to the Corporation. (AS 18.55.995)
73. Section 74, Page 37, refers to sections of the former ASHA statute (.100-.290) transferred to the regional housing authority. (AS 18.55.996(b))
74. Section 75, Page 38, provides that planning, financing, construction or operation activities of a regional housing authority conflicting with the Corporation shall be resolved by the municipal governing body in which the project is located. (AS 18.55.996(g))
75. Section 76, Page 38, provides that, in addition to other powers, a regional housing authority may make loans in accordance with the Corporation's procedures for the purchase or development of residential housing in areas other than those where the Corporation has a loan office. (AS 18.55.997(a))
76. Section 77, Page 38, creates within the Corporation a supplemental housing development grant fund to pay costs of on-site water and sewer facilities, road construction, and other infrastructure, subject to appropriation. This is a transfer of power from DCRA. (AS 18.55.998(a))
77. Section 78, Page 38, provides for regulations under AS 18.56.088 (AHFC regulatory statute) to carry out the provisions of the supplemental housing development grant fund. (AS 18.55.998(d))

Modifications to AHFC's Statute
(AS 18.56.010 - .900)

78. Section 79, Page 39, amends the program for residential loans to vets to provide for assumption of the AS 26.15 (DCED) program by the Corporation. (AS 18.56.010(d))
79. Section 80, Page 39, sets forth the legislative finding that the Corporation's financing of veterans' loans for residential housing benefits the people of the State. (AS 18.56.010(f))

80. Section 80, Page 39, sets out the composition of the Corporation's board of directors, increasing the number of members to nine persons: the commissioners of Revenue, and Community and Regional Affairs; and seven public members appointed by the governor, including: a member who represents the financial community or who is a licensed real estate broker; a member who represents the interests of regional housing authorities; one member who is a rural resident; one member who represents persons requiring special needs housing or who is a representative of low-income interests or seniors; one member who is a representative of the residential energy efficient home building and weatherization interests; and two public members. (AS 18.56.030(a))
81. Section 81, Page 39, provides for designation by board members of a person to act in the board member's place at a board or committee meeting. (AS 18.56.030(b))
82. Section 82, Page 39, corrects a statutory reference. (AS 18.56.030(c))
83. Section 83, Page 40, requires competence, experience, and geographic balance among the public members of the board of directors of the Corporation. (AS 18.56.030(f))
84. Section 84, Page 40, provides that the board may establish committees and delegate to such committees powers and duties it considers appropriate (AS 18.56.050)
85. Section 85, Page 40, corrects a statutory reference in the provision for international borrowing by the Corporation. (AS 18.56.084)
86. Section 86, Page 40, amends the provision governing adoption of regulations by the Corporation, to include reference to the housing assistance program authorized by Section 88 of this legislation. (AS 18.56.088(c))
87. Section 87, Page 41, exempts from the Executive Budget Act those activities of the Corporation transferred from ASHA by this legislation. (AS 18.56.089(a))
88. Section 88, Page 41, amends the Corporation's general powers by adding the authority to provide or receive housing assistance funding for low and moderate income housing and for congregate and special needs housing. Such funding can include deferred loans, subsidies, or other assistance as provided in regulations of the Corporation. (AS 18.56.090)

89. Section 89, Page 42, substitutes "Corporation" for the commissioner of community and regional affairs in a provision requiring that the Corporation not make loans for buildings unless they are in compliance with thermal energy standards. (AS 18.56.096(c))
90. Section 90, Page 43, amends provisions concerning the Corporation's housing development fund, to clarify that for-profit organizations may apply for congregate housing loans and to provide that congregate housing may include units that do not contain, but have access to, sanitation or kitchen facilities. (AS 18.56.100)
91. Section 91, Page 44, requires that the Corporation include in its annual report certain reports on activities under programs transferred to the Corporation by this legislation. (AS 18.56.200(e))
92. Section 92, Page 44, corrects section references in the Corporation's powers to take actions to stabilize the market price and demand for residential housing in the State. (AS 18.56.210(a))
93. Section 93, Page 45, adds a provision requiring the Corporation to undertake an educational effort concerning housing programs. (AS 18.56.220)
94. Section 94, Page 45, amends a provision respecting construction standards for housing eligible for purchase of loans by the Corporation, to provide that the provision does not apply to nonconforming housing loans made or purchased by the Corporation under AS 18.56.106. (AS 18.56.300(d))
95. Section 95, Page 45, starts with a restatement of the Corporation's current definitions section from AS 18.56 with certain minor deletions and the addition of a definition of "special needs housing." (AS 18.56.390) This section also transfers the following DCRA housing powers to the Corporation:
 - (a) Page 48, general powers with respect to originating and servicing loans (formerly AS 44.47.370, now AS 18.56.400).
 - (b) Page 49, establishes the Alaska energy efficient home grant fund (formerly AS 44.47.378, now AS 18.56.410).
 - (c) Page 49, establishes the housing assistance loan fund (a revolving fund for non-conforming and rural loans) (formerly AS 44.47.380, now AS 18.56.420).

- (d) Page 50, establishes the home ownership assistance fund (a fund to provide interest subsidy for loans to lower- and moderate-income persons) (formerly AS 44.47.382, now AS 18.56.430).
- (e) Page 51, provides limits on the use of the home ownership assistance fund (formerly AS 44.47.390, now AS 18.56.440).
- (f) Page 52, provides for an operating loss reserve account to meet foreclosure legal expenses (formerly AS 44.47.395, now AS 18.56.450).
- (g) Page 52, provides for loan security (formerly 44.47.410, now AS 18.56.460).
- (h) Page 52, provides for interest rates on loans, and amends the current provision to provide that the Corporation may estimate the interest rate if no applicable issue of taxable bonds has been issued within the six months prior to the purchase or origination of loans (formerly AS 44.47.410, now AS 18.56.470).
- (i) Pages 53 to 55, provide for title to properties securing loans purchased by the Corporation (formerly AS 44.47.420, now AS 18.56.480), a restricted title loss reserve account (formerly AS 44.47.430, now AS 18.56.490), fire insurance (formerly AS 44.47.440, now AS 18.56.500), loan origination and servicing (formerly AS 44.47.460, now AS 18.56.510), appraisals (formerly AS 44.47.470, now AS 18.56.520), exemption from energy audit (AS 44.47.475, now AS 18.56.530) and toll-free phone number (formerly AS 44.47.480, now AS 18.56.540).
- (j) Page 55, establishes field offices (formerly AS 44.47.490, now AS 18.56.550).
- (k) Page 55, provides for regional demonstration projects (formerly AS 44.47.500, now AS 18.56.560).
- (l) Page 55, provides for regional allocation of the housing assistance loan fund (formerly AS 44.47.510, now AS 18.56.570).
- (m) Page 56, provides for loans for non-owner occupied housing from the housing assistance loan fund (formerly AS 44.47.520, now AS 18.56.580).

- (n) Page 56, provides for a biennial report by the Corporation (formerly AS 44.47.530, now AS 18.56.590).
- (o) Page 57, sets out definitions, including a change in the definition of "rural" (formerly AS 44.47.560(5), now AS 18.56.600).
- (p) Page 57, creates a low-cost and low-income multiple-family housing development fund (formerly AS 44.47.635, now AS 18.56.650).
- (q) Page 58, creates a senior housing office in the Corporation to administer the senior housing loan program (formerly AS 44.47.585, now AS 18.56.700).
- (r) Page 59, creates a senior housing revolving fund (formerly AS 44.47.587, now AS 18.56.710).
- (s) Page 59, provides for interest rates on senior housing bond issues (formerly AS 44.47.589, now AS 18.56.720).
- (t) Pages 59 to 61, provide for loan conditions, (formerly AS 44 47.591, now AS 18.56.730), fire insurance (formerly AS 44.47.595, now AS 18.56.740), loan origination and servicing (formerly AS 44.47.597, now AS 18.56.760), toll-free number (formerly AS 44.47.601, now AS 18.56.770), contracting for services (formerly AS 44.47.603, now AS 18.56.780), a bond authorization of \$30 million for senior housing loans (formerly AS 18.56.083, now AS 18.56.790), and definition of senior housing (formerly AS 44.47.609, now AS 18.56.799).
- (u) Pages 61 to 62, make a declaration of purpose respecting senior housing (formerly AS 44.47.610, now AS 18.56.800) and establish a senior housing development fund (formerly AS 44.47.620, now AS 18.56.810).
- (v) Page 62, transfers to the Corporation the home energy conservation and weatherization program of DCRA and specifies certain programs in the state that shall receive the Corporation's assistance under this section (formerly AS 44.47.050(a)(18) and (b), now AS 18.56.850).

96. Section 96, Page 63, defines the board and the Corporation. (AS 18.56.900)

General Provisions

97. Section 97, Page 63, deletes reference to ASHA from a statute concerning telecommunication fees. (AS 09.25.115(g))
98. Section 98, Page 63, deletes reference to ASHA from a provision concerning public inspection of agency records. (AS 09.25.123(a))
99. Section 99, Page 63, deletes reference to ASHA from a definition of "public agency" in a statute concerning public officials' disclosure of information. (AS 09.25.220(5))
100. Section 100, Page 63, deletes reference to ASHA from a statute respecting exemptions for State property from process to collect unsecured debt. (AS 09.38.015(c))
101. Section 101, Page 64, deletes reference to ASHA from a definition of State agency or agency of the State in a statute concerning radiation protection. (AS 18.60.545(6))

Miscellaneous

102. Section 102, Page 64, substitutes the Corporation for ASHA in the statutory provision providing for exemption of low-income housing from local property taxation. (AS 29.45.050(l))
103. Sections 103 and 104, Page 64, provide that the Corporation may make loans for housing for displaced persons. (AS 34.60.135, .137)
104. Section 105, Page 65, substitutes the Corporation for ASHA in a provision providing for leasing or granting of interests in land to ASHA by the Alaska Department of Transportation and Public Facilities ("DOT&PF). (AS 35.05.040)
105. Section 106, Page 66, deletes reference to ASHA from a provision concerning promulgation of regulations in AS 36.30, the State Procurement Code. (AS 36.30.015(f))
106. Section 107, Page 66, deletes reference to ASHA from a provision concerning the use of lists of contractors under the State Procurement Code. (AS 36.30.050(c))

107. Section 108, Page 66, deletes reference to ASHA from a provision defining "State agency" in the State Procurement Code. (AS 36.30.735(b))
108. Section 109, Page 67, deletes reference to ASHA from a section of the State Procurement Code defining "agency." (AS 36.30.990(1))
109. Section 110, Page 67, deletes reference to ASHA from a provision defining "program receipts" in AS 37.05, the Fiscal Procedures Act. (AS 37.05.146)
110. Section 111, Page 68, deletes reference to ASHA from a provision in AS 39.05 setting criteria for membership on boards and commissions. (AS 39.05.060(a))
111. Section 112, Page 68, deletes reference to ASHA from a provision defining "instrumentality of the State" in AS 39.50, the statute governing public officials' conflict of interest. (AS 39.50.200(a)(4))
112. Section 113, Page 68, substitutes the Corporation for DCRA in a provision concerning administration of the senior housing loan program. (AS 44.21.230(a)(9))
113. Section 114, Page 69, makes a technical correction to correspond to previous changes concerning "senior housing." (AS 44.21.240(6))
114. Section 115, Page 69, deletes ASHA from a provision concerning "use of paper" by State agencies. (AS 44.99.020)
115. Section 116, Page 69, deletes ASHA from a provision defining "State agency" in a statute concerning personal information in public records. (AS 44.99.350(3))
116. Section 117, Page 69, deletes ASHA from a section concerning copyrights held by State agencies. (AS 44.99.400)
117. Section 118, Page 69, deletes reference to ASHA from a provision of the Village Safe Water Act. (AS 46.07.030(b))
118. Sections 119 and 120, Page 70, substitute the Corporation for the commissioner of community and regional affairs in provisions concerning thermal energy standards for residential buildings. (AS 46.11.040, 46.11.900)

119. Section 121, Page 71, repeals numerous provisions of AS 18.55, AS 39.50, AS 44.47, and AS 44.99 that are replaced or transferred by this Bill.
120. Section 122, Page 71, sets out transitional provisions relating to the merger of ASHA with the Corporation, stating that contracts, rights, liabilities, bonds, notes, or other obligations of ASHA remain in effect and become contracts, rights, liabilities, bonds, notes, or other obligations of the Corporation. This Section also transfers records, equipment, etc. of ASHA to the Corporation and states that ASHA employees shall become employees of the Corporation on the effective date of the Act.
121. Section 123, Page 71, sets out transitional provisions relating to transfer of housing programs from DCRA to the Corporation, in a fashion similar to Section 122.
122. Section 124, Page 72, sets out transitional provisions relating to transfer of senior citizen housing programs from DCRA to the Corporation, in a fashion similar to Section 122.
123. Section 125, Page 72, sets out transitional provisions relating to transfer of the home energy conservation and weatherization programs from DCRA to the Corporation, in a fashion similar to Section 122.
124. Section 126, Page 73, describes the transition concerning expansion of the membership of the Corporation's board of directors, providing that current members shall continue to serve their unexpired terms and describing the terms of the public members first appointed to fill the additional seats authorized by this legislation.
125. Section 127, Page 73, provides that ASHA, DCRA and DCED shall prepare financial reports respecting the assets transferred under this legislation.
126. Section 128, Page 74, establishes the Alaska State Housing Planning Commission within the office of the governor, the members of which shall consist of: a representative from the office of the governor; the commissioners of commerce and economic development and of community and regional affairs; a representative of the Corporation; a public member representing low income, homeless, or special needs housing interests; and an advisory member representing HUD. The commission is to assist in the merger of housing functions mandated by this legislation to ensure that housing services are not interrupted during the resultant transition.

127. Section 129, Page 74, authorizes the Corporation to purchase, at a discount, the mortgage loans and other housing-related loans of DCRA, and requires the commissioner of DCRA to deposit the amounts received from the purchase in the state general fund.
128. Section 130, Page 75, instructs the revisor of statutes to delete references to "authority" and insert in place of each deletion a reference to "corporation" in certain specified provisions of AS 18.55.
129. Section 131, Page 75, provides a repeal date of January 1, 1993 for Section 128 of this legislation.
130. Section 132, Page 75, provides an immediate effective date for Sections 127-129 of this legislation.
131. Section 133, Page 75, sets forth an effective date of July 1, 1992, for this Act (with the exception of Section 132).

MEMORANDUM

TO: Senator Frank
FROM: Rick Solie
RE: HB 152 - Housing Program Merger
DATE: April 28, 1992

You have asked me to research the following issues related to the merging of the housing programs contained in House Bill 152:

- 1) What is the reason for combining these programs under one authority?
- 2) How will the delivery of services of any of the merged agencies be affected?
- 3) What is the cost or savings to each affected agency, whether general funds or otherwise?
- 4) What is the position count in each affected agency both with and without this bill?
- 5) What is the situation in the mortgage markets now, both urban and rural and how will this bill affect it?
 - who is financing loans by purchaser category?
 - who is servicing them?
 - who is insuring them?
- 6) How much of a subsidy is AHFC currently providing on its loans?
 - how is it distributed by income?
 - by program?
- 7) What effect will the merger have on AHFC's bond rating?
- 8) What additional authority are we granting to AHFC
- 9) Will the physical location of any of the offices move?
 - will the HAD division all remain unmoved?

HB 152 Merger Legislation
Senate Community and Regional
Affairs Committee - Answers to Questions from Senator Frank

- Q. What is the reason for combining these programs under one authority?
- A. It will result in more efficient delivery of housing.
- Q. How will the delivery of services of any of the merged agencies be affected?
- A. Duplication of effort will be avoided. Policy will be made by one entity.
- Q. What is the cost or savings to each affected agency, whether general funds or otherwise?
- A. The general fund will save all the funds formerly appropriated to ASHA and DCRA.
- Q. What is the situation in the mortgage markets now, both urban and rural, and how will this bill affect it?
- Who is financing loans by purchaser category?
 - Who is servicing them?
 - Who is insuring them?
- A. Ample mortgage money is available at a reasonable cost.
- Q. How much of a subsidy is AHFC currently providing on its loans?
- How is it distributed by income?
 - By program?
- A. A subsidy of _____ percent on tax-exempt loans. A subsidy of _____ percent on tax-exempt veterans loans.
- Q. What effect will the merger have on AHFC's bond rating?
- A. It will not negatively impact the rating largely already available to AHFC.
- Q. What additional authority are we granting to AHFC?
- A. Broad and specific authority in rural and low-income housing.

Q. Will the physical location of any office move?

A. No.

Q. Will the HAD division all remain unmoved?

A. Yes.

Q. What aspects of this new entity will fall under the Executive Budget Act?

- ASHA programs?
- AHFC programs?
- HAD programs?
- New programs: special needs housing, congregate, low-income, and blighted housing?

A. The Executive Budget Act situation is identical to that pre-merger. Only ASHA-HUD activities are excluded.

Q. What restrictions are placed on the use of AHFC's unpledged assets?

A. Use of unpledged assets is subject to the Executive Budget Act.

Q. What is the reason for combining ASHA under this merger?

A. ASHA has low-income housing responsibilities as does AHFC.

Q. Could AHFC build new buildings without legislative authorization under this proposal?

A. It could build own-operate housing.

Q. Does Section 88 of the bill provide authority for AHFC to conduct activities which are outside the legislative appropriation process?

A. No.



TANANA CHIEFS CONFERENCE, INC.

122 FIRST AVENUE
FAIRBANKS, ALASKA 99701-4897
PHONE (907) 452-8251 FAX (907) 451-8936

May 1, 1992

To: Senator Steve Frank, Chairman
Senate Community & Regional Affairs Committee

Good afternoon. My name is Todd Hoener. I am the director of housing and energy services at Tanana Chiefs Conference.

TCC is a non-profit company formally incorporated to deliver human service programs and prioritizing those programs for low-income people, to the elders, to the people who have special needs or who are physically impaired, and to the families in dire need of assistance.

TCC has historically represented the interests of the people who lived and who are living in the rural areas and villages within the watersheds of the Yukon, Tanana, Koyukuk and Kuskokwim rivers, from the Canadian boarder to the Innoko River confluence and from the Brooks Range to the Alaska Range. TCC has always taken its responsibility very serious.

We have followed this bill since Rep. Kay Brown first introduced it in its five-page form last year. In the past month the bill ballooned into a prominent piece of legislation concerning a major merging of diversified state housing programs and methods by which housing needs and services are delivered. The proposal, now 75 pages, has expanded in mission and content very fast in the past month.

We recognize the desire of legislators to move forward quickly. The deadline for this legislative session is approaching. The oil revenues that fuel this State's budget are shrinking. And the patience for seeking wise choices, for planning long-term solutions, is growing short. Evolutionary change is often desirable. But changes resulting from crisis often fail to fully consider the consequences for the future. Often the most carefully crafted proposals can not be substituted to solve the needs of this state especially if we continue to incorporate our past mistakes into our future plans. As the findings of this bill state, on page one between lines 12 and 14, "low-income and rural housing needs in the state are critical and have not been met with existing housing resources even while it is estimated that nearly 33 percent of Alaskans are considered to be low income residents."

The majority of state legislators should understand that the Alaska Housing Finance Corporation is not a familiar name to the village and rural people which TCC represent. Many of these people will never have to understand the meaning of a mortgage. In the state's most recent history the Department of Community and Regional Affairs has established itself as an important liaison between the village and rural residents and the

State. This agency must be given much of the credit for what trust has been fostered between those residents and the rest of the State. If this liaison agency is dissolved by a merging into AHFC, which has often referred to a "secondary mortgage bank," then we ask that a sincere commitment be made that the voices, concerns and needs of the village and rural people will continue to be heard.

After reviewing the first working draft of the revised version of 152, I forwarded a memo to the Senate State Affairs Committee on 12 April outlining some of TCC's concerns with the housing merger bill. Some of those concerns were addressed in amendment form, and we sincerely appreciate that response to our concerns. The staff members for representatives, senators, and committees involved with this bill have been particularly helpful in keeping us informed, listening to our concerns and making sure the legislators are made aware of those concerns. I want to make that point clear that we appreciate their work. The following are additional considerations we would like to see addressed.

First, besides the corporation's annual report, we would like to have this merger effectively reviewed by the legislature every year for ~~at least the first five years of its life.~~ We would ask that a report be delivered to the Community and Regional Affairs standing committees for both the house and senate certifying that progress promised has, indeed, taken place and that the merger has enhanced the delivery of services and needs and not diminished the quality of service. We would like the annual report of the corporation to adhere to this accounting as well.

Second, when the corporation considers "risking its assets" we want to make sure that human resources, the people the corporation serves, will also be considered as "assets" from this point on. If this bill passes, the corporation must consider a balance between its prior function as a "secondary mortgage bank" and its additional mission which includes serving those low-income people trying to survive in substandard and deteriorating housing conditions.

Third, in determining the "fitness of dwellings for habitation" (Sec. 18.55.860) I would add the word "comfort" between health and safety in line nine of page 36 to insure that consideration to the energy efficiency of a building is seriously taken. Energy efficiency is very important to us. It helps promote the wise use of limited resources and reduce dependency. Too often a building may not appear to be unhealthy or unsafe until the temperature drops to -40 degrees. Complimenting this request, I would ask that "lack of an adequate heating source" be added to the list after line 25 on the same page as a condition sufficient to support a determination for fitness.

Fourth, we would request that a definition of "construction" be added to Section 1 of this bill since a variety of terms are used throughout the bill that mean some form of construction and where the word construction is used the scope of work covered would include this definition. After line 11 on page 2 under Section 1 we would add that "...'construction' means or applies to new buildings and buildings under or in need of alteration, conversion, improvement, redevelopment, rehabilitation, renewal, repair and weatherization." This would clear the meaning when the language is used in a generic term.

Fifth, I would once again reiterate the concern that the corporation's new mission represent the needs of village and rural people. For the record, I should remind the corporation that were it not for the natural and commercial resources outside the urban centers and in the rural areas of this state, there would be no wealth to argue over. The corporation should make a reasonable effort to become a more holistic housing corporation for the State of Alaska. We appreciate the changes made thus far for the

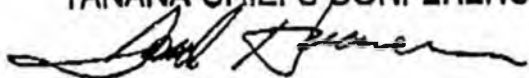
board of directors membership make-up but would request that at least two members with rural interests be placed on the board under Section 80, page 39, line 19.

We appreciate the time taken on this bill by all members. We appreciate the work that has been done to accommodate the various interests concerned which is never easy.

We would appreciate the above considerations as well. Thank you for your time.

Sincerely,

TANANA CHIEFS CONFERENCE, INC.



Todd Hoener, Director
Housing & Energy Services

cc: Rep. Kay Brown
Rep. Pat Brody
Rep. Georgianna Lincoln
Will Mayo, TCC President



715 15th Ave. • Fairbanks, Alaska 99701 • (907) 452-5323

INTERIOR WEATHERIZATION, INC.



April 29, 1992

Senator Steve Frank
Room 417, State Capitol
Juneau, Alaska 99801-1182

Dear Senator Frank,

I am writing in regards to the status of CS HB152 which is currently in your committee. As I explained in my meeting with you last week, weatherization and other energy programs will be greatly impacted by this bill. We have made our concerns known during mark-up sessions in Senate State Affairs Committee; and they have, for the most part, been met with positive action.

I suppose that at this date our biggest concern is over the future of this bill. If HB152 is not going forward, we need to be appraised of this fact in order to have some time to encourage alternate funding sources for these programs. If HB152 is going to go forward, then it is equally important that the hearing or hearings be held as soon as possible so that any remaining concerns could be addressed by your committee.

I want to thank you for your time and consideration of this important issue. I am always available to answer any questions you or your staff may have.

Sincerely,

Robert A. Maxwell
Executive Director

Post-It™ brand fax transmittal memo 7671		# of pages >
To SEN. FRANK	From Bob Maxwell	
Co.	Co. Interior Wx	
Dept.	Phone # 452-5323	
Fax # 465-4714	Fax # 452-1433	

According to the Alaska Department of Labor, AHFC's market share of mortgage loans is as follows:

4th Quarter 1991	36.2% (excludes City Mortgage lending activity)
1st Quarter 1992	29% (estimated)

These numbers are based on a survey of mortgage lenders statewide.

While actual numbers are not available for prior years, AHFC estimates that its market share during the 1990 and 1991 was at approximately 50%. The reason for the higher market share at that time is the high amount of refinance activity due to the Home Owners' Assistance Program and the more attractive interest rates AHFC had at that time.

Please note that this does not include Real Estate Owned sales activity.

In Fiscal Year 1991 AHFC purchased 4,168 mortgage loans. They were broken down as follows:

- 23% Veterans
- 38% First-time homebuyers
- 39% Conventional/Other*

*includes HOF subsidy, seconds, mobile homes, non-conforming

The breakdown is essentially similar for Fiscal Year 1990.

See Attachment #3 for additional information.

ALASKA HOUSING FINANCE CORPORATION

SUMMARY OF MORTGAGE LOANS PURCHASED

	FY 1990		FY 1991		FY 1992 THRU JANUARY		FY 1992 MONTH OF JANUARY	
	#	\$	#	\$	#	\$	#	\$
TAXABLE FIRST LESS REFINANCE/ NON-CONFORMING	1,114	\$93,118,583	1,413	\$132,910,908	170	\$16,210,984	5	\$441,965
REFINANCE LOANS	6	\$559,700	13	\$997,000	11	\$1,035,350	1	\$74,250
TAXABLE FIRST MORTGAGES	1,120	\$93,678,283	1,426	\$133,907,908	181	\$17,246,334	6	\$516,215
MGIC SPECIAL FINANCING	267	\$10,457,500	154	\$7,421,450	15	\$857,450	2	\$124,450
NON-CONFORMING	14	\$783,800	4	\$202,550	6	\$392,650	0	\$0
HOAP FIRST MORTGAGES	309	\$1,655,050	982	\$102,241,957	0	\$0	0	\$0
MULTI-FAMILY PROGRAM (TAXABLE)	0	\$0	0	\$0	0	\$0	0	\$0
TOTAL NON-TAX EXEMPT	1,710	\$136,574,633	2,566	\$243,773,865	202	\$18,496,434	8	\$640,665
TAX-EXEMPT (FIRST TIME HOME BUYERS)	1,110	\$72,870,888	846	\$55,187,498	342	\$25,568,372	35	\$2,585,945
VETERANS MORTGAGE PROGRAM (TAX-EXEMPT)	334	\$38,328,062	607	\$70,264,773	460	\$55,918,065	54	\$6,423,030
MULTI-FAMILY PROGRAM (TAX-EXEMPT)	0	\$0	0	\$0	2	\$6,168,777	0	\$0
TOTAL ALL FIRST MORTGAGES	3,154	\$247,773,583	4,019	\$369,226,136	1,006	\$106,151,648	97	\$9,649,640
SECOND MORTGAGES	4	\$204,100	2	\$148,850	0	\$0	0	\$0
HOAP SECOND MORTGAGES	8	\$357,900	0	\$0	0	\$0	0	\$0
MOBILE HOME LOANS	176	\$2,974,058	146	\$3,736,045	52	\$1,173,840	0	\$0
HOAP NON-CONFORMING	0	\$0	1	\$81,650	1	\$0	0	\$0
TOTAL ALL MORTGAGES & LOANS	3,342	\$251,309,641	4,168	\$373,192,663	1,058	\$107,325,488	97	\$9,649,640
=====								
SPECIAL PROGRAM INCLUDED ABOVE								
HOAP PROGRAM	11	\$737,543	4	\$289,250	2	\$143,295	0	\$0
=====								

146

ATTACHMENT #1

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Low and Moderate Income Limit Chart

of Family Members

Areas	1	2	3	4 or more
Anchorage	27,944	31,936	35,928	39,920
Cordova	27,664	31,616	35,568	39,520
Juneau	34,832	39,808	44,784	49,760
Ketchikan	30,240	34,560	38,880	43,200
Kodiak	27,496	31,424	35,352	39,280
Petersburg	27,160	31,040	34,920	38,800
Sitka	32,032	36,608	41,184	45,760
Valdez	27,664	31,616	35,568	39,520
Wrangell	27,160	31,040	34,920	38,800
All other areas	25,872	29,568	33,264	36,960

6hoflc

ATTACHMENT #2

CSACITY

ALASKA HOUSING FINANCE CORPORATION
 STATISTICAL ABSTRACT
 MORTGAGES HELD BY CITY
 PERIOD ENDING: DECEMBER 31, 1991

CITY	MORTGAGE LOANS	% OF MORTGAGES	PRINCIPAL BALANCES	% OF DOLLARS
ANCHOR POINT, AK	46	.110	2,390,132.09	.073
ANCHORAGE, AK	19,667	46.820	1,590,122,165.16	48.305
ANDERSON, AK	4	.010	255,723.65	.008
ANIAK, AK	3	.007	228,869.32	.007
AUKE BAY, AK	23	.055	1,590,633.27	.048
BARROW, AK	31	.074	2,336,957.16	.071
BETHEL, AK	151	.359	10,055,923.29	.305
BETTLES FIELD, AK	1	.002	20,502.31	.001
BIG LAKE, AK	38	.090	2,556,897.75	.078
CANTWELL, AK	2	.005	102,717.32	.003
CENTRAL, AK	1	.002	78,892.01	.002
CHITNA, AK	2	.005	42,904.04	.001
CHUGIAK, AK	788	1.876	70,505,655.04	2.142
CLAM GULCH, AK	5	.012	360,240.96	.011
CLEAR, AK	1	.002	120,310.31	.004
COOPER LANDING, AK	7	.017	452,636.25	.014
COPPER CENTER, AK	17	.040	641,062.84	.019
CORDOVA, AK	124	.295	7,458,962.03	.227
CRAIG, AK	7	.017	295,798.75	.009
DELTA JUNCTION, AK	148	.352	9,396,591.06	.285
DILLINGHAM, AK	32	.076	1,814,115.11	.055
DOUGLAS, AK	165	.393	11,804,749.61	.359
EAGLE RIVER, AK	2,590	6.166	251,383,687.52	7.637
ELFIN COVE, AK	1	.002	38,544.20	.001
ESTER, AK	13	.031	930,422.77	.028
FAIRBANKS, AK	4,495	10.701	320,696,802.48	9.742
FORT YUKON, AK	2	.005	53,575.10	.002
GAKONA, AK	3	.007	303,131.83	.009
GALENA, AK	7	.017	321,245.40	.010
GIRDWOOD, AK	95	.226	7,929,189.19	.241
GLENNALLEN, AK	37	.088	2,231,106.21	.068
HAINES, AK	78	.186	3,689,066.28	.112
HEALY, AK	31	.074	2,883,278.49	.088
HOMER, AK	382	.909	27,599,876.63	.838
HOONAH, AK	7	.017	253,744.82	.008
HOPE, AK	1	.002	54,341.87	.002
HOUSTON, AK	21	.050	1,061,568.78	.032
HYDABURG, AK	1	.002	17,675.31	.001
INDIAN, AK	7	.017	560,058.36	.017
JUNEAU, AK	2,840	6.761	227,282,625.23	6.904
KAKE, AK	3	.007	130,203.72	.004
KASILOF, AK	56	.133	4,067,039.17	.124
KENAI, AK	933	2.221	64,812,155.54	1.969
KETCHIKAN, AK	1,039	2.473	81,704,582.56	2.482
KING COVE, AK	1	.002	21,991.72	.001
KING SALMON, AK	4	.010	384,987.28	.012
KODIAK C.G., AK	7	.017	749,025.64	.023
KODIAK, AK	548	1.305	38,982,549.93	1.184



520 East 34th Avenue
Anchorage, AK 99503
(907) 561-1900
P.O. Box 101020
Anchorage, AK 99510

MEMORANDUM

TO: Rick Solie
c/o Senator Frank's Office

FROM: Barry L. Hulin *BH*
CEO/Executive Director

DATE: May 1, 1992

You have asked what effect the proposed merger will have on AHFC's bond rating. On April 2, 1992, Mark Cameron, AHFC's Chief Financial Officer and I met in New York with both Standard & Poors and Moodys. We explained the proposed merger and the potential financial impact on the Corporation. Both organizations said that it was not unusual for a financial agency to have a public housing and rural lending function within the Corporation. Both indicated that the important issue is the continuing financial integrity of the Corporation and its ability to maintain sufficient resources to back up its general obligation which is pledged to all our bond issues. They would continue to monitor the progress of the bill in addition to any efforts to significantly "raid" the resources of AHFC.

ec

Chapter IV Fourth Quarter Residential Lending in Alaska

Survey Found \$133.0 Million in Mortgage Loans Made in Alaska

According to our survey of 12 major mortgage lenders in Alaska, lenders made 1,206 single-family loans totaling \$133.0 million on homes that had a market value of \$159.9 million (see table 4-1).¹ The average sales price was \$132,577, and the average loan size was \$110,244. This resulted in a loan-to-value ratio of 83.2%, which meant that lenders required an average 16.8% down payment. About 62 percent of the loans were insured by the Federal Housing Administration (FHA), Veterans Administration (VA), Housing and Urban Development (HUD), or by private mortgage insurance (PMI).

During the fourth quarter, the average effective interest rate was 8.68%.² The range of interest rates was from about 8.25%-11.00%. There was a downward trend to rates during the quarter, so that the average effective rate at the end of the fourth quarter was 8.66%.

Almost two-thirds of loan activity occurred in Anchorage and MatSu. Communities other than the six largest in the state comprised less than nine percent of loan volume. Anchorage also had the highest average sales price at \$151,048. Average loan-to-value ratios were highest in MatSu, the Kenai Peninsula Borough, and Juneau. Fairbanks and Ketchikan loans had loan-to-value ratios considerably less than the statewide average.

AHFC Accounted For About One-Third of the Mortgage Market

AHFC accounted for 36.2% of the number and 34.3% of the dollar amount of single-family home loans in the fourth quarter of 1991 (see figures 4-1 and 4-2). When calculated using total home values, however, AHFC's market share is 31.5% (see figure 4-3). By a considerable margin, the corporation was most important in the Anchorage, MatSu, and Kenai areas.³ AHFC played a smaller role in the Fairbanks and Juneau markets. It was a far less significant factor in Ketchikan and in locations other than the six largest cities.

AHFC Served the Low End of the Market

Fourth quarter 1991 data showed that AHFC tended to serve the low end of the market. The average sales price of homes financed by AHFC was \$115,253 (see figure 4-4). That was only 80.9% of the \$142,422 average price of homes financed by other lenders. AHFC-financed homes had higher average prices than non-AHFC-financed homes only in the Kenai. In Anchorage, the average price of AHFC-financed homes was \$124,688, only 73.7% of the \$169,115 average value of non-AHFC-financed homes.

Differences between AHFC and other lenders narrowed somewhat when comparing average loan sizes because AHFC loaned a larger percentage of the sales price (see figure 4-5). The corporation's statewide loan-to-value ratio of 90.4% was 13.3% higher than the 79.8% loan-to-value ratio of other lenders (see figure 4-6). AHFC had a higher loan-to-value ratio than other lenders everywhere except in the Kenai. That was also the only area in which AHFC-financed homes had a higher average sales price compared to other lenders. The largest difference between AHFC and other lenders occurred in Fairbanks, where AHFC's loan-to-value ratio was 94.7% compared to only 73.7% for other lenders.

AHFC, then, financed a higher proportion of lower-priced homes and provided loans which were a higher percentage of the home's value. This increased the corporation's value to lower income buyers and to buyers who had good incomes but lacked the necessary down payment required by other lenders. This finding likely resulted at least in part by differences in interest rates between different AHFC programs. Regular mortgage loans, using the taxable bond program, were available at interest rates exceeding 10.0%, putting AHFC at a competitive disadvantage to other lenders. First-time buyers and veterans programs, using tax-exempt bond financing, were available at interest rates which were competitive with alternative financing sources. The increased importance of these programs to AHFC likely tended to lower the average home price and raise the average loan-to-value ratio.⁴

On the other hand, the MLS data, discussed in the previous chapter, showed that AHFC has served the low end of the market for a period of time. During that time period, AHFC did not always face the interest rate disadvantage that it experienced in the fourth quarter of 1991. Thus, it is likely that future data will continue to show that AHFC serves a large share of the low end of the housing market.

That implies a significant social benefit, but there is also a potential problem. If the lower-than-average sales prices imply that AHFC serves a larger-than-average share of lower income borrowers, the corporation's higher-than-average loan-to-value ratios may indicate that it takes more risk than other lenders. This could make the corporation more vulnerable to adverse effects of any new economic downturn. On the other hand, given the historical mission of AHFC to serve the lower end of the market and to increase homeownership in the state, the data suggest the corporation is meeting that challenge.

Housing Affordability Using Lender Data

Based on data obtained from our survey of lenders, including AHFC, the preliminary statewide Affordability Index for single-family homes in the fourth quarter of 1991 was 1.49 (see figure 4-7).⁵ Thus, it took 1.49 persons earning the mean income for a household to qualify for an 85.0% mortgage on the mean-priced single-family home at an effective interest rate of 8.68%.

To compare this with the Index as calculated in Chapter I using AHFC data only, the

Affordability Index was computed exactly as in Chapter I using the mean, rather than the median, home price for AHFC-financed loans.⁶ This resulted in a statewide Index of 1.55 earners to qualify for a 90.0% mortgage on the mean-priced single-family home using the AHFC interest rate for its taxable program, shown in Chapter I. Thus, the Index using the survey lender data was only about 3.9% below that based on AHFC data alone.

This means that the higher mean sales price, which resulted from including non-AHFC lenders, was more than compensated by the significantly lower interest rate and the lower loan-to-value ratio. The loan-to-value ratio cuts both ways, of course. A lower value means a smaller mortgage and smaller required income. This makes the loan easier to qualify for, but increases the required down payment. Housing may seem more affordable, but still may be difficult to purchase for young, first-time buyers who have difficulty meeting down payment requirements.

Not only was the statewide Index similar using AHFC and survey lender data, but the ranking of the communities was the same also (see figures 4-7 and 4-8, and map 4-1). The absolute values for each community were not generally the same, but the relative rankings were identical. For example, using AHFC data, the Index for Ketchikan would have been 1.94 compared to 1.66 using the survey lender data. In either event, Ketchikan had the largest value for the index. The Rest of the State category had almost the same values, with 1.36 based on AHFC and 1.35 based on survey data. Likewise, Anchorage's Index, which was 1.62 based on AHFC data, was almost the same at 1.63 using survey data.

This is a useful finding. Since the Affordability Index developed in Chapter I has data going back to 1987, it is good to see that the relative rankings and the statewide value are similar. It is clear, however, that short-term trends would not be the same since AHFC interest rates on the taxable program change only when the corporation sells bonds, whereas survey rates should change quarterly. Since it is often useful to make year-ago comparisons, this publication will continue to present the Affordability Index as in this chapter and in Chapter I through the fourth quarter of 1992. Thereafter, only survey lender data will be used to reflect market interest rates and a broader representation of lenders.

Footnotes to Chapter IV:

¹Only two lenders other than AHFC reported making condominium loans. Therefore, this chapter deals with single-family home loans. The number of single-family loans by community is similar to the MLS data reported for those locations in Chapter III. It is not clear why lending activity for condominiums would not be anything like the MLS sales reported in the last chapter. At this point, the conclusion would be that other lenders, such as other banks or sellers themselves, are financing condominium sales.

²Most lenders did not report any points associated with loans. Some included the effect of points in their reported interest rates. For those that used points and did not reflect them in the rates, we calculated the effective rate on fixed-rate 30-year mortgage loans. The effective rate does not include processing fees and administrative costs.

³Except for MatSu, AHFC's market shares, discussed here, are not dramatically different from those discussed in Chapter III in areas providing MLS data. Using MLS data, AHFC's market share of the number of loans in MatSu was only 32.5% compared to 57.8% using lender data. There was less than a percentage point difference in Anchorage, however. Finally, MLS data somewhat understated AHFC's share in Fairbanks and overstated it in the Kenai Peninsula Borough.

⁴First-time home buyers generally purchase smaller, lower-priced homes. To determine the significance of the role of interest rate differences between programs and other lenders, it will be necessary to analyze future trends when AHFC's taxable loan program has competitive rates. If under those circumstances AHFC still serves the low end of the market, that would suggest that factors other than simply interest rates were important.

⁵The Index was calculated as it was in Chapter I, but using survey data. Thus, the mean sales price of \$132,577 was used along with the average effective interest rate of 8.68%. The loan-to-value ratio was assumed to be 85.0%, and the same mean income was used in this chapter as in Chapter I.

⁶The mean sales price of AHFC-financed single-family homes (with and without a garage) was \$115,253. That was 10.3% greater than the median price of \$104,500. Chapter I used median prices. Mean prices were higher than median prices in most locations, with the exception of Ketchikan. There, the mean sales price was \$138,792 compared to the median of \$159,400. The largest positive difference was in the Kenai where the mean was \$105,285 and the median was only \$85,000. Other things being equal, using the higher mean sales price would increase the Index and show housing as less affordable.

Appendix A Technical Note on the Affordability Index

The Affordability Index in Chapter I is a measure of ease or difficulty in qualifying for a single-family residential mortgage. It compares the amount of income required to qualify for a 90% mortgage loan to purchase the median-priced home with the average wage and salary income in a particular part of the state at a specific time. As difficulty in qualifying for the loan increases, housing can be said to be less affordable. As difficulty in qualifying decreases, housing can be said to be more affordable.

The size of the loan is calculated at 90% of the purchase price of the home. Using the interest rate in effect at the time of the purchase, the monthly mortgage payment (principal and interest only) on a 30-year, fixed-rate mortgage is computed. Dividing that monthly payment by the underwriting standard (24%) gives the amount of monthly income the lender requires of the borrower to qualify for the mortgage.

Using the unemployment insurance wage file, the mean (average) wage and salary income (per worker) is calculated for each geographic area for each quarter. Dividing the minimum income required to qualify for a mortgage by the average wage income yields the number of persons, earning the average wage, a household needs to qualify for an average mortgage. This is the Affordability Index value for the geographic area for a particular time.

More specifically, it is an indicator of the ease or difficulty of qualifying for an average mortgage. A larger number means that the household must contain a greater number of people, who are earning the average wage income, in order to qualify for the mortgage. If the indicator gets larger over time in a particular geographic area, this implies that it is becoming more difficult to qualify for the average home in that area. During a particular quarter of any specific year, the value of the indicator in one area can be compared to that of another area. Again, housing is considered to be less affordable in the area with the larger value for the indicator. The indicator is area specific since it is based on the home prices and incomes in that area during a particular time.

The Affordability Index in Chapter I is based solely on AHFC loans. It does not discriminate between new and existing homes, although most new AHFC loans are currently for existing homes. Reliance on AHFC data presents a major limitation. First, AHFC is not an active lender in all parts of the state. Second, with few loans in some locations in some quarters, it is possible that the home prices are not representative of average prices in the area. As a result, the Index values for specific areas can show considerable volatility and should be used with caution. Readers should use longer term trends, and not be overly concerned with short-term swings in the Index values.

The Affordability Index in Chapter IV is based on data provided by a survey of 12 major lenders

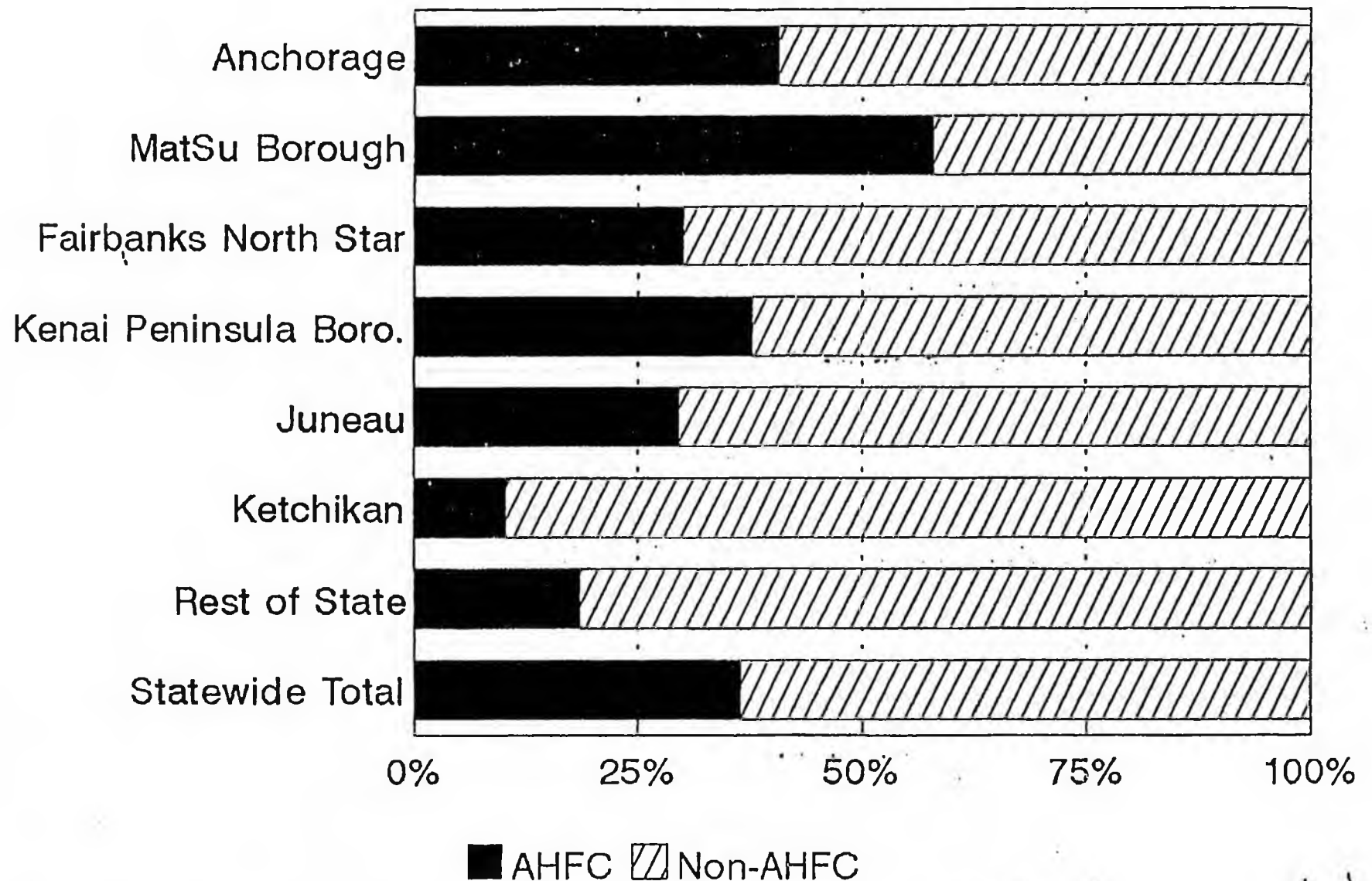
in Alaska. It is calculated in a similar way as in Chapter I, but using mean survey home prices, loan rates, and an 85.0% loan-to-value ratio. This is a major improvement over the Index reported in Chapter I, although historical data are lacking to make year-ago comparisons. In time, the report will switch over to presenting the Index based only on the survey responses.

Table 4-1
Single-Family Loan Activity in Alaska Including AHFC
4th Quarter 1991

Location	Number of Loans	Average Loan (\$)	Total Loans (\$)	Average Sales Price (\$)	Total Sales Price (\$)	Loan-To-Value Ratio (%)
Anchorage	659	125,017	82,386,242	151,048	99,540,427	82.8
MatSu Borough	64	81,279	5,201,867	88,539	5,666,474	91.8
Fairbanks North Star	147	83,535	12,279,616	105,050	15,442,391	79.5
Kenai Peninsula Borough	93	86,481	8,042,728	98,191	9,131,799	88.1
Juneau	95	106,042	10,074,036	123,471	11,729,742	85.9
Ketchikan	29	109,969	3,189,100	143,504	4,161,618	76.6
Rest of State	119	98,993	11,780,184	119,457	14,215,411	82.9
Statewide Total	1,206	110,244	132,953,773	132,577	159,887,862	83.2

Source: Survey of 12 private and public mortgage lenders; Alaska Department of Labor, Research and Analysis Section.

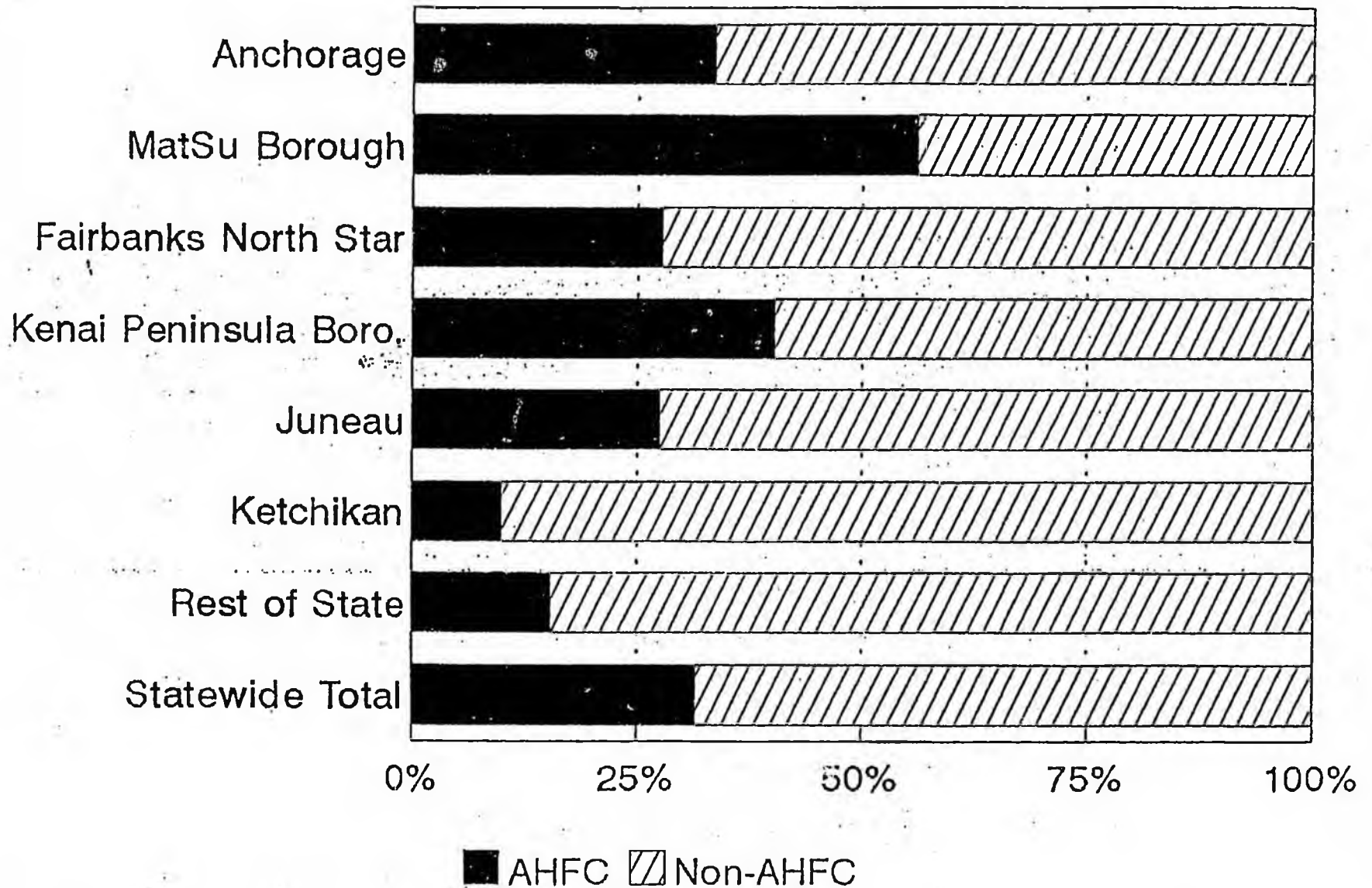
AHFC 4th Quarter 1991 Market Share Number of Single-Family Home Loans



Note: Based on survey of 12 mortgage lenders in Alaska.
 Source: Alaska Department of Labor, Research & Analysis Section.

4-1

AHFC 4th Quarter 1991 Market Share Total Value of Single-Family Homes Financed



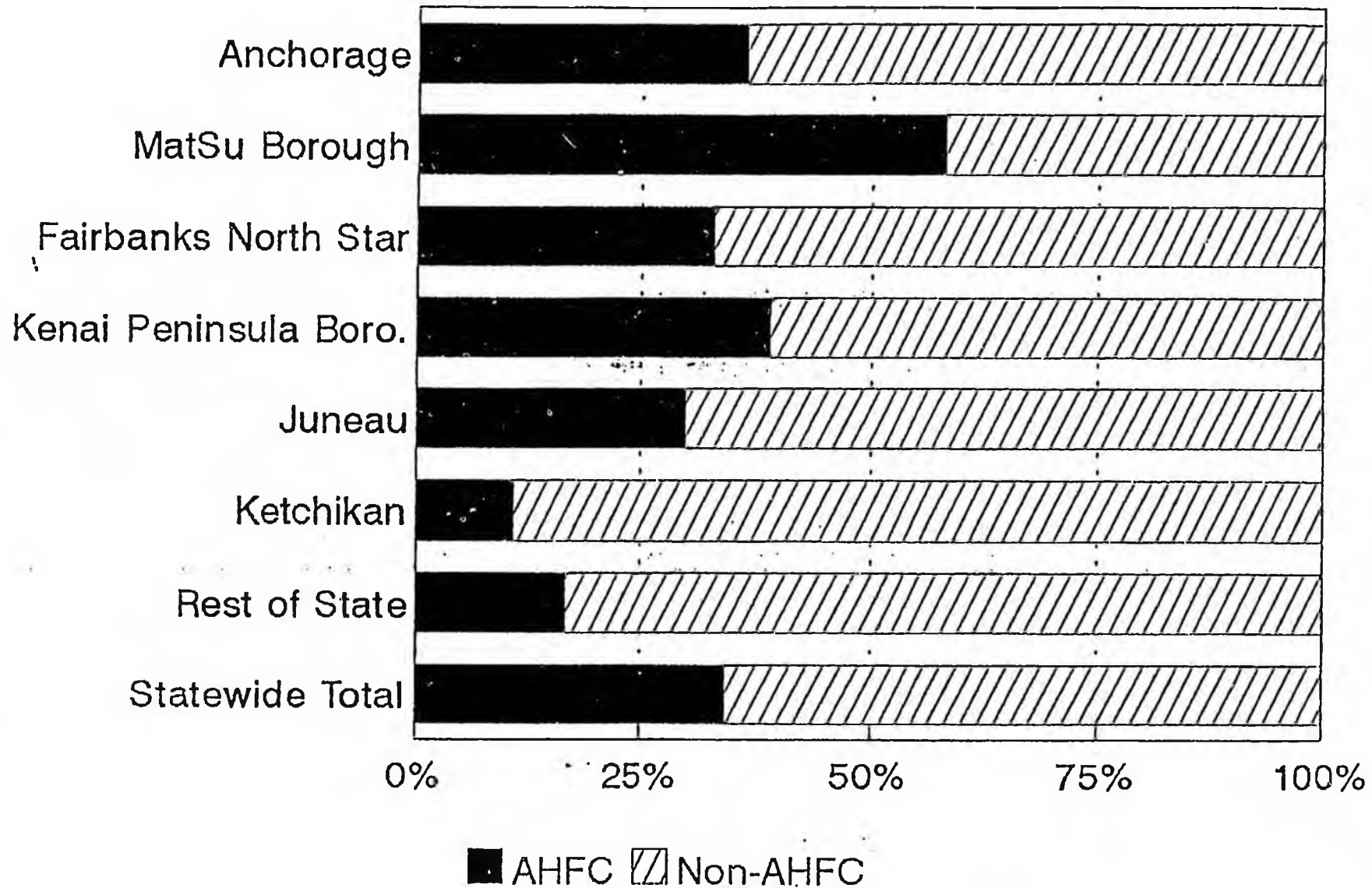
Note: Based on survey of 12 mortgage lenders in Alaska.

Source: Alaska Department of Labor, Research & Analysis Section.

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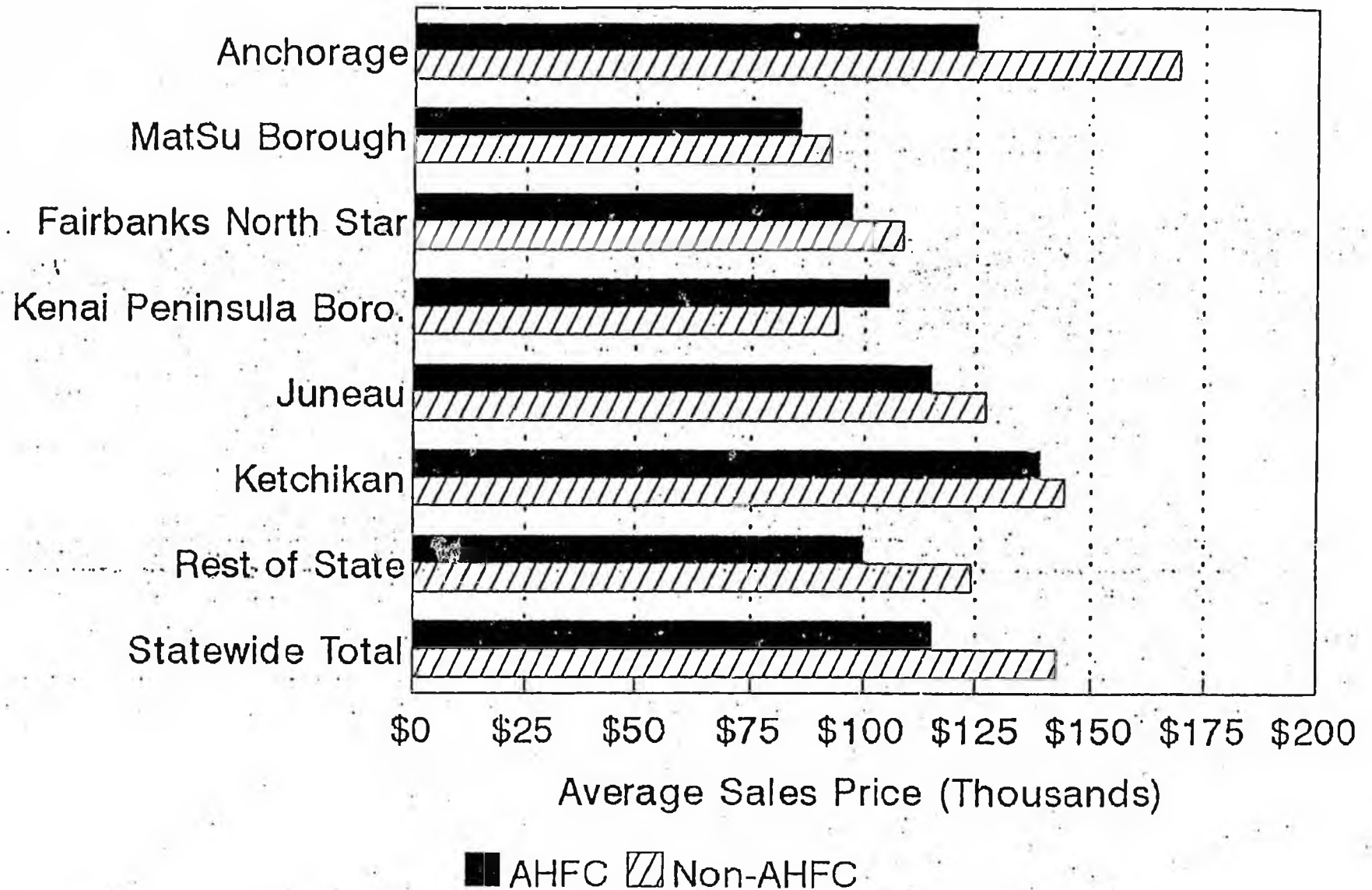
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AHFC 4th Quarter 1991 Market Share Dollar Volume of Single-Family Home Loans



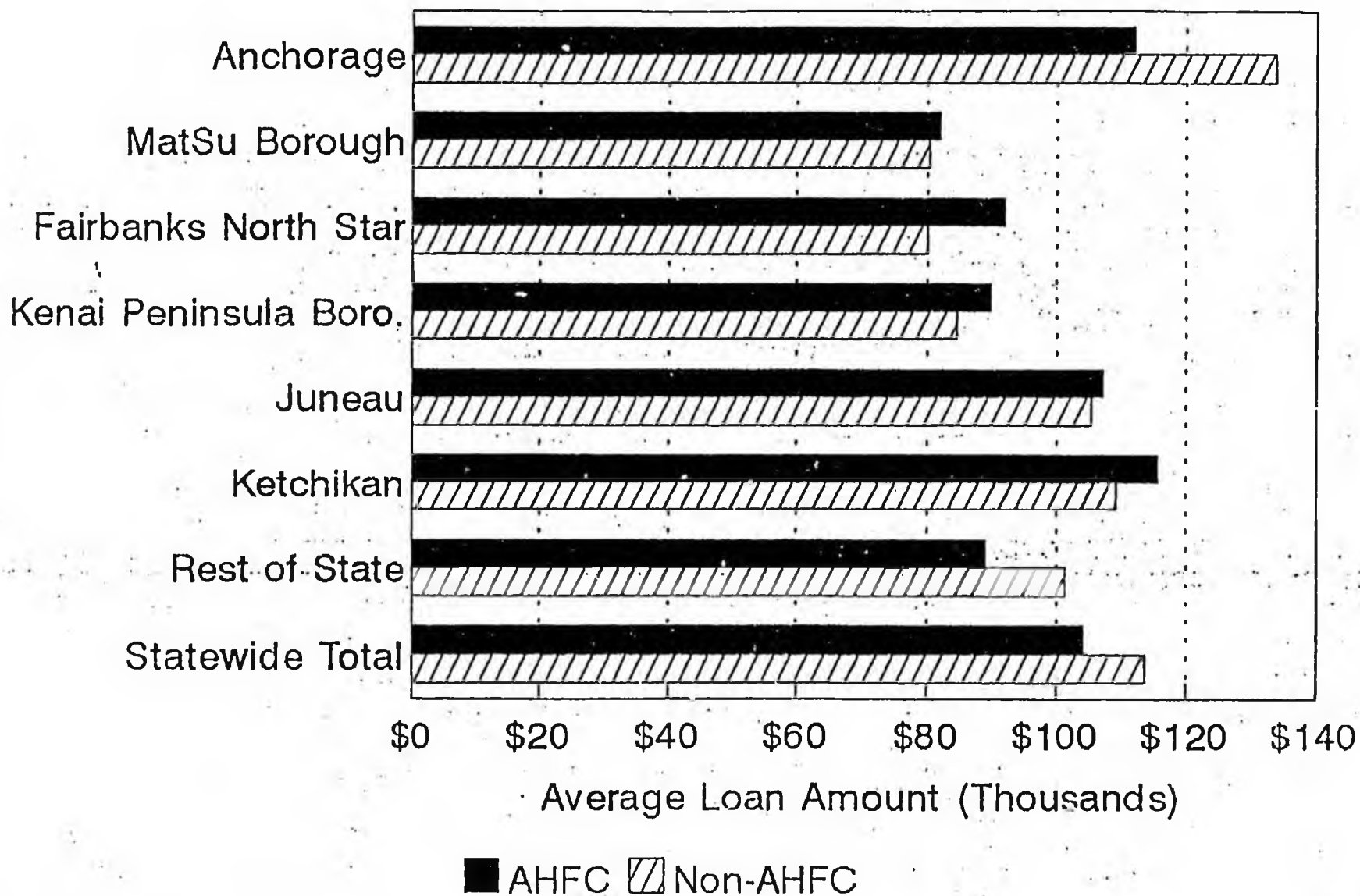
Note: Based on survey of 12 mortgage lenders in Alaska.
Source: Alaska Department of Labor, Research & Analysis Section.

AHFC and Non-AHFC Average Sales Price Single-Family Homes, 4th Quarter 1991



Note: Based on survey of 12 mortgage lenders in Alaska.
 Source: Alaska Department of Labor, Research & Analysis Section.

AHFC and Non-AHFC Average Loan Amount 4th Quarter 1991

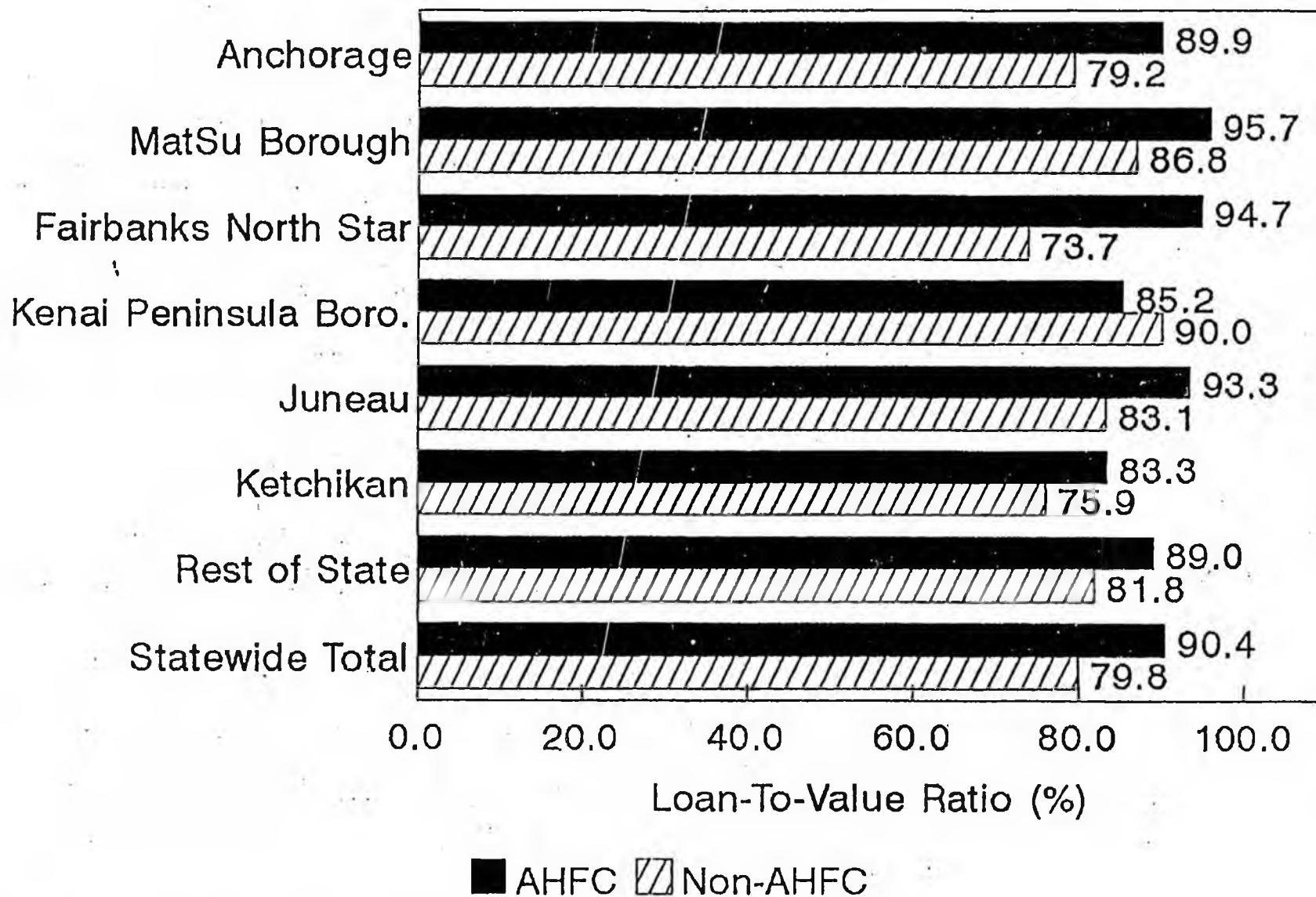


Note: Based on survey of 12 mortgage lenders in Alaska.

Source: Alaska Department of Labor, Research & Analysis Section.

4-5

AHFC and Non-AHFC Average Loan-To-Value Ratios Single-Family Homes, 4th Quarter 1991

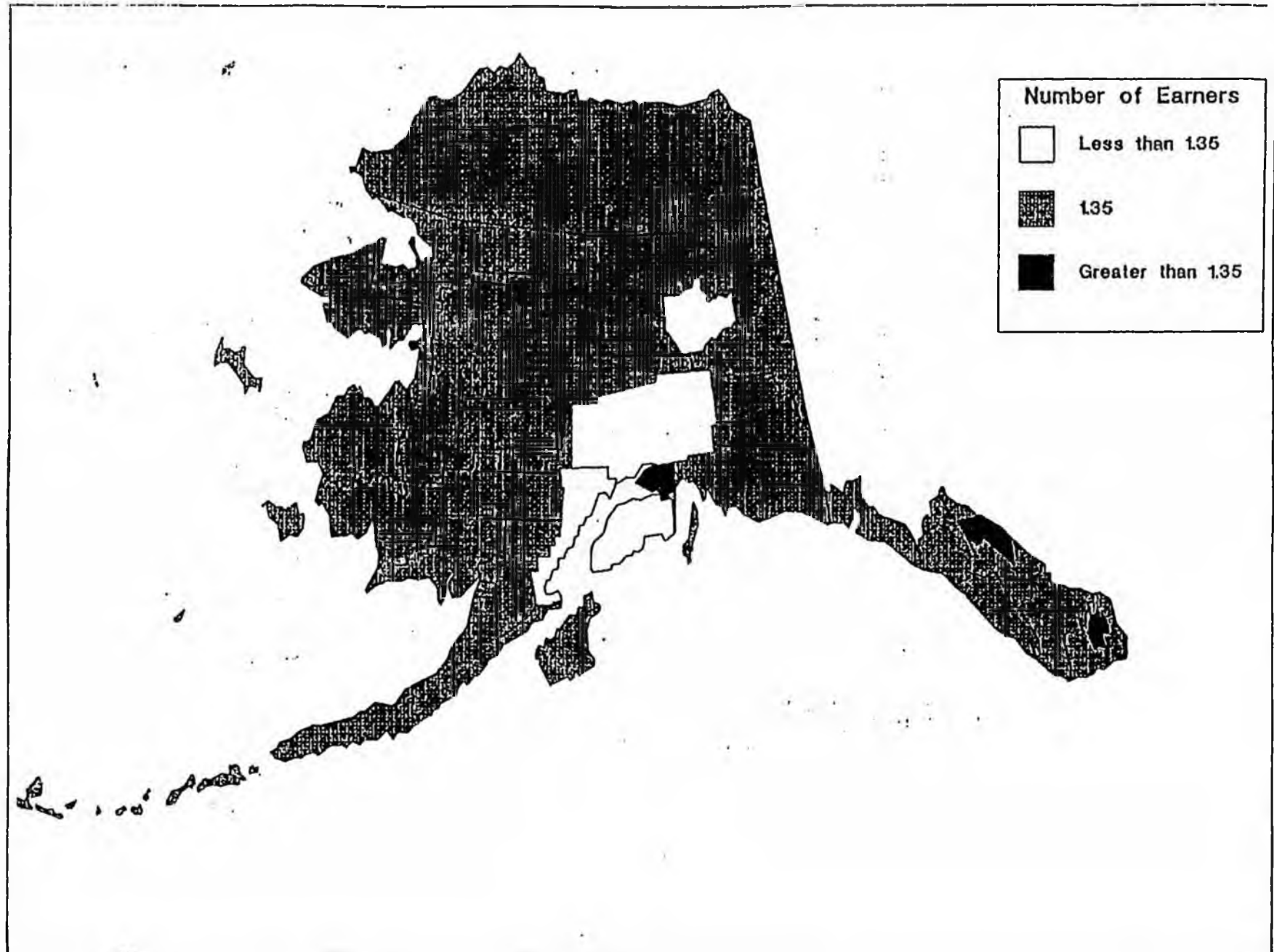


Note: Based on survey of 12 mortgage lenders in Alaska.

Source: Alaska Department of Labor, Research & Analysis Section.

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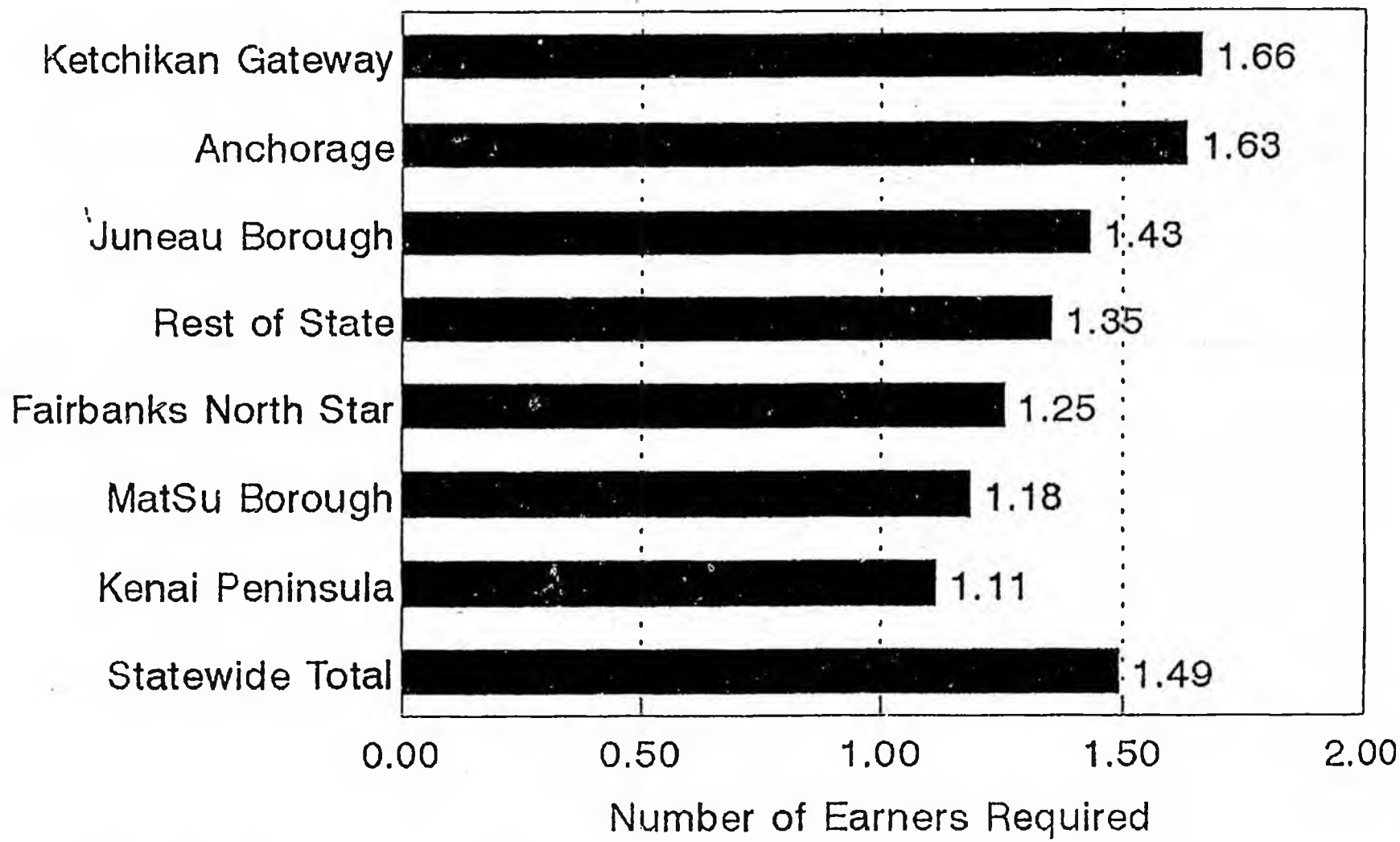
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Affordability Index, Single-Family Residences Private and Public Agency Lenders 4th Quarter 1991



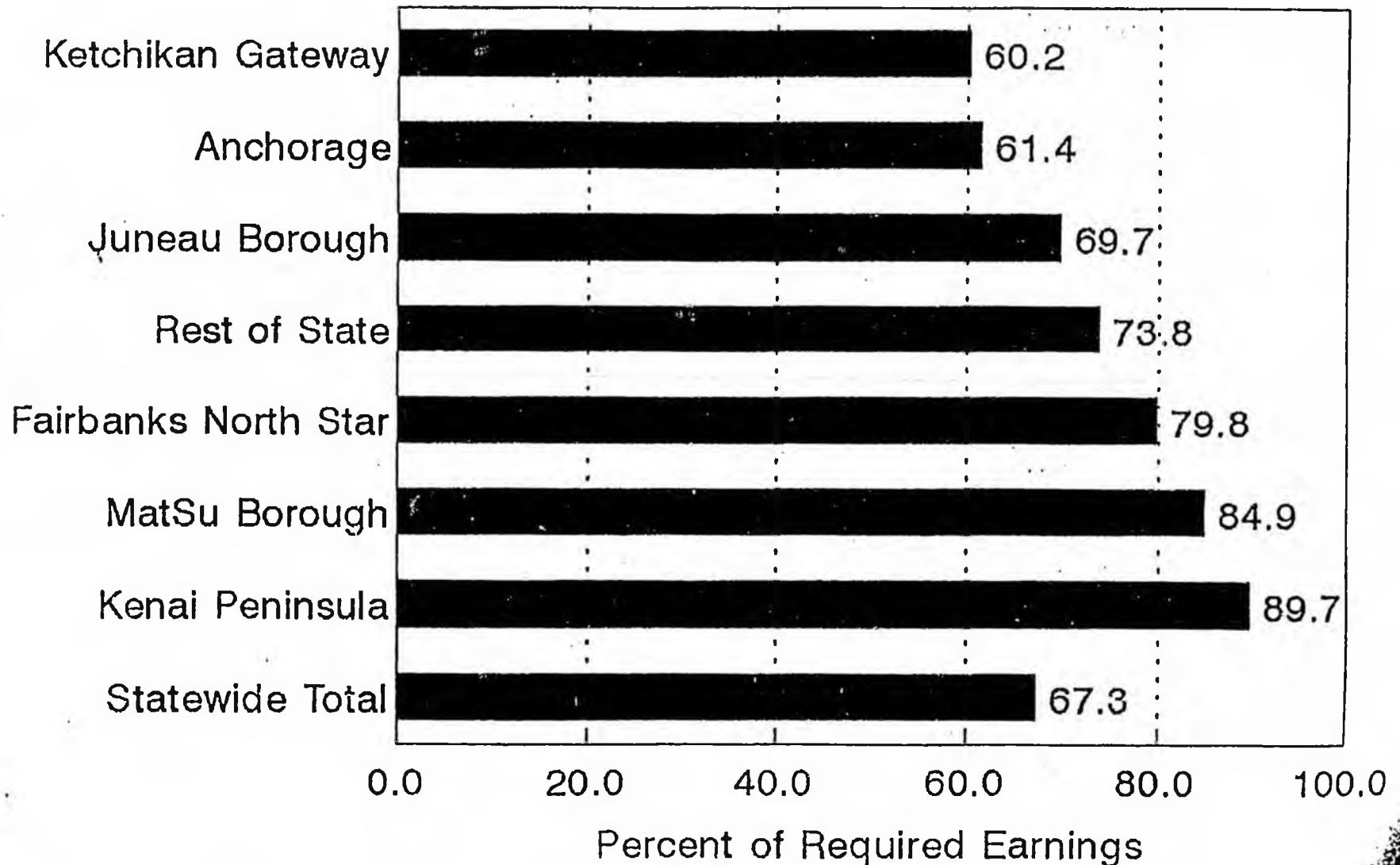
Note: Index is number of earners needed to qualify for an 85% mortgage.

Source: Alaska Department of Labor, Research & Analysis Section.

P-16

RESEARCH

Income As Percent of Required Earnings, Single-Family Residences Private and Public Agency Lenders 4th Quarter 1991



Note: Mean monthly income as percent of earnings required to qualify for an 85% mortgage.
Source: Alaska Department of Labor, Research & Analysis Section.

HB 153

HOUSE BILL NO. 153
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES BROWN, Ulmer, Koponen, Ellis, B.Davis

Introduced: 2/20/91

Referred: Labor and Commerce, Health, Education and Social Services, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act making an appropriation to the Alaska housing trust fund; and providing for
2 an effective date."

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

4 * **Section 1.** Contingent upon the enactment of a bill passed by the Seventeenth Alaska State
5 Legislature and enacted into law that establishes the Alaska State Housing Commission and the Alaska
6 housing trust fund, the sum of \$100,000,000, less the amount of any other funds appropriated to the
7 Alaska housing trust fund, is appropriated from the annual unrestricted and surplus balances of the
8 Alaska housing finance revolving fund (AS 18.56.082) and the housing development fund
9 (AS 18.56.100), as determined by the governing board of the Alaska State Housing Commission, to the
10 principal of the Alaska housing trust fund (AS 18.56.400).

11 * **Sec. 2.** The appropriation made by this Act is for capitalization of a trust fund and does not lapse
12 under AS 37.25.010.

13 * **Sec. 3.** This Act takes effect immediately under AS 01.10.070(c).



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Anchorage, AK 99510

**RESPONSE TO RECOMMENDATIONS
OF THE ALASKA HOUSING MARKET COUNCIL
HOUSING POLICY DEVELOPMENT COMMITTEE**

March, 1991

In January 1990, the Alaska Housing Market Council published its final report, entitled *State Housing Policy for the 1990s*. The report, representing the culmination of over a year of intense research and public participation, outlines the Council's recommendations for a broad spectrum of housing issue areas. Many of these recommendations relate to the mission and operations of the Alaska Housing Finance Corporation. AHFC first drafted this document in April 1990 at the request of the Administration. Since that time, several significant developments have occurred in the housing arena, including new legislation, turnaround in the housing market, and adoption by AHFC of a new strategic plan. These developments have required editing and updating of this document.

Following are brief encapsulations of the Corporation's position with respect to each of the eight policy statements, together with comments on several of the individual actions plans.

COORDINATED AND REGIONALIZED POLICIES. *It is the policy of the State of Alaska to adopt and execute a state housing policy and facilitate coordination of housing services.*

It is the policy of the State of Alaska to recognize the significant differences in housing needs, standards and requirements across the state. As a result, state policies, programs, procedures and regulations shall be regionalized to the greatest extent possible.

Alaska Housing agrees with the premise that a coordinated approach to housing policy represent an efficient and cost-effective method of meeting Alaska's housing needs. We do not agree, however, that the formation of yet another costly level of bureaucracy (such as a state Housing Commission or Department of Housing) is either fiscally or functionally sound policy.

As an alternative, we support formation of a Housing Mini-Cabinet in the executive branch. The Mini-Cabinet, with representation from the Departments of Commerce, Revenue and Community & Regional Affairs, would establish housing policy, and provide oversight necessary to achieve coordination of housing delivery efforts.

LOW-INCOME, RURAL AND AFFORDABLE HOUSING. *It is the policy of the State of Alaska, in the allocation of state housing resources, to give first funding priority to the state's most urgent housing needs.*

**AHFC Response to Alaska Housing Market Council Recommendations
March, 1991**

It is the policy of the State of Alaska to improve the availability, accessibility and affordability of housing for people with limited or low incomes.

It is the policy of the State of Alaska to promote the availability of quality, affordable rental housing.

Alaska Housing does not disagree with these policy statements, and offers the following comments on the specific action plans:

1.d. We find merit in the concept of working together with DCRA to explore inclusion of a percentage of non-conforming and rural loans in AHFC bond sales. We are currently developing mechanisms to facilitate the flow of funds to DCRA and to monitor their use.

3. AHFC can provide technical assistance in the area of financing to private developers and non-profit organizations for the planning and development of affordable housing. During 1990, AHFC assisted three community-based mental health agencies with obtaining financing (in the form of an equity grant and private sector conventional loan) to facilitate their acquisition of permanent housing for the homeless mentally ill.

4. AHFC has examined its REO portfolio to identify those properties which represent housing opportunities for low-income, rural and special needs populations, and has work with non-profit organizations to move these properties into the hands of those who need them. These efforts include sale of a large number of units to Anchorage Neighborhood Housing Services, as well as 24 units sold to three community mental health agencies. In addition, AHFC has recently been able to make bulk sales of "as is" properties to private owners who are expected to renovate the properties and move them into the marketplace at costs affordable to many lower-income households.

5. AHFC has initiated an analysis of barriers to providing financing to non-profit housing sponsors, and welcomes participation from DCRA and ASHA in this effort. The recent statewide housing conference, sponsored by AHFC, brought non-profits, bankers and public entities together to explore the potential for creative and innovative approaches to housing finance.

7. AHFC policy with respect to disposition of REO properties is not unilateral, but subject to state law and pervasive economic and market conditions. Outright donation of properties is not in the best interest of the state. It would set a dangerous precedent with creditors and may have serious repercussions not only for AHFC properties but for the stability of the housing market as a whole. The Corporation has actively assisted non-profits in obtaining outside grant dollars to enable them to purchase AHFC REO properties; the Corporation has also granted special earnest money contracts to facilitate this process. AHFC has also taken steps to protect the integrity of the neighborhoods in which REOs are located, by selectively demolishing those properties determined to be in such substandard condition that they represent blighting influences on the housing market and on their neighborhoods.

Increased sales, coupled with sharply declining delinquency rates have significantly depleted the Corporation's inventory of REO housing. AHFC is aggressively pursuing new initiatives to move the remaining inventory into the marketplace and to increase access to both potential buyers and renters through the private sector.

**AHFC Response to Alaska Housing Market Council Recommendations
March, 1991**

8. Nothing in the Corporation's statute constrains it from participating in lending activities benefiting non-profit organizations or housing authorities, provided the projects securing the mortgages are sound and consistent with prudent lending practices.

SPECIAL NEEDS HOUSING. *It is the policy of the State of Alaska to improve the availability, accessibility and affordability of emergency, transitional and long term housing for the homeless and others with special needs.*

In its Strategic Plan, the Corporation has refined its statutory authority into a statement of mission:

"The mission of the Alaska Housing Finance Corporation is to develop and implement fiscally responsible policies and programs that innovatively anticipate housing needs and provide financing to meet those needs statewide."

AHFC is willing and able to develop creative financing approaches, provide technical assistance and otherwise help to facilitate the provision of housing for Alaskans with special needs, provided the proposed projects are viable at market rates or part of creative layered financing packages. AHFC stands ready to offer its technical assistance and substantial expertise in brokering such layered financing packages on behalf of non-profit and public project sponsors.

SENIOR HOUSING. *It is the policy of the State of Alaska to recognize that senior Alaskans should have access to appropriate and affordable housing. The State should implement a housing program for seniors which emphasizes a continuum of care services. Supportive services should be available which allow seniors to live independently at their level of ability.*

Alaska Housing agrees that there is a legitimate need for specialized housing for senior Alaskans. The Corporation supported recent legislation (SB 150) to establish a senior housing office and to capitalize, from AHFC earnings, a Senior Housing Bond Account. Further, AHFC is able to respond positively to this need by providing technical assistance, and secondary financing, provided the loans are subsidized with overcollateralization, and the Corporation is not involved in the origination or interim administration of temporary financing.

HOUSING FINANCE. *It is the policy of the State of Alaska to encourage and assist the citizens of the State in homeownership opportunities in a fiscally responsible manner.*

It is the policy of the State of Alaska to minimize direct involvement of State government in the secondary mortgage market, with the primary exception of accessing capital markets to financing the State's housing needs.

It is the policy of the State of Alaska to develop and maintain stable sources of capital and revenue to support housing needs in the State.

AHFC concurs with these policy statements and offers the following comments on individual action plans:

1, 2. We agree that mortgage lending programs should reflect prudent lending practices, with appropriate downpayment requirements. We further agree that consumer counseling and education can contribute to responsible homeownership. The Corporation has established an office of Consumer Relations, which sponsors consumer education seminars and disseminated educational materials. The Corporation also endorses the efforts of those organization who are undertaking direct counseling programs which are beyond its purview.

4. AHFC has assumed a leadership role in enticing private mortgage insurers to write insurance in Alaska. Existing AHFC statutes would accommodate a co-insurance agreement. In addition, the Corporation is actively evaluating the efficacy of establishing a mortgage insurance subsidiary to meet this need in a fiscally responsible manner.

6. The Corporation supported legislation last session which will, by July 1992, eliminate the universal mortgage loan subsidy program, while preserving subsidies on the first \$50,000 of the mortgage loan for low and moderate income borrowers.

7. AHFC currently issues both taxable and tax-exempt bonds, and consistently seeks the best rates the market will offer on these instruments. Alaskan consumers benefit from these efforts as favorable costs of funds is passed on in favorable mortgage interest rates.

8. Issuance of §01(c)(3) bonds is not currently within the purview of the Corporation; however both AIDEA and ASHA have experience in this area. AHFC is also exploring the potential for issuance of tax-exempt governmental purpose bonds to provide a financing source for multi-family housing.

10. AHFC has reviewed the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), and has consented to assist in disseminating information about affordable housing properties offered in Alaska by the Resolution Trust Corporation. Over the past year, there have been only a handful of such properties available in the State.

HOUSING PARTNERSHIPS. *It is the policy of the State of Alaska to encourage housing partnerships which include public, private and non-profit entities in order to foster and develop low-income and affordable housing in the State.*

AHFC recognizes that public/private/non-profit partnerships are an important vehicle to realize creative housing solutions, and offer to such partnerships technical assistance in the area of housing finance. We disagree, however, with the approach specified in the action plan. We believe that the Governor's office, through a mini-cabinet, and not a Housing Commission should take the lead in making judgments and setting policy direction with respect to housing partnerships.

HB 1555

HOUSE COMMITTEE REPORT

File

(11)

Date Referred: February 13, 1992

FURTHER REFERRALS:

Date of Committee Action: 3/6/92

The FINANCE Committee considered:

HB 155

HOUSE BILL NO. 155

BARRIER-FREE REMODELING FUND

"An Act relating to the remodeling of facilities to make them accessible by the physically handicapped, aged, and infirm."

RECOMMENDATIONS:

be replaced with CS HB 155 (FIN) the same title
 a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S):

APPROVES PREVIOUS:

fiscal impact DCEP ^{note DOTPF 3/24/92} Labor 3/17/92 fiscal note(s) DOTPF 1/24/92; Labor 1/24/92

zero fiscal note _____ ^{Received after 2/10} zero fiscal note(s) _____

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<u>Tay Brown</u> <small>Brown</small>	✓	<u>Tamara B Barnes</u> <small>Barnes</small>		X	
<u>Mark Boyer</u> <small>Boyer</small>	X	<u>Gen Jacko</u> <small>Jacko</small>		X	
<u>Mike Spavone</u> <small>Navarre</small>		<u>Bob Sharp</u> <small>Sharp</small>		X	
<u>Ed Maclean</u> <small>Maclean</small>		<u>Ronald J. Lanson</u> <small>Lanson</small>		X	
		<u>Roll E Phillips</u> <small>Phillips</small>		X	

Mike Spavone Navarre
 Co-CHAIRMAN'S SIGNATURE
Ed Maclean Maclean

FISCAL NOTE

BILL NO. CSHB 155 (FIN)

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: _____

Department Affected: Commerce & Econ. Dev.

Title: Barrier-Free Remodeling Fund

BRU: Investments

Component: _____

Sponsor: Brown et al.

Requestor: Finance

COMPONENT SERIAL NO.

0	3	8	4
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL	1.3					
CONTRACTUAL	5.6					
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	6.9	*	*	*	*	*

CAPITAL						
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REVENUE FUND RESOURCE:						
------------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	6.9					
FEDERAL FUNDS						
OTHER						
FUND SOURCE:						
TOTAL	6.9					

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: 0

ANALYSIS (Attach a separate page if necessary.)

SEE ATTACHED

Prepared By: Martin J. Richard, Director Phone: 465-2510

Division: Investments Date: 3/6/92

Approved by Commissioner: Glenn A. Olds

Agency: Department of Commerce & Economic Development Date: 3.6.92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legls. Ofc., and Impacted Agency(ies).

FISCAL NOTE - CSHB 155

ANALYSIS: -

The department anticipates a fiscal impact of \$6,900 in FY 93. These funds will be used to pay for the department's involvement in implementing regulations and printing brochures and application packages. We assume that the Department of Transportation and Public Facilities will be the lead agency in the promulgation of regulations and the coordination and costs associated with the Governor's Committee on Employment of People with Disabilities. The department has not included any expenses relating to this committee's activities.

- * We are unable to estimate the cost of operating the loan fund until the size and extent of the program is determined.

FISCAL NOTE

Revision Date: 02/24/92
Title: Barrier-Free Remodeling Fund

Department Affected: DOT&PF
BRU: Engineering & Operations Standards

Sponsor: Brown
Requestor:

Component: Design & Construction Stds.
Component Serial Number: 547

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY93	FY94	FY95	FY96	FY97	FY98
PERSONAL SERVICES	87.6	90.7	93.8	97.1	100.5	104.0
TRAVEL	8.0	8.0	8.3	8.6	8.9	9.2
CONTRACTUAL	51.0	42.0	34.9	36.1	37.4	38.7
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	2.5	2.5	0	0	0	0
TOTAL OPERATING:	149.1	143.2	137.0	141.8	146.8	151.9

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUNDS	75.6	53.3	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE	73.5	89.9	137.0	141.8	146.8	151.9
TOTAL FUNDING:	149.1	143.2	137.0	141.8	146.8	151.9

POSITIONS

FULL-TIME	1	1	1	1	1	1
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary)

See attached seven-page analysis.

NOTE: In response to a number of questions recently directed to this agency, an Explanatory Amendment, dated February 21, 1992, has been incorporated into the final two pages of the analysis.

Prepared by: Roger Allington, Director

Phone: 465-2951

Division: Engineering & Operations Standards

Date: February 24, 1992

Approved by Commissioner: 

Phone: 465-3900

Agency: Department of Transportation and Public Facilities

Date: February 24, 1992

Distribution By Preparer: Leg. Finance, Leg. Sponsor, Requestor, OMB/DBR, Gov. Leg. Office, Impacted Agency(ies).

ANALYSIS (cont. from page 1):

Fiscal Note Analysis

Program Description:

The proposed bill would expand the Department of Transportation and Public Facilities' responsibilities and authority for encouraging access to the disabled within all facilities covered under recent federal legislation entitled the "Americans with Disabilities Act" (ADA). The department shall facilitate compliance by promulgating regulations necessary to implement this bill, including regulations establishing minimum accessibility standards; reviewing, compiling and presenting a list of candidate facilities for which funding (from the barrier free facility fund) may later be allocated by the committee; awarding grants under AS 35.50.050(c); overseeing the remodel of state facilities as required and provide information and/or assistance to requesting entities so as to ensure compliance with the standards established under 42 U.S.C. 12101 -12213 (ADA).

Background Information Relating to the Proposed Legislation:

On July 26, 1990 president Bush signed into law the "Americans with Disabilities Act" (ADA). Under the law the federal departments of transportation and justice are mandated to promulgate regulations for implementing the law. These regulations were made available in their final form on July 26, 1991. To date this department has experienced a very large increase in the number of inquiries as to the requirements of the bill by both public and private sector representatives. So as to not impact our ongoing workloads, the department can allocate only a limited amount of time and resource to respond to these requests -- with results which are often less than optimum..

It should be understood that the following analysis is based upon our current understanding of the ADA requirements.

Program Implementation and Resulting Fiscal Impacts:

The program as proposed would effect all state agency facilities and a vast amount of privately held facilities. The impact would be seen primarily within the Capital Budget side of the ledger (via the "Barrier Free Facility Fund" proposed under HB 157) as only a small portion of the total program funding would be consumed as general fund administrative fees. The "departmental duties" noted in the introductory paragraph constitute the major costs anticipated by this agency and formulate the basis of the following analysis and Fiscal Note. It is important to note that this analysis does not include those costs associated with expenses incurred by the *Governor's Committee on Employment of People with Disabilities*. Such committee costs resulting from this bill are likely to include additional travel expenses, costs associated with the promulgation of regulations under AS 35.50.020, and general administrative costs amongst others.

Analysis and Assumptions:

The analysis will focus on the department's five specific areas of program involvement.

Area 1. Promulgation of Regulations: Under Section 35.50.120 the department will be required to promulgate regulations to augment the federal regulations developed under the ADA. At present, it appears that the state regulations effecting the standards imposed upon privately held facilities will have to be approved by the federal Department of Justice. This will require a special effort (in addition to the normal state requirements) on the part of department personnel and may extend the time frame for the state's usual regulation adoption process.

The arena of accessibility codes and standards can be confusing to the lay person. In preparing this analysis the department assumes that an additional employee will be required to formulate the regulations. The position should be programmed at a level equal to that of a registered architect. This will ensure familiarity with appropriate codes and provide the state with a reputable representative when dealing with other (federal) agencies, the design community and concerned individuals. For purposes of the following analysis a position at the range 21 has been assumed. (Range 21-A costs are as follows: \$4342/month basic salary times an overhead factor of 1.69 yielding approximately \$7,300/month total personnel costs.)

Code Promulgation (anticipate eighteen months to complete): Development

Utilize existing framework as created by DOT&PF Advisory Committee (phase 1).....	Est. 4 Mo. @ \$7,300/Mo.	= \$29,200
Revision following public hearing process (phase 2).....	Est. 3 Mo. @ \$7,300/Mo.	= \$21,900
Revision following federal review process (phase 3).....	Est. 2 Mo. @ \$7,555/Mo.	= \$15,110
Legal Review, for reviews at all phases (lump sum)		= \$25,000
In-state review and travel, for two series of hearings (lump sum)		= \$ 5,000
Federal review and travel (lump sum)		= \$ 2,500
Publication and education		
Publication Costs (State amendments to ADA regs)		= \$ 2,500
Education costs -- manpower	Est. 3 Mo. @ \$7,555/Mo.	= \$22,665
-- travel and misc. (lump sum)		= \$ 5,000
<hr/> Total Promulgation Costs		= \$128,875

(Note: While funding for promulgations costs needs to be provided only once, it must be made available over two fiscal years at a minimum in order to ensure sufficient time to interact with the federal review process. See specific FY 93 and FY 94 allocations on page 6 of this fiscal note.)

Area 2. Compiling, Reviewing and Presenting the Listing of Candidate Projects:

As required under proposed sections AS 35.50.030, 35.50.040(c), and 35.50.050(a) the department must assemble a statewide listing of accessibility projects for review and selection by the "committee" on an annual basis. While this work is to be accomplished in a relatively short period of time, June 1 through October 1, it will require an extensive amount of knowledge and manpower to accomplish the needed tasks. A professional level position is warranted as the individual will be responsible for dealing with other design professionals, government officials and the disabled community in general. For these reasons, it is recommended that the range 21 position noted previously be retained for this segment of the program as well. Approximate costs associated with this area of the program are as follows.

Project Listing Development (anticipate approximately 6 months of full time involvement each year)

Assembly of Projects

Pre-submittal period (provide direction/clarification) from
May 1 to June 1 1 Mo. @ \$7,300/Mo. = \$ 7,300

Official Submittal period (provide preliminary review for
submittal content and completeness) 2 Mo. @ \$7,300/Mo. = \$14,600

Compiling the Listing

Working in conjunction with the committee, compile the final
listing, ranking eligible projects and identifying possible grant
recipients. 2 Mo. @ \$7,300/Mo. = \$14,600

Associated travel expense (lump sum) = \$ 3,000

Presenting the Listing

Working in conjunction with the committee, compile a detailed
cost estimate for each project or grant appearing on the final
listing. Work may require the use of consultant cost estimators.
Time frame as shown assumes that one half of the staff position's
time will be spent on these duties.

Assuming the final listing will be provided to the commissioner
by December 15. Then:

2 months of staff work, at half time, yields 1 mo @ \$7,300 = \$7,300

Maximum 2 months of consultant costs estimating services
(assuming \$75/hour yields) 320 hours x \$75 = \$24,000

Total Project Listing Costs \$70,800

(Note: Funding to cover the cost of listing projects should be provided on an "as needed" basis. To best facilitate this process it is assumed that the funding required under this area of the program would be considered "remodeling costs" (which includes administrative fees as noted under Sec 35.50.900 (5) of the proposed legislation) and hence provided directly from the Barrier Free Remodeling Funds. These monies are designated as "other funds" on page one of this Fiscal Note.

Area 3. Grant/Loan Administration:

GRANTS: As required under the proposed section AS 35.50.070 the department is required to award the resulting grants. It is assumed that only a small amount of involvement will be required of the range 21 position as most of the intense work will be performed by the DOT&PF grant administrators in the regions. For this reason an allowance of one month of the range 21 position has been made under this area of the program. Again these costs are seen as administrative in nature and would be subject to the definition of *remodeling costs*. Funding for these services is shown as "other funds" on the Fiscal Note:

Grant Award Period (provide direction/clarification) part time from January 1 to June 30	1 Mo. @ \$7,300/Mo. = \$7,300
<hr/>	
Total Grant Award Costs	
\$7,300	

LOANS: In this analysis it is assumed that the department will utilize the expertise in the Division of Banking (DC&ED) to implement the revolving loan process. An annual RSA of \$10,000 will be allocated to cover the costs of initializing the loans. Funding for these services is shown as "other funds" on the Fiscal Note:

Total Costs Associated to Loan Awards	\$10,000
---------------------------------------	----------

Area 4. Overseeing the Remodeling Process: As required under the proposed Section 35.50.080 the department shall ensure that money from the barrier free remodeling fund is being used to effect barrier removal. The money required to finance this portion of the program will be a direct cost to the project itself through the issuance of permit and inspection fees. These use of these fees is expected to follow a format similar to that established by the state fire marshal's office. Long term, it is our desire to redelegate this function to adequately qualified municipalities. There would be no adverse fiscal note for this segment of the project.

Area 5. Information Services: As proposed Section 35.50.100 will require the department to provide information on the accessibility standards and the grants and loans available under this program.

Conservatively, this analysis proposes to utilize the remaining 4 months of the range 21 position in an attempt to provide these services. Should this information function develop into a larger than anticipated operation, additional DOT&PF regional personnel or consultants may have to be enlisted. These administrative costs, like those noted in areas 2 and 3, should be considered as *remodeling costs* as defined within the bill. Funding for these services is shown as "other funds" on the Fiscal Note:

Information Related Costs:	
allocate remaining 4 months of range 21 time @ \$7,000/Mo. =	\$29,200
Associated travel/printing expense (lump sum)	\$ 5,000
<hr/>	
Total Compliance Costs	
\$34,200	

Summary of Anticipated Expenditures (Thousands of Dollars)

For FY 93

Type of Expenditure	Area 1 Services	Area 2 Services	Area 3 Services	Area 4 Services	Area 5 Services	Total FY Costs
Personal Services	51.1	14.6	7.3	0.0	14.6	87.6
Travel	5.0	3.0				8.0
Contractual	17.0	24.0	10.0			51.0
Miscellaneous	2.5					2.5

For FY 94

Type of Expenditure	Area 1 Services	Area 2 Services	Area 3 Services	Area 4 Services	Area 5 Services	Total FY Costs
Personal Services	37.8	45.4	7.5	0.0	0.0	90.7
Travel	5.0	3.0				8.0
Contractual	8.0	24.0	10.0			42.0
Miscellaneous	2.5					2.5

For FY 95 and beyond. (Entries beyond FY 95 have been adjusted by 3.5% for inflation.)

Type of Expenditure	Area 1 Services	Area 2 Services	Area 3 Services	Area 4 Services	Area 5 Services	Total FY Costs
Personal Services		54.7	7.8	0.0	31.3	93.8
Travel		3.1			5.2	8.3
Contractual		24.9	10.0			34.9
Miscellaneous						

Note: Administrative costs for program areas 2, 3, 4 and 5 are assumed to be eligible remodeling costs as defined under the proposed section AS 35.50.900(5). In total these cost are anticipated to run between \$73,500 (FY93) and \$152,860 (FY98) per year or approximately 3% of the total amount set aside in the Barrier Free Remodeling Fund.

Explanatory Amendment

[Prepared February 21, 1992]

As a point of clarification to the preceding analysis...

The department's "administrative costs" -- depicted in the final sentence of the analysis as approximately 3% of the total amount of the fund -- consists of only those "overhead" costs associated with soliciting, assembling, analyzing, and prioritizing the requests submitted under this program. The 3% figure does not include "project related costs".

"Project related costs" are normally considered to be those costs associated with the financing, designing, constructing and supervising the project from conception to final acceptance. Costs of this nature should be anticipated at each and every site where barrier removal activities take place. The following "project related costs" (addressed in the analysis as Area 3 and Area 4 services) are not contained in the Fiscal Note summaries; however, they need to be considered when trying to determine the overall impact of the construction dollar.

In the case of barrier removal projects the department anticipates to see project related costs in the following ranges:

Costs associated with Project Funding (overall range of 3 to 10%)

1. If financing is provided through a private sector lending institution in the form of a zero interest loan [to private sector recipients] it is expected that financing charges could run from 3 to 5%. These charges would cover loan fees, credit checks, inspections etc.
2. If funding is provided as a direct grant [to private non-profit organizations or to local governments] the department could incur costs in the range of 3 to 10% depending on the involvement required, time period of the grant, and the dollar amount of the grant. (Presently these costs run approximately \$1,000 per grant.)
3. If funding is provided directly to the department, or a sister agency, as a Capital Improvement Project the department could incur costs in the range of 5 to 10% for the purpose of setting up the project within the department. This percentage would vary depending on the magnitude of the project.

Costs associated with Project Design (overall range of 12 to 18%)

1. Irrespective of what entity is doing the project [private sector, non-profit or government] design costs for these types of projects will run higher than normal. Typically the projects will require a small scale, labor intensive design effort involving the remodel of an existing condition. All are factors which tend to drive design costs upward. These services by and large will be provided by private sector architects and engineers.

Costs associated with Construction Oversight (overall range of 10 to 12%)

1. Initial cost will include building permit fees by local governments. Generally, the fees should be less than 5%.
2. Charges for "shop drawing reviews" and on going inspection services (in addition to those provide by the local authorities) will make up the balance of the costs in this area. Services to be provided from the private sector.