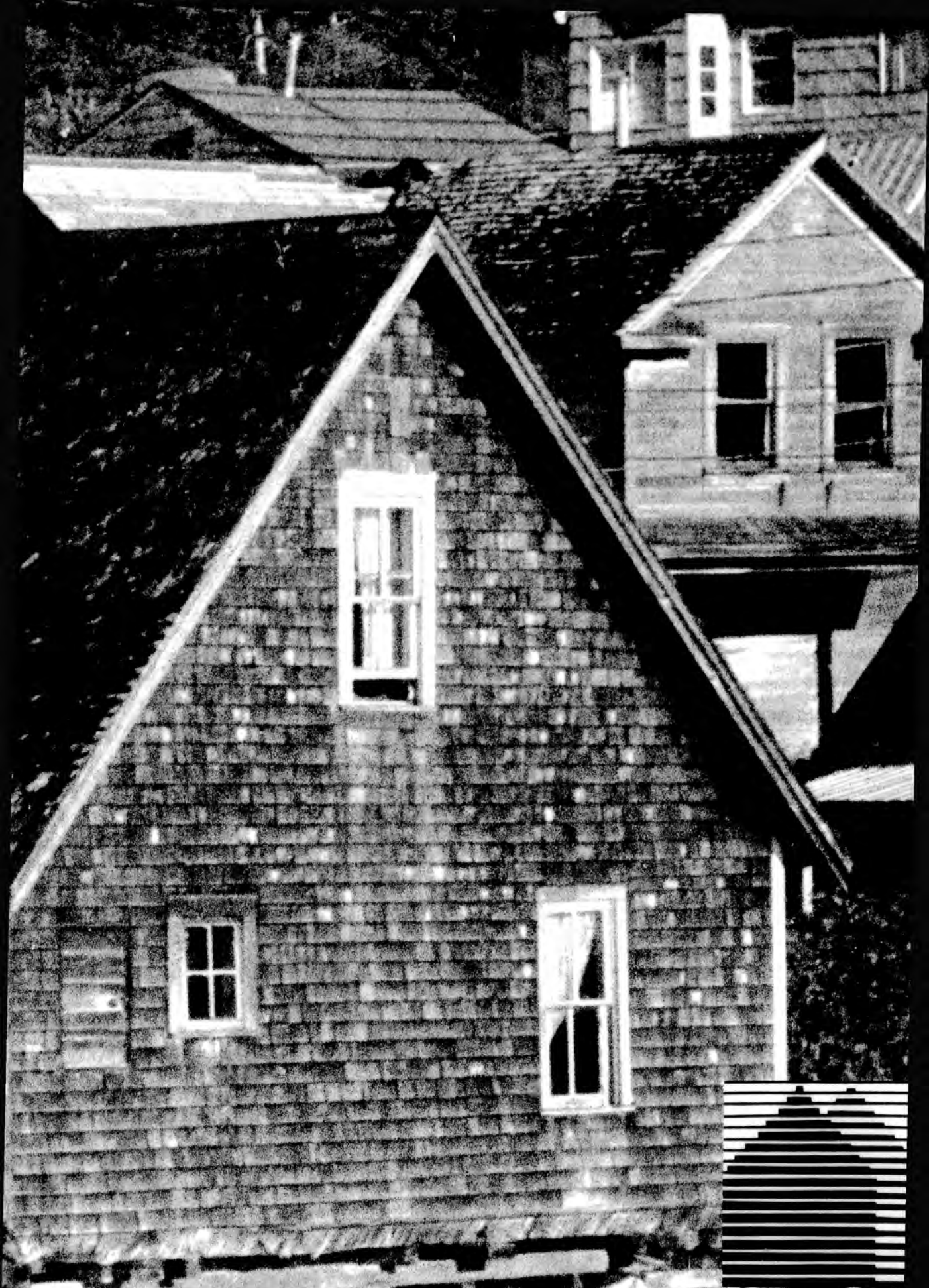


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HOUSING ASSISTANCE LOAN FUND
1984 ANNUAL REPORT

FORWARD

The requirement for an Annual Report to the Legislature is set out in A.S. 44.47.530. It has been our desire to go beyond this statutory requirement in providing both the Legislators and the housing consumer with an overview of our annual activities. A list of our offices is included and we welcome your comments and questions on our programs.

November 30, 1984

Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Ladies and Gentlemen:

It is with pleasure that the Department of Community and Regional Affairs submits its second Annual Report of the Housing Assistance Loan Fund.

This revolving loan fund was established by the Legislature on July 28, 1983. The Housing Assistance Division implemented the two new low income programs starting January 1984, authorized under Chapter 128 SLA 1984—the Homeownership Assistance Fund loan subsidy option and the State Assisted Rental Housing Construction Grant Program.

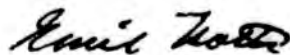
To more effectively administer the programs, in late February the Department consolidated all of its Anchorage divisions into one location. We believe the relocation will result in improved service to the public and more efficient internal management.

One of the difficulties in administering the loan fund programs has been in defining the term "rural"—a critical definition for distribution of loan funds. In 1984, changes in Section 7 of House Bill 663 created a new definition for "rural." Because of difficulties with the definition, the term "rural" may be rewritten during the Fourteenth Legislative Session.

The goals of the Housing Assistance Division remain intact. As authorized by Alaska statute, the Division seeks to provide decent, safe and sanitary housing at affordable rates for the citizens of Alaska's smaller communities. The programs administered by the Division offer Alaskans opportunities for new housing and for greater private sector participation throughout the State.

Thank you for your interest and support for housing in Alaska. Please contact us whenever we may assist you with housing information.

Sincerely,



Emil Notti
Commissioner



BILL SHEFFIELD, GOVERNOR

November 28, 1984

Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Ladies and Gentlemen:

Fiscal year 1984 continued to be a busy and productive year for the Housing Assistance Division of Community and Regional Affairs.

In the first month of fiscal year '84, the annual loan appropriations accessed a new revolving loan fund which allowed repayments of principal to be retained by the Division for reinvestment in future loan activities. Interest repayments from annual appropriations are still returning to the State's General Fund.

New regulations for the Home Ownership Assistance Fund (HOAF), the State Assisted Rental Housing Construction Development fund and updates of existing regulations were developed at the conclusion of the 1983 Legislature. Hearings were held throughout the State during the late summer and early fall, and a final draft was sent to the Attorney General's office in November for their review.

Emil Notti assumed his duties as Commissioner of the Department of Community and Regional Affairs in January of '84. Along with this senior management change, new programs were implemented. The Homeownership Assistance Fund subsidy options were created. Training sessions were held in Anchorage for all seller/servicers interested in joining the program. To date 20 of 33 eligible seller/servicers participate in this lower income financing option. Designed with the experiences of the Alaska Housing Finance Corporation in mind, HOAF funds were made available with early applications being processed by April 1984. Final regulations were adopted in September 1984. Concurrently, the State Assisted Rental Housing Construction Grant Program went into effect. In March, grants totaling nearly \$5 million were awarded under this new program for low income multifamily housing development. Subsequent financing for the program was approved by the 1984 Legislature at \$3,580,000 and is due to be awarded in January 1985.

Also in November 1983, the in-house Automated Accounting System was brought online. With the increase in loan portfolios, this computerized system has enhanced the Division's ability to effectively track loans and control loan receipts and disbursements. Now in progress is the linking of this system to the Anchorage Mainframe Computer for

access to PBA, Legislative Information and other State operated computer systems. The Division's advances in this area have allowed the other agencies within the department to also access administrative and legislative data previously unavailable in Anchorage.

The Division continued to meet the needs of housing consumers across the State. This past year many spin-off activities resulted. In November of 1983 the Juneau Regional Office opened to better serve the Southeast area. Guests at the opening celebration included Legislators, aides and representatives from the Governor's Office, other State departments, as well as industry partners from banks, real estate agencies, title firms, and appraisal companies. All concurred that the needs of Southeast for housing assistance would be enhanced by this office expansion.

In late March, the Division initiated their annual spring outreach. A concentrated effort by field staff was made to contact the majority of the communities in each region. The rewards paid off in double—the renovation and nonowner-occupied programs have experienced unprecedented growth. To insure current policy and procedures are being met in the areas of default, foreclosures and assumptions, instructional guideline updates were published and distributed to seller/servicers statewide.

Legislative changes during 1984 included a new definition of *rural*. While there were no changes in the first and second judicial districts, the third and fourth experienced major changes. In the Third Judicial District, a great deal of the area around Fairbanks was opened up due to the rural definition. The Fourth Judicial District experienced an opposite effect. Areas that had previously enjoyed a rural classification are now considered urban, leaving some confusion and some displeasure for residents in adversely affected areas.

In addition to a loan appropriation of \$45,000,000, the Legislature appropriated \$16.5 million to be awarded statewide in FY 84 for the Housing Grant Programs. Of the \$16.5 million, \$9.5 was designated for Senior Citizens, \$3.5 for Low Income State Assisted Housing, and \$3.5 for a Supplemental Housing Development Program.

Cooperation between the Housing Assistance Division and other government agencies generated a new level of involvement for all concerned. Due to limited availability of funds in the area of nonconforming loan financing, a special purchase program of \$5 million was implemented between HAD, the Department of Revenue and Alaska Housing Finance Corporation. The Depart-



Barbara Morse-Quinn
Director 1982-1984

ment of Community and Regional Affairs and the Department of Commerce and Economic Development initiated a cross-training seminar for their respective loan divisions. The purpose of the loan examiners' cross training was to facilitate a common working knowledge of all State loan programs. In addition, a State Loan Pamphlet was printed with pertinent information on State loan programs.

In conclusion, I would like to express my appreciation for your continued guidance and support. The Division looks forward to the new fiscal year, confident in its abilities to fulfill legislative goals, and established in its programs for housing delivery

Sincerely,

Barbara Morse-Quinn



Clark D. Boston
Director

SB 1 passes. Creates Housing Assistance Division; \$10,000,000 appropriated to Nonconforming Loan Fund. Division also receives Senior Citizen Housing Development Fund from Division of Community Planning.

1980 Legislative Session

First office opens in Anchorage

August 1980



First loan processes. Dillingham, Nome regional offices open

February 1981



Kotzebue regional office opens

March 1981



May 1981

HB 148 passes mandating 80% rural fund emphasis for nonconforming loans. \$40,000,000 appropriated to the Nonconforming Loan Fund for FY '82 Supplemental Housing Development Fund authorized within division to augment HUD Indian housing units.

1981 Legislative Session

HOUSING ASSISTANCE DIVISION BACKGROUND

The Housing Assistance Division was created by the 1980 Legislature, (Chapter 120, SLA 1980) to administer the Nonconforming Housing Loan Program. Loan funds were to be distributed on a statewide basis with emphasis on rural Alaska. Administration of these loans was and is primarily through seller/servicer agreements with financial institutions. The initial mandate from the Legislature was twofold; (1) to form a central office and five regional offices and (2) to offer loans for nonconforming housing. First-year loan funds were appropriated at \$10 million.

The 1981 Legislature continued funding the Nonconforming Program at a rate of \$40 million and directed the Division to divide such funds between rural and urban Alaska at an 80%:20% ratio. The Legislature further directed the Division to offer funds directly to eligible borrowers who could not otherwise get service in rural Alaska (Chapter 82, SLA 1981). This mandate is known as direct lending and has been instituted by the Division.

The Nonconforming Loan Fund was renamed the Housing Assistance Loan Fund during the 1982 Legislature (Chapter 113, SLA 1982). This fund combined the Nonconforming Loan

Program with the AHFC Rural Mortgage Purchase Programs for both owner-occupied and nonowner-occupied loans. An FY-82 appropriation to the newly combined Housing Assistance Loan Fund (HALF) was in the amount of \$45 million bringing total appropriations to date to \$95 million.

The HALF was given another \$45 million by the 1983 Legislature and another new program. The new program was called the Homeownership Assistance Fund. The object of this program is to make homeownership a reality for the low to moderate income segment of the State's population by subsidizing a portion of the interest payment on the loan. The Division drafted regulations and held public hearings in October and November of 1983. The regulations were filed with the Attorney General in early December 1983. A workshop for the seller/servicers was held in early February 1984 although the regulations had not been finalized by the Attorney General. We are now in the process of negotiating the HOAF Addendum to the Seller/Servicer Agreement with each seller/servicer, and loans will be made under draft regulations this fiscal year. We currently have over \$100,000,000 in loans outstanding, with a 2.14% delinquency rate at June 30, 1984 (principal of delinquent loans compared to total loan principal outstanding).



(Top) Division and department staff attend monthly data processing management committee meeting. (Center) Housing customers receive toll-free assistance from central office staff. (Bottom) Word processing functions interconnect central office with six regional office locations.



Fiscal year closes. 99 loans closed. Rural/urban activities nearly equal

June 1981

Fairbanks regional office opens

September 1981

Original management team leaves. Interim manager appointed

February 1982



New management team appointed

April 1982

SB 666 passes. HAD receives rural owner-occupied and rural nonowner-occupied programs from AHFC. The sum of \$45,000,000 is appropriated to the newly consolidated Housing Assistance Loan Fund. An 80% emphasis in the nonconforming loan program is maintained. New definition of rural is passed for fiscal year 1983.

1982 Legislative Session

**Ms. Barbara Morse-Quinn, Director
Department of Community and Regional Affairs
Housing Assistance Division
Anchorage, Alaska**

We have examined the balance sheets of the Housing Assistance Loan Funds, Department of Community and Regional Affairs, State of Alaska, as of June 30, 1984 and 1983, and the related statements of revenues, expenditures, and changes in fund balances for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the Housing Assistance Loan Funds, Department of Community and Regional Affairs, State of Alaska, as of June 30, 1984 and 1983, and the results of its operations and changes in its fund balances for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Leventhal & Howarth

November 19, 1984



Loan and accounting unit staff coordinate on file review before computerized data is stored.

Fiscal year 1982 audit period closes. Only 275 loans outstanding. Large carryover in funds. Audit exceptions noted. New management begins work on corrections.

June
1982

Division regulations drafted. Public hearings held. Regulations filed with Attorney General.

Fall
1982



New Governor elected. Transition team reviews division activities.

November
1982

New Commissioner appointed to manage department activities. New division management retained. Division handbooks on loan and grant programs published. Brochures printed.

January
1983

Lt. Governor McAlpine adopts division regulations.

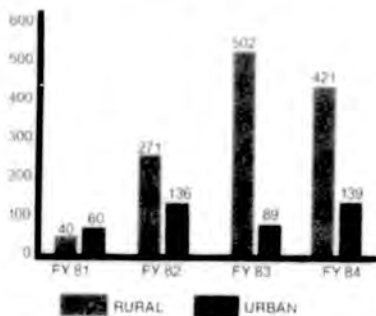
April
1983



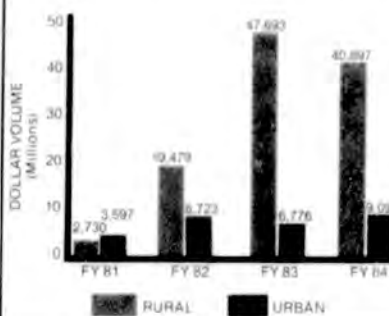
Contract approved to develop and implement automated mortgage loan accounting.

June
1983

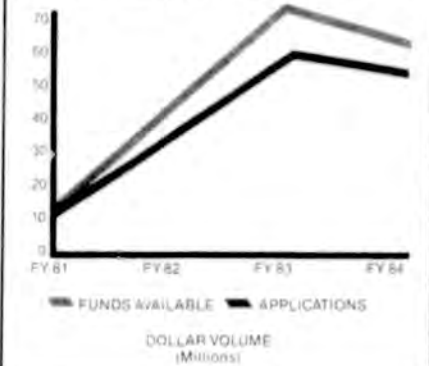
LOANS: RURAL VERSUS URBAN
LOAN VOLUME



DOLLAR VOLUME OF LOANS
RURAL VS. URBAN

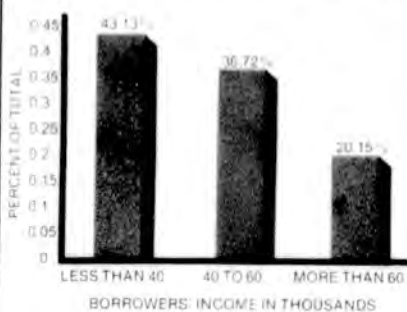


DEMAND VERSUS FUND AVAILABILITY

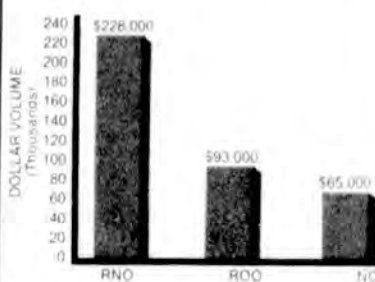


INCOME OF BORROWERS

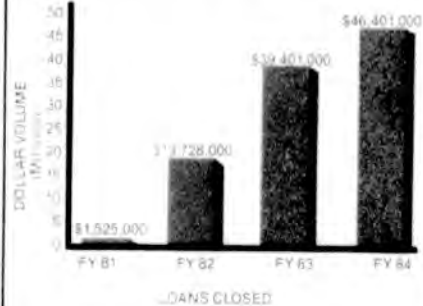
OWNER-OCCUPIED PROGRAMS AS OF 6/30/84



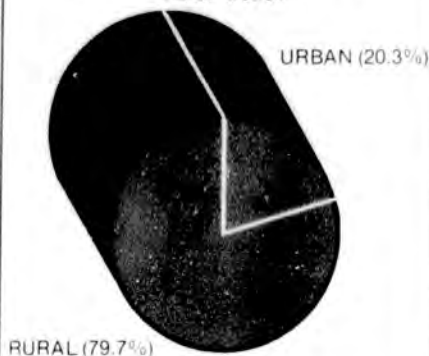
AVERAGE LOAN AMOUNT
BASED ON 6/30/84 PORTFOLIO



LOANS CLOSED BY FISCAL YEAR
AS OF 6/30/84



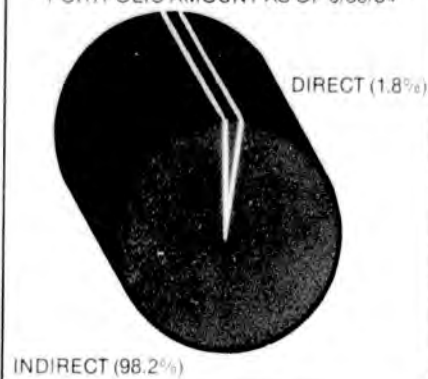
RURAL/URBAN BREAKOUT
AS OF 6/30/84



LOANS BY PROGRAM
AS OF 6/30/84



DIRECT VERSUS INDIRECT LOANS
PORTFOLIO AMOUNT AS OF 6/30/84



HB 302 passes. 80% rural emphasis shifted to entire Housing Assistance Loan Fund appropriation. The sum of \$45,000,000 is proposed for fiscal year '84 programs. Legislation creates a Home Ownership Assistance Program (deep subsidy) loan and a low income rental housing construction grant fund to take effect 1/1/84. Annual Report to the Legislature on the loan portfolio is required. Housing Demonstration project funded with Legislative grant for owner/builder townhouses.

1983 Legislative Session

Fiscal year 1983 closes. Appropriation for next fiscal year posted after fiscal year begins. Portfolio growth exceeds 300% of prior years' activities. 7% staff increase received.

June 1983



Computer system installed in division offices. Account conversion process begins.

October 1983

Fiscal year 1983 audit begins. New programs drafted. Proposed regulations out for public hearings. Division hires staff for new Southeast Regional Office. Senior management change in department. Acting Commissioner appointed.

November 1983



1983 Annual Report drafted with improved audit findings. Draft regulations filed with the Attorney General's Office. Automated account conversion continues.

December 1983

STATE OF ALASKA
DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
HOUSING ASSISTANCE LOAN FUNDS

BALANCE SHEETS—JUNE 30, 1984 AND 1983

<i>Assets</i>	<i>1984</i>	<i>1983</i>	<i>Liabilities and Fund Balances</i>	<i>1984</i>	<i>1983</i>
Assets:			Liabilities:		
Cash in treasury	\$ 31,365,000	\$31,934,000	Due to State of Alaska		
Cash in transit	602,000	201,000	General Fund (Note 5)	\$ 1,374,000	\$ 687,000
Accrued interest receivable	812,000	511,000	Accounts payable	40,000	25,000
Due from State of Alaska			Total liabilities	1,414,000	712,000
General Fund (Note 4)	250,000		Fund balances:		
Mortgage loans receivable,			General fund:		
net of loan loss reserve			Title loss reserve	1,000,000	1,000,000
(1984, \$1,028,000; 1983,			Reserve for loans receivable	59,206,000	61,299,000
\$603,000) (Note 3)	101,745,000	59,722,000	Reserve for loan commitments		19,925,000
Loans in progress	968,000	1,577,000	Unreserved fund balance	(16,000)	11,009,000
Other	98,000		Total general fund balance	60,190,000	93,233,000
			Revolving loan fund (Notes 4 and 6):		
			Reserve for loans receivable	43,606,000	
			Reserve for loan commitments	18,773,000	
			Unreserved fund balance	11,857,000	
			Total revolving loan fund balance	74,236,000	
			Total fund balances	134,426,000	93,233,000
				\$135,840,000	\$93,945,000
	\$135,840,000	\$93,945,000			

STATE OF ALASKA
DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
HOUSING ASSISTANCE LOAN FUNDS

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEARS ENDED JUNE 30, 1984 AND 1983

	<i>1984</i>	<i>1983</i>
Revenue:		
Interest earned	\$ 7,983,000	\$ 4,117,000
Expenditures:		
Provision for loan loss	425,000	379,000
Service fees	406,000	195,000
Other	16,000	
Total expenditures	847,000	574,000
Excess of revenue over expenditures	7,136,000	3,543,000
Other financing sources (uses):		
Appropriations to the revolving loan fund from the State of Alaska General Fund (Note 2)	45,000,000	
Transfers to State of Alaska General Fund (Note 5)	(10,943,000)	(5,242,000)
Total other financing sources (uses)	34,057,000	(5,242,000)
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	41,193,000	(1,699,000)
Beginning fund balances	93,233,000	94,932,000
Ending fund balances	\$134,426,000	\$93,233,000

See notes to financial statements.



Emil Notth
named
Commissioner

New grant program became effective under AS 44.47.635. This grant program is known as the State Assisted Rental Housing Construction Program.

Home ownership Assistance Fund effective 1/1/84

Official open house for new Southeast Regional office—Juneau

HAD moves to new location

The first grants totaling \$5 million were awarded under the State Assisted Rental Housing Construction Program

Started accepting HOAF applications 4/2/84

Spring outreach begins

January
1984

February
1984

March
1984

April
1984

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 1984 AND 1983

1. Summary of significant accounting policies:

The following is a summary of the significant accounting policies of the State of Alaska applicable to the Department of Community and Regional Affairs, Housing Assistance Division (Division) loan programs. The loan programs are appropriations of the General Fund.

Fund Accounting:

The State of Alaska maintains its accounting in accordance with the principles of fund accounting. A fund is a fiscal and accounting entity established by law to segregate and account for designated resources and activities. Housing Assistance Division loan programs are administered through the Housing Assistance Loan Funds.

Basis of Accounting:

The financial statements of the loan programs are reported on the modified accrual basis of accounting. The accrual basis is modified to accrue revenues susceptible to accrual, primarily reimbursable items and investment income. Revenue not susceptible to accrual is reported on the cash basis; this is primarily appropriations.

Basis of Presentation:

The balance sheets are presented in a non-classified format. The Division has few assets that can be defined in terms of a one-year operating cycle.

Budgetary Control:

All money received is deposited in the State Treasury. Funds other than the revolving loan fund may not be expended without appropriation. An appropriation is an authorization to

spend money and incur obligations. It is a legal limit as to purpose, time, and amount; however, the appropriations of the loan fund are carried forward until used.

Appropriations are enacted by the Legislature and approved by the Governor. The loan programs record appropriations during the period in which the funds become available. Expenditures are reported at the appropriation level to show compliance with the law.

Other accounting policies:

Mortgage loans receivable:

Mortgage loans receivable are recorded at cost. Cost is defined as the total funds advanced, less repayments applied to principal.

Loans in progress:

Loans in progress consist of warrants issued by the State of Alaska for loan closings in progress at year end.

2. Appropriations:

Appropriations for the fiscal year ended June 30, 1983 were enacted and approved prior to July 1, 1982 and, accordingly, included in the 1982 sources of funds. There was no appropriation during the year ended June 30, 1983. In July 1983, the loan fund received an appropriation of \$45,000,000 for the fiscal year ended June 30, 1984.

3. Loan Loss Reserve:

The loan loss reserve account is established for losses on mortgages that may become uncollectible. Current management estimates this amount to be one percent of the current loan balance.

This reserve has been allocated between general fund loans and revolving fund loans and is a reduction of the reserve for loans receivable in the fund balances of the funds.

4. Revolving loan fund:

On July 29, 1983, the State of Alaska established the Division as a revolving loan fund. This fund consists of all unexpended appropriations at July 29, 1983, including commitments and loans in progress. In addition, all principal repayments on loans closed on or after July 29, 1983 are included in the revolving fund. Loans closed before July 29, 1983, are not included in the revolving fund at June 30, 1984. As a consequence of this amendment, \$250,000 of principal repayments transferred to the State of Alaska General Fund during the year are now due to the revolving loan fund.

As disclosed in Note 6, subsequent to year end all loans were included in the revolving loan fund.

5. Transfers to the State of Alaska General Fund:

Transfers to the General Fund consist of all interest payments net of service fees charged by the seller/servicer and principal repayments on the general fund loans. The Division has transferred approximately \$3,400,000 in principal repayments during the fiscal year ended June 30, 1984 and approximately \$5,000,000 in principal repayments since inception.

6. Subsequent Event:

Subsequent to June 30, 1984, the Act establishing the revolving fund was amended. As of July 15, 1984, loans closed prior to July 1, 1983 will also be included in the revolving loan fund balance.

7. Reclassification:

Certain amounts on the 1983 financial statements have been reclassified to conform to 1984 presentation.

Special * nonconforming money AHFC — special purchase program for nonconforming loans



Analyst Programmer III starts 5/7

Default and Foreclosure Guidelines for Program Handbook drafted.



In-house seminar on "Construction Inspection."

New definition of "rural" HB 663, Section 7 signed 6/21 by Governor Sheffield — codified as Chapter 128, SLA 1984

DCRA/DCED cross training workshop — State Loan Pamphlet

Experimental field underwriting plan — Fairbanks.



Hookups to Anchorage Mainframe Computer.

Development of a written system of internal controls for the HAD Revolving Loan Fund.

May 1984

June 1984



(Above Top) Dillingham Loan Examiner reviews loan application with central office staff before processing. (Above) First loan application processed in Dillingham, Alaska.

HOUSING ASSISTANCE DIVISION PROGRAM DESCRIPTIONS

RURAL OWNER-OCCUPIED PROGRAM

The rural owner-occupied program provides financing to qualified borrowers for the construction and purchase of a unit which will be used as the borrower's principal residence. The program covers single-family, detached and duplex housing. Under this program, loans will not be made to professional builders who will not occupy the unit(s) or to compensate the borrower for his/her labor.

RURAL NONOWNER-OCCUPIED PROGRAM

The rural nonowner-occupied program provides financing to qualified borrowers for the construction, purchase or rehabilitation of rental housing units. The project may involve two to eight units in a single community or specific area outside a community and up to 16 units in areas demonstrating extraordinary need.

NONCONFORMING HOUSING LOAN PROGRAM

Through this program, financing can be obtained to construct, renovate, or purchase urban or rural housing units that will be occupied by the borrower but do not conform to specified standards. Housing units financed under this program must be occupied by the borrower. Nonconforming housing is structurally sound and poses no health or safety hazards to occupants. But because of outmoded construction practices, changes in current design standards, a lack of normal amenities or utilities, financing cannot be obtained through any other private, state or federal home mortgage loan program.

Also included under this program is property that does not have conventional marketable title because of a pending conveyance under the Alaska Native Claims Settlement Act.

HOME OWNERSHIP ASSISTANCE PROGRAM

This program provides assistance to persons of lower and moderate income to purchase or construct single-family, owner-occupied dwellings where the mortgage loan on the dwelling is originated or purchased by the Division under the Nonconforming Housing Loan Program or the Rural Owner-Occupied Program. As a new program, with draft regulations awaiting final review in the Office of The Attorney General, only a few loans will be made in FY 84 under this program.



(Left) Successful grant activities finance major housing projects such as the newly completed Robert W. Rude Senior Housing complex in Anchorage. (Above) Rural owner-occupied project.



With the start of a new fiscal year, the housing grants programs have appropriations of over \$165 million to award for projects statewide.

Fiscal year begins

July 1984

Assumption Guidelines for Handbook sent to all seller/servicers.

August 1984

Regulations on HOAF and State Assisted Housing Construction Program adopted. Minor changes in old regulations.

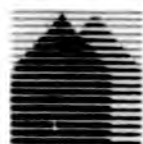
September 1984



Division awarded over \$7 million in grants to Senior Citizen Housing projects statewide.

October 1984

Contract proposal for drafting and publication of Handbook and brochures.



**STATE OF ALASKA
DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
HOUSING ASSISTANCE DIVISION**

ANCHORAGE:

Mr. Clark Boston, Director
Deputy Director Vacant
Mr. Wayne Mundy, Loan Manager
Mr. Dick Pryor, Housing Administrator
949 East 36th Avenue
(907) 561-0900 or
ZENITH-4585 (Toll Free)

BETHEL:

Ms. Evelyn Fisher, Loan Examiner
P.O. Box 348
Bethel, Alaska 99559
(907) 543-3864

DILLINGHAM:

Mr. Bobby Andrew, Loan Examiner
P.O. Box 10041
Dillingham, Alaska 99576
(907) 842-2245

FAIRBANKS:

Mr. Sam Barnes, Loan Examiner
1514 Cushman, Room 210
Fairbanks, Alaska 99701
(97) 452-4468

JUNEAU:

Ms. Mary Jo Jeans, Loan Examiner
Pouch B
Juneau, Alaska 99811
(907) 465-2267

KOTZEBUE:

Ms. Sophie Ferguson, Loan Examiner
P.O. Box 280
Kotzebue, Alaska 99752
(907) 442-3675

NOME:

Loan Examiner
P.O. Box 41
Nome, Alaska 99762
(907) 443-2655

**FOR YOUR INFORMATION THE
FOLLOWING BANKS HAVE
SIGNED OUR SELLER/SERVICER
AGREEMENT AND ARE NOW
PARTICIPATING IN THE
HOUSING ASSISTANCE
LOAN PROGRAMS:**

- *Alaska Continental Bank
- Alaska Federal Savings
- *Alaska Mutual Bank
- *Alaska National Bank of the North
- Alaska Pacific Mortgage Company
- *Alaska Statebank
- *Alaska Teamsters Federal
Credit Union
- *B.M. Behrends Bank
- *City Mortgage Corporation
- Colonial Mortgage Company
- *Fedalaska Federal Credit Union
- First Alaskan Mortgage &
Escrow Company
- *First Bank of Ketchikan
- *First Federal Bank, S.B.
- First Guaranty Mortgage Company
of Alaska
- *First Interstate Bank of Alaska
- *First National Bank of Anchorage
- *First National Bank of Fairbanks
- General Electric Mortgage Company
- *Kodiak Island Housing Authority
- *Lomas & Nettleton
- Mt. McKinley Mutual Savings Bank
- National Bank of Alaska
- *Peninsula Savings & Loan Association
- Rainier Bank Alaska
- *Rainier Mortgage Company
- *Security National Bank
- *Tlingit-Haida Regional Housing
Authority
- *United Bank Alaska
- *Westland Mortgage Service Company

*Indicates those lenders authorized to initiate HOAF loans under the Housing Assistance Rural Owner-Occupied Loan Program and the Nonconforming Housing Loan Program.

November 15 deadline for submittal of grant applications for the State Assisted Rental Housing Construction program. The Division expended \$3.5 million in grants under this program.



Clark D. Boston
Appointed Director
November 26, 1984



1984
Annual
Report
drafted

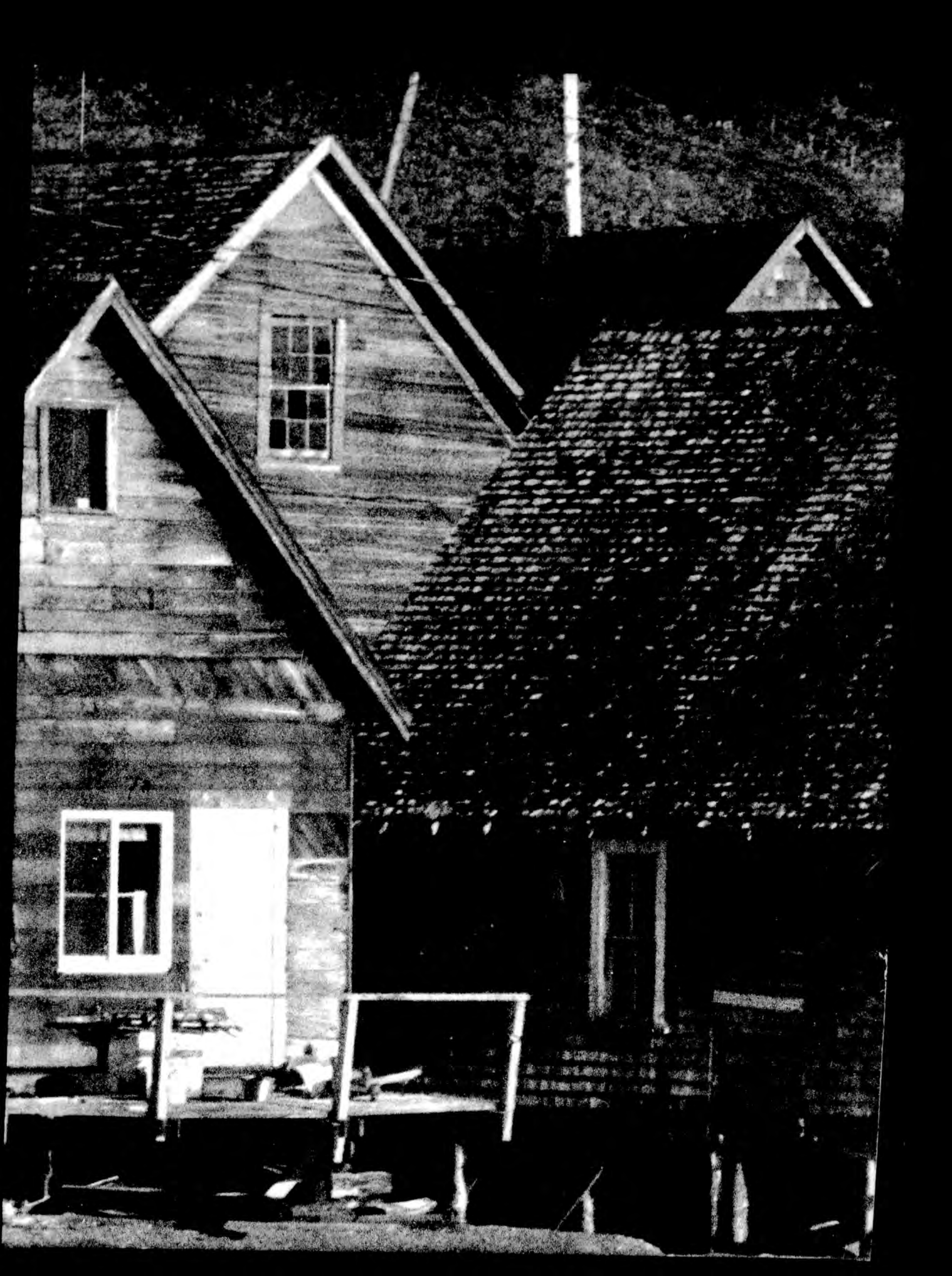
November
1984

November
1984

December
1984

In Memoriam

*This publication is dedicated to
the accomplishments of Floyd
Breedon, Loan Examiner, business
advocate, friend and member of the
staff from February 23, 1982 to
October 30, 1984.*



Alaska State Legislature

House of Representatives

Committee on Loans



POUCH V
JUNEAU, ALASKA 99811

PHONE
(907) 465-4919
(907) 465-4920

AGENDA

TUESDAY, 1/29/85

3:30 pm, Room 124 (House Judiciary)

Department of Community And Regional Affairs, Housing Assistance
Division overview.

For further information contact:

John Hartle, Aide to Rep. John Sund, Chair, House Committee on
Loans, Room 411 Capitol 465-4919

Items in folders:

Housing Assistance Division FY 86 Governor's proposed budget

Short Form pages - DC&RA, HAD

Detail Budget pages - DC&RA, HAD

Loans budget short form pages

HAD Statutes (AS 44.47) - See page 155

Program Descriptions

HAD Annual Report

House Research Agency Quarterly Activity Report

CH 102 SLA 83 (CSHB 302)

List of bills for House Loans Committee

HOUSING ASSISTANCE DIVISION
LOAN PROGRAM INFORMATION

The Housing Assistance Division (HAD) offers four loan programs; the Rural Owner Occupied, Rural Non-Owner Occupied, Nonconforming Housing Loan Program, and the Housing Rehabilitation Program. The following is a brief summary of these programs.

Rural Owner-Occupied Program - Provides financing to qualified borrowers for the construction or purchase of a single family residence and duplex housing for owner occupancy. The maximum loan term is 30 years.

For new construction, the Division may finance 100% of allowable cost incurred during construction or 85% of appraised value, whichever is less. The maximum dollar amount a borrower may receive is \$172,900 for single units and \$221,200 for duplexes.

For purchase of existing housing, the Division may finance 95% of the sale price or 95% of the appraised value, whichever is less. The maximum dollar amounts are the same for purchase as shown for construction.

Rural Non-Owner Occupied Program - Provides financing to qualified borrowers for the construction, purchase or rehabilitation of non-owner occupied rental housing units. The interest rate for this program is 10.5% with a maximum loan term of 30 years. The project may involve two to eight units in a single community or specific area.

The principal amount of the loan or loans for housing under this program can not exceed \$1,250,000.00. Also, the loan must not exceed 80% of the appraised value or 80% of the purchase price whichever is less. The borrower may not reside in the housing financed.

Nonconforming Housing Loan Program - Provides financing to qualified borrowers for the construction, rehabilitation or purchase of single family detached or duplex housing which exhibits one or more characteristics, with respect to design, construction practices, materials, foundation systems, utilities and minimum space requirements, which are not common to the community in which the property is located and which would ordinarily preclude financing by private financial institutions. The maximum loan term is 30 years.

For new construction, the Division may finance 100% of allowable cost incurred during construction or 85% of appraised value, whichever is less. The maximum dollar amount a borrower may receive is \$172,900 for single units and \$221,200 for duplexes.

For purchase of existing housing, the Division may finance 95% of the sales price or 95% of the appraised value, whichever is less. The maximum dollar amounts are the same for purchase as for construction.

Housing Rehabilitation Program - Provides financing to qualified borrowers for the repair, remodeling or rehabilitation of existing single family and duplex housing. In addition, the Division may provide first or second deeds of trust financing.

For first deeds of trust, the Division may finance 100% of allowable cost of construction, plus pay off any existing liens on the subject property. However, the amount financed may not exceed the lesser of 95% of the appraised value of the property, or \$172,900 for single families and \$221,200 for duplexes. The maximum term of the loan is 30 years.

For second deeds of trust, the Division may finance up to \$45,000 Maximum term for second is 15 years.

Under the Rehabilitation Program, the amount financed may include costs for contracted labor/services other than that of the borrower.

In the event a borrower requires financing for building materials only (no labor), the Division may provide rehab financing up to 80% of the appraised value of the subject property or \$45,000 whichever is less and the maximum term is 15 years.

The Homeownership Assistance Fund (HOAF) was created during the 1983 legislative session and became effective January 1, 1984. The purpose of this fund was to subsidize mortgage payments of low to moderate income borrowers. A qualified borrower may have their monthly mortgage payment subsidized to an interest rate as low as 6%. The subsidy amount is determined by how much the borrower can pay. Income limits, loan limits, and asset value limits are taken into consideration.

The borrower(s) household income limits must not exceed the following:

1-2 adults	\$30,000, plus
1st child	5,000
Additional children or adult	\$ 1,500

The borrower's maximum gross yearly income limit can not exceed \$39,500 per household. Additionally, the borrower may not have assets that exceed three times the applicable income limit for the household. Assets do not include permits for business opportunities, restricted title land, or land, acquired through ANCSA or ANILCA.

The loan limits are as follows:

1-2 member family	\$105,000
3 member family	110,000
4 or more member family	120,000

Additionally, for those borrowers whose home is owner-built new construction, the following appraised values may not be exceeded:

1-2 member family	\$130,000
3 member family	140,000
4 or more member family	150,000

Once the borrower is determined eligible to obtain a loan with a HOAF subsidy, they are required to enter an assistance agreement. The agreement is re-evaluated at least annually to determine continued eligibility, and the monthly subsidy amount for the next year.

How to Apply - Anyone interested in applying for a housing loan of any type through the Division must first contact all approved mortgage lenders which service the area where the property is located. In the event financing cannot be obtained through this source, the Division may provide financing directly to the borrower.

The interest rates for the Rural Owner-Occupied and Nonconforming Housing Loan Programs fluctuate. The information provided is general in nature and other restrictions may apply.

SUPPLEMENTAL HOUSING DEVELOPMENT GRANTS

Governing Regulations: 19 AAC 88.010 - .900

Governing Statutes: AS 18.55.998

Funding Available:

FY84	\$3,500,000
FY85	\$3,500,000

Program Summary: This grant program provides grants only to regional housing authorities as supplemental funding to their approved HUD housing projects. Statute limits the grants to regional housing authorities. The statute also limits the grant to project site development for road, water and sewer and electrical distribution work. Grant awards are made to each project when HUD submits to this division an approved HUD project budget indicating the need for supplemental funding and signs concurrence in the need for a grant award. Payment under the grant for the work is made to the housing authority upon HUD's providing a copy of the construction contract for the work and requests payment. The work accomplished with State funds is part of the HUD project and is reviewed, in design and construction by HUD. We have a Memorandum of Understanding with HUD, BIA, and PHS on all aspects of this grant program.

Criteria for Award:

1. HUD project approved
2. Housing authority request
3. HUD concurrence
4. HUD budget shows need for supplemental funding and amount for roads, water, sewer and electrical distribution
5. Construction contract for work provided

Process for Award of Grants: There is no advertisement for grant applications or deadline for grant requests. The grants are awarded on a first come first served basis within the funds available in accordance with the grant award process outlined above.

STATE ASSISTED RENTAL HOUSING CONSTRUCTION PROGRAM

Governing Regulations: 19 AAC 83.010 - .900

Governing Statutes: AS.44.47.630 - .635

Funding Available:

FY84	\$5,000,000
FY85	\$3,580,000

Program Summary: This program became effective January 1, 1984. The legislature appropriates funds to the Low Cost and Low Income Multiple Family Housing Development Fund to provide grants to municipalities or public or private non profit corporations for planning and construction of low income rental housing.

The division provides notice in newspapers statewide of the grant application period and deadline for grant applications, and also provides this notice to an extensive mailing list of possible interested applicants. The first application deadline is November 15 annually. The applications are reviewed by a committee and awards announced not later than January 31 annually. An appeal period is provided for the applicants not selected. Following the appeal period, grant agreements are entered into with the successful applicants.

Criteria for Selection of Applicants:

1. Need for housing
2. Other funding available
3. Project Feasibility
4. Rental cost
5. Management plan
6. Evidence of community support
7. Project cost per unit
8. Project density

Process of Awarding Grants:

1. Advertise in papers and mailout of mailing list
2. Selection committee established
3. Selection committee sets criteria and rates and ranks grant applicants
4. Grant awards announced by DCRA Commissioner
5. Appeal period of 15 days provided to non selected applicants
6. Grant agreements prepared and executed

SENIOR CITIZEN HOUSING DEVELOPMENT FUND

Governing Regulations: 19 AAC 85.010 - .130

Governing Statutes: AS 44.47.610 - .620

Funding Available: FY84 \$10,000,000
 FY85 \$ 8,000,000

Program Summary: This grant program awards grants for both the planning and construction of senior citizen housing. The grant applicants are limited to municipalities and public and private non-profit corporations. Notices are placed in newspapers statewide announcing the grant periods and deadlines for grant applications for award. Notice is also sent to an extensive mailing list for this grant program. Planning grant applications are received and grant awards made four times a year, in July, October, January and April. These grants are up to \$75,000, depending on the size of the project. Grants for construction are awarded twice annually in November and March, depending on funding. The grant applications are reviewed and ranked by a selection committee and awards announced by the Commissioner. An appeal process is provided for the applicants not selected. This grant program provides senior citizen housing statewide. The program is administered out of the Housing Assistance Division in Anchorage.

Criteria for Selection of Applicants:

- A. Planning Grants
 - 1. Satisfactory completion of application
 - 2. Establishment and documentation of housing need
 - 3. Establishment of a senior citizen steering committee

- B. Construction Grant
 - 1. Satisfactory completion of application
 - 2. Housing need
 - 3. Other funding and rental subsidy available
 - 4. Feasibility analysis
 - 5. Management plan

Grant Award Process:

- 1. Advertise in newspapers statewide and send notice to extensive mailing list of grant application period and deadline.
- 2. Establish a selection committee
- 3. Committee set criteria and rate and rank applications
- 4. Grant awards announced by Commissioner
- 5. Appeal period of 15 days is provided to non selected applicants
- 6. Grant agreements are prepared and executed

Senior Citizen Housing Development Fund (cont'd)

Grant Award Process:

1. Advertise in newspapers statewide and send notice to extensive mailing list of grant application period and deadline.
2. Establish a selection committee
3. Committee set criteria and rate and rank applications
4. Grant awards announced by Commissioner
5. Appeal period of 15 days is provided to non selected applicants
6. Grant agreements are prepared and executed

STATE OF ALASKA
DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
HOUSING ASSISTANCE DIVISION

HOUSING ASSISTANCE LOAN PROGRAM
Alaska Statutes 44.47.360-.560

Three kinds of loans are available under this program; Nonconforming Housing, Rural Nonowner-occupied and Rural Owner-occupied.

NONCONFORMING HOUSING LOAN PROGRAM

WHAT IS THIS LOAN PROGRAM FOR?

This program provides financing for construction, rehabilitation or purchase of single family or duplex housing which, because of uncommon design, construction practices, materials, foundation systems, utilities and minimum space requirements may not qualify for financing by private financial institutions.

WHO CAN APPLY FOR A LOAN?

Individuals who are at least 18 years old or older, and a resident of the State of Alaska, may apply for a loan. The borrower must occupy one of the units as a principal residence.

HOW MUCH CAN BE BORROWED?

Maximum loans under the program equal the limits set by the Federal National Mortgage Association, currently \$171,000 for a single family residence and \$218,700 for a duplex.

WHAT IS THE INTEREST RATE?

The interest rate for nonconforming housing is $\frac{1}{8}\%$ higher than the rate based on the most current Alaska Housing Finance Corporation bond sale. A one point discount is available to veterans.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

You may be allowed up to 30 years or the remaining economic life of the property, whichever is less, to repay the loan.

IS COLLATERAL REQUIRED?

The loan must be secured by collateral. The structure being financed is usually sufficient collateral.

WHERE CAN I APPLY FOR A LOAN?

Loans are available through participating lending institutions. Applying for a loan under this program is basically the same as applying for a conventional home mortgage loan.

STATE OF ALASKA
DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
HOUSING ASSISTANCE DIVISION

For additional information on this program or loan application forms, please contact a participating lending institution or the Housing Assistance Division office located in your area:

Anchorage:

Housing Assistance Division
949 E. 36th Avenue, Suite 400
Anchorage, Alaska 99508
Telephone: 561-0900
Toll Free Number: ZENITH 4585

Regional Offices:

Housing Assistance Division
P.O. Box 41
Nome, Alaska 99762
Telephone: 443-2655

Housing Assistance Division
Kuskokwim Office Building
P.O. Box 348
Bethel, Alaska 99559
Telephone: 543-3864

Housing Assistance Division
Drift Inn, 2nd Floor
P.O. Box 280
Kotzebue, Alaska 99752
Telephone: 442-3675

Housing Assistance Division
Kangliqutaq Office Building
P.O. Box 10041
Dillingham, Alaska 99576
Telephone: 842-2245 or 2255

Housing Assistance Division
1514 Cushman St., Room 206
Fairbanks, Alaska 99701
Telephone: 452-4468

Housing Assistance Division
Community Building, Room 209
Pouch B
Juneau, Alaska 99811
Telephone: 465-2267

STATE OF ALASKA
DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
HOUSING ASSISTANCE DIVISION

HOUSING ASSISTANCE LOAN PROGRAM
Alaska Statutes 44.47.360-.560

RURAL NONOWNER-OCCUPIED PROGRAM

WHAT IS THIS LOAN PROGRAM FOR?

This program provides financing for the construction, purchase or rehabilitation of two, up to eight, rural nonowner-occupied rental housing units. Under extraordinary circumstances, the division may finance up to 16 rental units.

WHO CAN APPLY FOR A LOAN?

Individuals who are at least 18 years old and residents of the State of Alaska, and Alaska businesses may apply for a loan. The borrower may not occupy any of the units as a principal balance.

HOW MUCH CAN BE BORROWED?

The maximum loan amount is \$1,250,000.

WHAT IS THE INTEREST RATE?

The interest rate for this program is 10½%

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

You may be allowed up to 30 years or the remaining economic life of the structure, whichever is less, to repay the loan.

IS COLLATERAL REQUIRED?

The loan must be secured by collateral. The structure(s) being financed is (are) usually sufficient collateral.

WHERE CAN I APPLY FOR A LOAN?

Loans are available through participating lending institutions. The division may issue loans directly to borrowers in areas not regularly served by commercial mortgage lending institutions.

STATE OF ALASKA
DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
HOUSING ASSISTANCE DIVISION

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Anchorage:

Housing Assistance Division
949 E. 36th Avenue, Suite 400
Anchorage, Alaska 99508
Telephone: 561-0900
Toll Free Number: ZENITH 4585

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Telephone: 443-2655

Housing Assistance Division
Kuskokwim Office Building
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Bethel, Alaska 99559
Telephone: 543-3864

Housing Assistance Division
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STATE OF ALASKA
DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
HOUSING ASSISTANCE DIVISION

HOUSING ASSISTANCE LOAN PROGRAM
Alaska Statutes 44.47.360-.560

RURAL OWNER-OCCUPIED PROGRAM

WHAT IS THIS LOAN PROGRAM FOR?

This program provides financing for the construction, rehabilitation or purchase of single family or duplex housing.

WHO CAN APPLY FOR A LOAN?

Individuals who are at least 18 years old and residents of the State of Alaska may apply for a loan. The borrower must occupy one of the units as a principal residence. A borrower is limited to one State subsidized housing loan for owner-occupancy.

HOW MUCH CAN BE BORROWED?

Maximum loans under the program equal the limits set by the Federal National Mortgage Association, currently \$171,000 for a single family residence and \$218,700 for a duplex.

WHAT IS THE INTEREST RATE?

The interest rate is one point less than the rate based on the most current Alaska Housing Taxable Bond Sale. Traditionally, the interest rate for nonveterans under this program has been in the 8 to 11 percent range. an additional one point discount is available to veterans.

HOW MUCH TIME IS ALLOWED TO REPAY THE LOAN?

You may be allowed up to 30 years or the remaining economic life of the structure, whichever is less, to repay the loan.

IS COLLATERAL REQUIRED?

The loan must be secured by collateral. The structure being financed is usually sufficient collateral.

WHERE CAN I APPLY FOR A LOAN?

Loans are available through participating lending institutions. The division may issue loans directly to borrowers in areas not regularly served by commercial mortgage lending institutions.

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Community Building, Room 209
Pouch B
Juneau, Alaska 99811
Telephone: 465-2267

PROGRAM DESCRIPTION

CATEGORY: Loan Programs

AGENCY: Community and Regional Affairs

PROGRAM: Housing Assistance Loan Fund

Pursuant to AS 44.47.380, the Housing Assistance Loan Fund was created as a revolving loan fund for the purpose of originating, purchasing and participating in loans for rural housing and nonconforming urban housing. The primary objective of this program is to ensure that the maximum number of eligible Alaskans have access to safe, affordable housing through the delivery of loan funds. Borrowers are assisted with mortgage loan applications through seven offices located in Anchorage, Juneau, Bethel, Dillingham, Nome, Kotzebue and Fairbanks. Although a large majority of loans made under this program are through financial institutions, direct lending services are also available to qualified buyers whose loan applications are unattractive to private lending institutions.

In addition to loans for rural and nonconforming housing, the Housing Assistance Loan Fund is also used to provide funds for:

1. low and moderate income single family housing; the subsidy for these loans is furnished by the assets of the Housing Ownership Assistance Fund (AS 44.47.382);
2. non-owner occupied housing; up to 20% of the principal amount of loans made to rural and nonconforming urban housing may be used for non-owner occupied housing loans (AS 44.47.520)

For FY85 and prior years, appropriations were also made to the Senior Citizens Housing Development Fund (AS 18.54.070) for the purpose of making grants for the development of senior citizens housing. No funding is requested for this purpose in the Governor's proposed FY86 budget.

STATE OF ALASKA -- BUDGET UNIT SUMMARY

09:02

12/26/84

AGENCY: DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS
CATEGORY: LOAN PROGRAMS

PROGRAM: DIVISION OF HOUSING ASSISTANCE

COMPONENT DESCRIPTION	FY84 ACT	ADJ BASE	FORMULA	INCREMNT	REQUEST	GOVERNOR	HOUSE	SENATE	C. C.	BILLS	LEG.REC.
HOUSING ASSISTANCE LOAN FUND	45000.0				45000.0	37000.0					
** TOTAL	45000.0				45000.0	37000.0					
** CHANGE VERSUS FY84 ACT				-100.0%		-17.7%	-100.0%	-100.0%	-100.0%		
OBJECT DESCRIPTION											
MISC.	45000.0				45000.0	37000.0					
FUNDING SUMMARY											
GENERAL FUND	45000.0				45000.0	37000.0					
** GENERAL FUND CHANGE VS. FY84 ACT				-100.0%		-17.7%	-100.0%	-100.0%	-100.0%		

11-18-60-10-00 (00-00-0-00-00-00)

STATE OF ALASKA -- COMPONENT BUDGET SUMMARY

07:02

12/26/84

AGENCY: DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS
 CATEGORY: LOAN PROGRAMS

PROGRAM: DIVISION OF HOUSING ASSISTANCE
 SUB-PROGRAM: HOUSING ASSISTANCE LOAN FUND

FISCAL YEAR 1985

EXPENDITURES & FUNDING	(18) FY83 ACT	(01) FY84 ACT	(02) FY85 ATH	(03) ADJ BASE	(04) FORMULA	(05) INCREMENT	(06) REQUEST	(08) GOVERNOR	(09) HOUSE	(10) SENATE	(11) C. C.	(12) BILLS	(13) LEG.REC.
01 PERS. SERV.													
02 TRAVEL													
03 CONTRACTUAL													
04 COMMODITIES													
05 EQUIPMENT													
06 LANDS/BLDGS													
07 GRANTS, CLMS													
08 MISC.	45000.0	45000.0	45000.0				45000.0	37000.0					
** TOTAL EXPEND	45000.0	45000.0	45000.0				45000.0	37000.0					
09 I-A TRANSFER													
1004 GEN FUND	45000.0	45000.0	45000.0				45000.0	37000.0					
15 FULL TIME													
16 PART TIME													
17 TEMPORARY													
18 STAFF MONTHS													

11-18-60-10-00 (00-00-0-00-00-00)

STATE OF ALASKA -- COMPONENT BUDGET ANALYSIS

09:02

12/26/84

AGENCY: DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS
CATEGORY: LOAN PROGRAMS

PROGRAM: DIVISION OF HOUSING ASSISTANCE
SUB-PROGRAM: HOUSING ASSISTANCE LOAN FUND

***** GOVERNOR ANALYSIS *****

OBJECT GROUP	VARIATION		DESCRIPTION: GOVERNOR (\$37,000.0) VERSUS FY85 ATH (\$45,000.0)
08 MISC.	-8000.0	-17.8%	
** TOTALS	-8000.0	-17.8%	

MEMORANDUM

State of Alaska

Community and Regional Affairs

TO: Jay Hogan
Associate Director
Division of Budget Review
Office of Management & Budget

FROM: *Emil Notti*
Emil Notti
Commissioner

DATE: October 3, 1984

FILE NO:

TELEPHONE NO: 465-4700

SUBJECT: FY 86 Loan Budget

00064

Attached is the official FY 86 Loan Budget submission for the Department of Community and Regional Affairs.

Attachment

cc: Jeff Smith
Remond Henderson
Marge Listberger
Sana Efird

RECEIVED
OCT 10 1984

BUDGET REVIEW

AGENCY PRIORITY	PROGRAM TITLE	LOCATION	FUNDING	AGENCY REQUEST	GOVERNOR
1	Housing Assistance Development	Statewide	FEDERAL RECEIPTS	-0-	
			GENERAL FUNDS	45,000.0	37,000.0
			OTHER: Prq Rcpts	8,000.0	8,000.0
			Carry Forward	9,000.0	4,000.0
			TOTAL	62,900.0	54,000.0
			FEDERAL RECEIPTS		
			GENERAL FUNDS		
			OTHER:		
			TOTAL		
			FEDERAL RECEIPTS		
			GENERAL FUNDS		
			OTHER:		
			TOTAL		
			FEDERAL RECEIPTS		
			GENERAL FUNDS		
			OTHER:		
			TOTAL		
			FEDERAL RECEIPTS		
			GENERAL FUNDS		
			OTHER:		
			TOTAL		

A3 AGENCY LOAN PROGRAM

AGENCY Community & Regional Affairs

FY 86

PAGE 1 OF 1

REVISED DATE

00065

TITLE		LOCATION			AGENCY PRIORITY	NAME AND PHONE OF AGENCY CONTACT	
Housing Assistance Loan Fund		Statewide			86-1	Barbara Morse-Quinn - 561-0900	
PROGRAM FUNDING	FY 84	FY 85	FY 86	GOVERNOR	OTHER FINANCIAL INFORMATION (INCLUDING FY 85)		TOTAL
TOTAL ANNUAL LOAN DEMAND	55,400.0	62,400.0	65,000.0	54,000.0	TOTAL APPROPRIATIONS		185,000.0
TOTAL APPROPRIATIONS AND REQUESTS	45,000.0	45,000.0	45,000.0		TOTAL INTEREST RETAINED		
1002 FEDERAL RECEIPTS	-0-	-0-	-0-		TOTAL BONDS ISSUED		-0-
1004 GENERAL FUNDS	45,000.0	45,000.0	45,000.0	37,000.0	BONDS AUTHORIZED BUT NOT ISSUED		-0-
1028 PROGRAM RECEIPTS	-0-	-0-	-0-		TOTAL PROGRAM FUNDING		185,000.0
1006 GENERAL OBLIGATION BONDS	-0-	-0-	-0-		WHAT ARE THE TOTAL ADMINISTRATIVE COSTS FOR OPERATING THE LOAN PROGRAM FOR FY 86?		
OTHER					2703.5		
TOTAL OTHER PROGRAM FUNDING					WHAT AMOUNT OF TOTAL ADMINISTRATIVE COSTS ARE OBTAINED FROM LOAN INTEREST, PRINCIPAL OR FEES?		
ESTIMATED CARRY FORWARD BALANCE	12,000.0	15,300.0	9,900.0		829.9		
INTEREST RETAINED							
PRINCIPAL REPAYED	3,900.0	6,000.0	8,000.0				

DESCRIBE THE PROGRAM AND EXPLAIN IMPACTS ON THE PROGRAM OF RECEIVING IN FY 86 75% OF FY 85 AUTHORIZED GENERAL FUNDS AND 50% OF FY 85 AUTHORIZED GENERAL FUNDS:

The Housing Assistance Loan Fund was created to provide money to originate, purchase or participate in the purchase of loans for rural housing and nonconforming urban housing. Approximately 97% of all loans have been made through a private financial institution and purchased by the Division. The remaining 3% are loans made directly to borrowers by the Division because no private financial institution was willing to service the borrowers' area. The Division has total loans in excess of 1,900 which require computerized accounting. Payments are collected for 30 years and are received for principal and interest. Section 12, Chapter 102, SLA 1983 changed the fund to a revolving loan fund and allows the Division to retain loan principal payments. In FY 86, approximately 14% of the total funds available are from principal payments.

L1	LOAN PROGRAM DESCRIPTION
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AGENCY Community & Regional Affairs
 CATEGORY Economic Development
 PROGRAM Development
 TITLE Housing Assistance

PAGE	1	OF	3
REVISED DATE			

FY 86
RECEIVED
 OCT 10 1984
 00066

Based on past fiscal years' activities, the Division projects financing in FY'86 approximately 643 new loans with \$45.0 million in new appropriations, \$9.9 million in carryover funds, and \$8 million in repaid principal and payoffs. By statute a minimum of 80% of the funds will be utilized in rural Alaska with the remainder available for urban nonconforming properties. The Division is projecting 505 loans for rural housing and 138 loans for nonconforming housing in urban areas. The \$50.0 million allocated to rural Alaskan properties represents in most cases the only available source of mortgage funds. These rural funds will construct approximately 231 new dwellings, finance the sale of 208 existing structures, renovate 60 existing structures and finance 160 rental units. It should be noted that in addition to benefits for individual property investors, the expenditure of these loan funds translates into direct employment opportunities for primary consumers in construction labor, materials suppliers, freight companies, and banks. Funds also indirectly affect the local economy when homeowners purchase goods and services in the community.

The analysis of the programmatic effect of receiving 75% of FY 85 general funds in FY 86 must also discuss the overall impact based on the other funds available during FY 85. The FY 85 general fund allocation of \$45 million, \$15.3 in carry forward funds, and \$6.0 in principal repayments will finance 543 loans for rural housing and 128 loans for nonconforming in urban areas. At 75%, the FY 86 general fund allocation would be \$33.75 million plus \$8 million in principal repayments, and \$9.9 million in carryover funds. At 75%, the net dollar effect is a drop from \$62.4 million in FY 85 to \$47.75 million in FY 86 or about a 24% decrease in the total funding scope of the program. At this level it is estimated that the Division can finance approximately 520 loans, of which about 416 loans would be for rural housing and 104 loans for urban nonconforming housing. This drop in funding would depress economic activity in the regional centers, primarily through a substantial reduction in the number of new housing starts.

AGENCY Community and Regional Affairs

PROGRAM Economic Development

BRU Development

COMPONENT Housing Assistance

FY 86

L1

ADDITIONAL
EXPLANATION
FORM

PAGE 2 OF 3

REVISED DATE

00067

The impact on the FY 86 program of receiving only 50% of the FY 85 general funds is even more drastic. At 50% of the FY 85 general fund allocation, \$22.5 million from the general fund, \$9.9 million in carryover funds, and \$8 million from principal repayments would be available in FY 86. At the 50% level, the net dollar effect is a drop from \$62.4 million in FY 85 to \$36.5 million in FY 86, or a decrease of about 47% of the FY 85 total funds available. The results would be a dramatic decrease in the number of total loans made through the program, from 671 in FY 85 to about 400 in FY 86. This decrease would have its greatest impact on the rural regional centers, and a secondary impact on the Anchorage and Fairbanks economies since most of the supplies flow through those cities. It should be noted that the Division projects a demand for financing in FY 86 of \$65.0 million and at this level, the Division would only meet about 50% of that demand. With very little other secondary financing available, many Alaskans could not enjoy the safety and affordability of housing now provided.

AGENCY Community and Regional Affairs

PROGRAM Economic Development

BRU Development

COMPONENT Housing Assistance

L1

ADDITIONAL
EXPLANATION
FORM

FY 86

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REVISED DATE

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OTHER FINANCIAL AND PROGRAM INFORMATION				INFORMATION FOR SUBSIDY CALCULATION		
	FY 84 ACTUAL	FY 85 AUTHORIZED	FY 86 REQUEST	STATUTORY LOAN RATE	See AE3	
ESTIMATED TOTAL SUBSIDY	22,305.0	36,736.0	49,721.0	STATUTORY MAXIMUM LOAN MATURITY	Page	
ESTIMATED RATE OF SUBSIDY	21.9	23.0	23.5	APPROPRIATE U.S. TREASURY INTEREST RATE	12%	
AVERAGE LOAN SIZE	80.0	84.0	91.7	ESTIMATED COST OF FUNDS FOR BOND ISSUE		
NUMBER OF LOANS MADE	560	671	643	ARE PRINCIPAL DEFERMENTS ALLOWED?	YEARS	YES NO
VALUE OF LOANS MADE ANNUALLY	46,700.0	56,400.0	59,000.0	IF YES, NUMBER OF YEARS:	_____	<input type="checkbox"/> <input checked="" type="checkbox"/>
VALUE OF OUTSTANDING LOANS AT FY END	102,000.0	159,778.0	211,653.0	ARE INTEREST DEFERMENTS ALLOWED?	_____	<input type="checkbox"/> <input checked="" type="checkbox"/>
AVERAGE DELINQUENCY RATE	1.77%	1.85%	1.85%	IF YES, NUMBER OF YEARS:	_____	<input type="checkbox"/> <input checked="" type="checkbox"/>
OTHER PROGRAM INDICATORS				IS LOAN FORGIVENESS ALLOWED?		<input type="checkbox"/> <input checked="" type="checkbox"/>

PROGRAM JUSTIFICATION:

The Housing Assistance Loan Fund BRU is designed to ensure that, through the delivery of loan funds, the maximum number of eligible Alaskans have access to safe, affordable housing. To meet this objective, the Housing Assistance Division offers to eligible Alaskans housing loan programs that focus on the development of rural housing stock and the upgrade or conversion of nonconforming housing stock statewide. Borrowers are assisted with mortgage loan applications through seven offices of the Division, located in Anchorage, Juneau, Bethel, Dillingham, Nome, Kotzebue and Fairbanks. Direct lending services are also available to qualified borrowers whose loan applications are unattractive to private lending institutions.

The administration and delivery of loan funds throughout Alaska assists in meeting the Division's continuous goal of developing safe, affordable, and quality housing for all Alaskan citizens. Economic development is enhanced regionally as well as locally through creation of construction employment, use of professional services, transportation of building materials, expenditures in local areas by construction laborers, and improvements to the community in quality housing stock.

L2 LOAN PROGRAM
JUSTIFICATION

AGENCY Community and Regional Affairs

CATEGORY Economic Development

PROGRAM Development

TITLE Housing Assistance

FY 86

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The improvement of rural housing stock is a major factor in stabilizing growth of both regional and remote sites through the enhanced quality of life that it provides. Attractive, affordable housing is a catalyst in encouraging the private investment necessary to develop a healthy diversified economic base and a high standard of living.

As the loan portfolio increases, staff travel needs grow. Current staff activities include assistance with applications, housing inspections, loan closings, and construction management assistance to grant recipients. Further travel funds requested will provide for development of education and information outreach programs within the Division. Such programs will focus on basic mortgage lending information, collection of housing need data and general assistance functions by field staff.

The Division believes that the successful transition to healthy self-sufficient economies in rural communities of Alaska is affected by two factors: (1) loan fund delivery, and (2) an accompanying understanding by potential borrowers of the role such funds play in general economic development of their region. The request for loan funds supports the plans of this division to contribute to the growth and development of rural Alaska.

The Home Ownership Assistance Fund (HOAF) consists of money appropriated to it by the legislature. Money in the fund is used solely to assist persons of lower and moderate income to purchase single-family homes financed under AS 44.47.460 - 44.47.560 by providing a subsidy to those persons in the amount that is necessary to reduce the annual interest rate paid on the mortgage loan to a minimum of six percent.

Approximately 36% of the Housing Assistance Loan Fund BRU request and other available funds will be used to fund 251 loans under the HOAF program. The amount required in subsidy funds for FY 86 is \$630,000.

A major benefit of the HOAF subsidy is to increase the number of rural residents served by the housing program. The only positive alternative to a HOAF subsidy would be to lower interest rates for all Housing Assistance loan programs to six percent.

AGENCY Community and Regional Affairs

PROGRAM Economic Development

BRU Development

COMPONENT Housing Assistance

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STATUTORY LOAN RATE

Nonconforming Housing: The interest rate on a mortgage loan for nonconforming housing that is not defined as rural, and which is originated or purchased in whole or in part under AS 44.47.380, is one-quarter percent more than the interest rate, as determined under AS 19.56.098(g)(1)-(4), on a mortgage loan purchased under 18.56.098(a) from the proceeds of the most recent applicable issue of taxable bonds before the origination or purchase of the nonconforming housing mortgage loan.

Rural Owner Occupied Housing: The interest rate on a mortgage loan for rural housing originated or purchased in whole or in part under AS 44.47.380 is one percent less than the interest rate, as determined under AS 18.56.098(g)(1)-(4), on a mortgage loan purchased under AS 18.56.098(a) from the proceeds of the most recent applicable issue of taxable bonds before the origination or purchase of the rural housing mortgage loan.

Nonowner Occupied Housing: The interest rate on a mortgage loan for non-owner occupied housing, currently 10.5%, is established in AS 44.47.520(b).

AGENCY Community and Regional Affairs
PROGRAM Economic Development
BRU Development
COMPONENT Housing Assistance

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ADDITIONAL
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Department of Community and Regional Affairs
Component Fact Sheets

BRU: Housing Assistance Loan Fund (HALF)
 COMPONENT: Housing Assistance Administration
 DESCRIPTION: Administers a variety of housing loans through the Housing Assistance Loan Fund for owner and nonowner occupancy primarily in smaller, rural communities with some emphasis on nonconventional properties in urban Alaska. Programs include:

- Rural Owner-Occupied Housing Loans (ROO)
- Rural Nonowner-Occupied Housing Loans (RNOO)
- Nonconforming Housing Loans, Urban/Rural (NCU/R)
- Home Ownership Assistance Fund Loans (HOAF)
- Building Materials Loans (BML)
- Renovation/Rehabilitation Loans (R/R)

Performance Measures

1. Loan Portfolio (12/31/84)		\$128,388,902
+Outstanding Commitments		32,433,625
+Paid-off Loans		7,916,400
Total Loan Activity		<u>\$168,738,927</u>
2. Total Closed Loans	=1671=	<u>\$136,305,302</u>
ROO Loans Closed	= 752=	68,160,471
RNOO Loans Closed	= 58=	13,272,681
NCU Loans Closed	= 484=	31,788,885
NCR Loans Closed	= 377=	23,083,265
3. Loan Fund Distribution (Closed Loans)		
77% Rural		104,516,417
23% Urban		<u>31,788,885</u>

Department of Community and Regional Affairs
Component Fact Sheets

FUNDING:	<u>FY'84 ADJ</u>	<u>GOVERNOR'S</u>
GF:	\$1,752.5	\$1,752.5
INTERAGENCY RECEIPTS:	23.6	23.6
PROGRAM RECEIPTS:	829.9	829.9
TOTAL:	<u>\$2,606.0</u>	<u>\$2,606.0</u>

ISSUES:

This loan program is the only program adequately servicing markets in areas where conventional financing profits are limited. With the receipt of the rural loan authority from AHFC in FY'83, the division has issued total commitments of nearly \$181 million in rural housing loans. This record far exceeds any previous records established by any other program serving rural Alaska for the past decade. The success rate of this activity is primarily attributed to the regionalization of loan staff and the involved outreach and training efforts of the central office staff.

Urban nonconforming loan demand continues to climb. There are no alternatives to conventional financing of Alaska's older urban properties. While the division discourages new construction of nonconforming homes, and while limited by statute to a small portion of available funds, this program is often demanded as a main form of financing in communities such as Fairbanks, Juneau, Anchorage, Sitka and Ketchikan.

Home Ownership Assistance Fund subsidies began on January 1, 1984 and are targeted to owner-occupied loans available through existing programs of the division. This program will reach rural and nonconforming home loan borrowers in need of additional subsidy to purchase housing, build equity, and participate in Alaska's housing investments in their communities.

Department of Community and Regional Affairs
Component Fact Sheets

FY 1981	\$10,000,000	SPENT	\$9,993,675
		CARRY FORWARD	\$6,325
	<u>PROGRAMS:</u>	NONCONFORMING URBAN	
		NONCONFORMING RURAL	
FY 1982	\$40,000,000	SPENT	\$15,776,750
		CARRY FORWARD	\$24,229,575
	<u>PROGRAMS:</u>	NONCONFORMING URBAN	
		NONCONFORMING RURAL	
FY 1983	\$45,000,000	SPENT	\$56,720,443
	[500,000]	CARRY FORWARD	\$12,009,132
	\$44,500,000		
	<u>PROGRAMS:</u>	NONCONFORMING URBAN	
		NONCONFORMING RURAL	
		RURAL OWNER-OCCUPIED	
		RURAL NONOWNER-OCCUPIED	
FY 1984	\$45,000,000	SPENT	\$45,633,350
		CARRY FORWARD	\$11,375,782
	<u>PROGRAMS</u>	NONCONFORMING URBAN	
		NONCONFORMING RURAL	
		RURAL NONOWNER-OCCUPIED	
		HOME OWNERSHIP ASSISTANCE FUND PROGRAM	
FY 1985	\$45,000,000	SPENT	\$40,998,125
	<u>PROGRAMS</u>	NONCONFORMING URBAN	
		NONCONFORMING RURAL	
		RURAL NONOWNER-OCCUPIED	
		HOME OWNERSHIP ASSISTANCE FUND PROGRAM	

LOAN PORTFOLIO (TO DATE) (12/31/84) \$128,388,902

TOTAL NUMBER OF LOANS MADE (TO DATE) 1671 for \$136,305,302

NONCONFORMING RURAL	377 for	\$23,083,265
NONCONFORMING URBAN	475 for	\$31,054,185
RURAL OWNER-OCCUPIED	746 for	\$67,594,471
RURAL NONOWNER-OCCUPIED	58 for	\$13,272,681
HOAF	15 for	\$ 1,300,700

LOAN FUND DISTRIBUTION

RURAL	\$104,516,417 FOR 77% OF PORTFOLIO
URBAN	\$31,788,885 FOR 23% OF PORTFOLIO

NOTE: Currently the Division has approximately 312 additional loans with outstanding commitments worth approximately \$32,433,625.

NONCONFORMING URBAN	\$ 4,073,750	(59)
RURAL OWNER-OCCUPIED	\$20,286,175	(217)
RURAL NONOWNER-OCCUPIED	\$ 8,073,700	(36)

Department of Community and Regional Affairs
Component Fact Sheets

BRU: Housing Assistance

COMPONENT: Housing Construction Development

DESCRIPTION: This component administers all Housing Assistance activities that are not related to loans with a specific emphasis on moderate or lower income housing consumers, senior citizens and Native or Indian housing projects. It is designed to receive and administer any housing project that can leverage federally funded projects in Alaska, and to coordinate housing information data.

Performance Measures

The following have been delivered by this BRU:

Senior Citizen Housing Construction Development
\$51,500,000 - 954 units constructed/215 units planned.

Supplemental Housing Development Fund
\$26,651,532 - 1923 housing units supplementing 75 project locations and leveraging \$177,300,600 of HUD Indian housing funds.

Low Cost/Low Income Multiple Family Housing Development Fund
\$8,580,000 - Program began 1/1/84. Funds will finance projects in two to three locations statewide with rents 20% lower than HUD published fair market valuations.

Tlingit-Haida Federal Budget Impact Fund Grant
\$419,000 for BIA/Housing Improvement Program funded cuts in FY'83.

Anchorage Neighborhood Housing Services Demonstration grant
\$586,300 - 16 units of owner-builder townhouse development.

Housing Information Systems
\$250,000 RSA'd to Division of Community Planning in FY'82/83 to study statewide housing needs.

Cook Inlet Housing Authority
\$750,000 - grant for planning and design of Robert Rude Intermediate Care Elderly Housing Facility.

Norton Sound Health Corporation
\$1,625,000 - for addition to the hospital of elderly long-term care rooms.

Senior Citizens of Kodiak, Inc.
\$1,600,000 - fo construct a senior citizens center.

Department of Community and Regional Affairs
Component Fact Sheets

FUNDING:	<u>FY'85 ADJ</u>	<u>GOVERNOR'S</u>
GF:	\$98.4	\$98.4
TOTAL:	\$98.4	\$98.4

ISSUES: This is the only component in the Governor's budget specifically targeted to administer the stated housing goal of providing "affordable" housing by capturing available federal funding.

This component currently runs with minimal administration by one professional and one clerical position. This minimal staff is not able to totally keep current on all new federal housing programs and changes to existing programs that may affect Alaska and to be sure Alaska is in the position to take full advantage of new programs or minimize the impact of changes in programs for all senior citizen low income and native housing programs. Also, due to the heavy workload in administering existing programs, the staff of this component is not able to fully act as the focal point for all information regarding housing programs in Alaska.

In an effort to keep the operating budget within the funding restraints, this component will continue to put its primary emphasis on administering the existing housing programs in an effective manner and not request additional positions to meet the other responsibilities inherent in this component.

BRU NARRATIVE

Housing Assistance

THE HOUSING ADMINISTRATION BRU PROVIDES HOUSING ASSISTANCE TO QUALIFIED ALASKANS THROUGH LOANS AND GRANTS. THE DIVISION ADMINISTERS THE HOUSING ASSISTANCE LOAN FUND. MONEY IN THIS FUND IS USED TO FINANCE THE PURCHASE, CONSTRUCTION OR RENOVATION OF OWNER-OCCUPIED RURAL AND NONCONFORMING HOUSING. IN ADDITION, THIS FUND FINANCES NONOWNER OCCUPIED HOUSING OF TWO TO SIXTEEN UNITS IN RURAL AREAS. 80% OF THE FUND IS DEDICATED TO RURAL ALASKA, WHERE ALTERNATE SOURCES OF MONEY ARE MINIMAL OR NONEXISTENT.

FINANCING OF NEW CONSTRUCTION NOT ONLY MEETS THE HOUSING NEEDS, BUT PROVIDES ECONOMIC STIMULATION IN SMALLER COMMUNITIES. IN URBAN ALASKA, THE FUND FINANCES HOUSING WHICH DOES NOT MEET STRICTER CONVENTIONAL MARKET FINANCING STANDARDS.

THIS BRU ALSO DELIVERS THREE MAJOR HOUSING GRANT PROGRAMS: SENIOR CITIZEN HOUSING DEVELOPMENT FUND, SUPPLEMENTAL HOUSING DEVELOPMENT GRANTS AND STATE ASSISTED RENTAL HOUSING. THESE GRANT PROGRAMS MAY PROVIDE GRANTS TO MUNICIPALITIES AND PUBLIC AND PRIVATE NON-PROFIT CORPORATIONS INCLUDING THE ALASKA STATE HOUSING AUTHORITY AND THE FOURTEEN REGIONAL HOUSING AUTHORITIES.

THE GRANTS PROVIDE FOR SENIOR CITIZEN, LOW INCOME, AND RURAL MUTUAL HELP HOME OWNERSHIP HOUSING THROUGHOUT ALASKA. THESE GRANT PROGRAMS, COMBINED WITH FEDERAL, LOCAL AND PRIVATE FUNDING PROVIDE AN AVERAGE OF OVER 400 HOUSING UNITS ANNUALLY.

STATE OF ALASKA -- BUDGET UNIT SUMMARY

14:13

12/24/84

AGENCY: DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS
CATEGORY: DEVELOPMENT

PROGRAM: HOUSING ASSISTANCE

COMPONENT DESCRIPTION	FY84 ACT	ADJ BASE	FORMULA	INCREMNT	REQUEST	GOVERNOR	HOUSE	SENATE	C. C.	BILLS	LEG.REC.
HOUSING LOAN ADMINISTRATION	1795.8	2535.5		162.1	2697.6	2693.0					
HOUSING CONSTRUCTION DEVEL.	97.8	98.4			98.4	98.4					
** TOTAL	1893.6	2633.9		162.1	2796.0	2791.4					
** CHANGE VERSUS FY84 ACT				-91.4%	47.6%	47.4%	-100.0%	-100.0%	-100.0%		
OBJECT DESCRIPTION											
PERS. SERV.	947.8	1014.1		.4	1014.5	1014.5					
TRAVEL	129.3	84.2		4.6	88.8	84.2					
CONTRACTUAL	678.8	871.5		157.1	1028.6	1028.6					
COMMODITIES	48.2	14.1			14.1	14.1					
EQUIPMENT	89.5										
GRANTS, CLMS		650.0			650.0	650.0					
FUNDING SUMMARY											
GENERAL FUND	1859.0	1797.0		169.1	1966.1	1961.5					
PGM RECEIPTS	3.4	829.9			829.9	829.9					
OTHER FUNDS	31.2	7.0		-7.0							
** GENERAL FUND CHANGE VS. FY84 ACT				-90.9%	5.7%	5.5%	-100.0%	-100.0%	-100.0%		
POSITIONS											
FULL TIME	18.0	21.0			21.0	21.0					
PART TIME	3.0										
STAFF MONTHS	234.0	252.0			252.0	252.0					

08-18-35-01-00 (21-71-4-70-01-00)

STATE OF ALASKA -- COMPONENT BUDGET SUMMARY

14:13

12/24/84

AGENCY: DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS
CATEGORY: DEVELOPMENTPROGRAM: HOUSING ASSISTANCE
SUB-PROGRAM: HOUSING LOAN ADMINISTRATION

EXPENDITURES & FUNDING	FISCAL YEAR 1985												
	(18) FY83 ACT	(01) FY84 ACT	(02) FY85 ATH	(03) ADJ BASE	(04) FORMULA	(05) INCREMENT	(06) REQUEST	(08) GOVERNOR	(09) HOUSE	(10) SENATE	(11) C. C.	(12) BILLS	(13) LEG.REC.
01 PERS. SERV.	737.2	863.0	941.3	926.8		.4	927.2	927.2					
02 TRAVEL	125.4	122.7	73.8	73.8		4.6	78.4	73.8					
03 CONTRACTUAL	155.4	673.9	874.9	870.9		157.1	1028.0	1028.0					
04 COMMODITIES	12.6	47.7	15.0	14.0			14.0	14.0					
05 EQUIPMENT	1.9	88.5											
06 LANDS/BLDGS													
07 GRANTS, CLMS			650.0	650.0			650.0	650.0					
08 MISC.													
** TOTAL EXPEND	1032.5	1795.8	2555.0	2535.5		162.1	2697.6	2693.0					
09 I-A TRANSFER		27.8				4.4	4.4	4.4					
1004 GEN FUND	1032.5	1761.2	1718.1	1698.6		169.1	1867.7	1863.1					
1005 I/A RCPTS		31.2	7.0	7.0		-7.0							
1028 PGM RCPTS		3.4	829.9	829.9			829.9	829.9					
15 FULL TIME	16.0	16.0	20.0	19.0			19.0	19.0					
16 PART TIME	3.0	3.0	3.0										
17 TEMPORARY													
18 STAFF MONTHS		210.0	258.0	228.0			228.0	228.0					

03-18-35-01-00 (21-71-4-70-01-00)

STATE OF ALASKA -- COMPONENT BUDGET ANALYSIS

14:13

12/24/84

AGENCY: DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS
CATEGORY: DEVELOPMENT

PROGRAM: HOUSING ASSISTANCE
SUB-PROGRAM: HOUSING LOAN ADMINISTRATION

***** GOVERNOR ANALYSIS *****

OBJECT GROUP	VARIATION		DESCRIPTION: GOVERNOR (\$2,693.0) VERSUS FY85 ATH (\$2,555.0)
01 PERS. SERV.	-14.1	-1.5%	PERSONAL SERVICES ADJUSTMENT \$46.9, TRANSFER TWO PPTS (PCN 3019 AND 3023) TO THE ADMINISTRATIVE SERVICES COMPONENT <\$80.2>, TRANSFER FROM THE TRAINING/ENERGY FIELD OFFICES COMPONENT TO HELP PAY FOR SHARED POSITION \$18.8, REDUCE IA RECEIPTS <\$7.0>, DECREASE UNDERFUNDING \$7.4.
03 CONTRACTUAL	153.1	17.5%	TRANSFER TO THE ADMINISTRATIVE SERVICES COMPONENT <\$4.0>, INCREASE IN SERVICE FEES \$157.1.
04 COMMODITIES	-1.0	-6.7%	TRANSFER TO THE ADMINISTRATIVE SERVICES COMPONENT <\$1.0>.
** TOTALS	138.0	5.4%	

NOTE: ONE PPT (PCN 3024) IS TRANSFERRED TO ADMINISTRATIVE SERVICES, ONE PPT (PCN 3010) IS TRANSFERRED TO DATA AND WORD PROCESSING, AND ONE PPT (PCN 3008) IS RECLASSIFIED TO A FULL-TIME POSITION.

***** PROGRAM DESCRIPTION & PRIOR YEAR INFORMATION *****

FY85 INTENT: ALL HOUSING ADMINISTRATION FIELD OFFICES, INCLUDING THE SOUTHEAST OFFICE, SHALL BE MAINTAINED WITHIN EXISTING FUNDS.

AGENCY RESPONSE: HAD FIELD OFFICES ARE MAINTAINED WITHIN EXISTING FUNDS. TO ACHIEVE THIS, HAD DELETED FROM THIS BUDGET, A CLERK TYPIST POSITION IN THE SOUTHEAST OFFICE. FURTHER CLERICAL SUPPORT SERVICES ARE BEING PROVIDED BY THE DIVISION OF ADMINISTRATIVE SERVICES ON A PART TIME BASIS.

08-18-35-05-00 (21-71-4-70-02-00)

STATE OF ALASKA -- COMPONENT BUDGET SUMMARY

14:13

12/24/84

AGENCY: DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS
CATEGORY: DEVELOPMENTPROGRAM: HOUSING ASSISTANCE
SUB-PROGRAM: HOUSING CONSTRUCTION DEVEL.

EXPENDITURES & FUNDING	FISCAL YEAR 1985												
	(18) FY83 ACT	(01) FY84 ACT	(02) FY85 ATH	(03) ADJ BASE	(04) FORMULA	(05) INCREMENT	(06) REQUEST	(08) GOVERNOR	(09) HOUSE	(10) SENATE	(11) C. C.	(12) BILLS	(13) LEG.REC.
01 PERS. SERV.	81.4	84.8	82.9	87.3			87.3	87.3					
02 TRAVEL	6.3	6.6	10.4	10.4			10.4	10.4					
03 CONTRACTUAL	.7	4.9	.6	.6			.6	.6					
04 COMMODITIES		.5	.1	.1			.1	.1					
05 EQUIPMENT		1.0											
06 LANDS/BLDGS													
07 GRANTS, CLMS													
08 MISC.													
** TOTAL EXPEND	88.4	97.8	94.0	98.4			98.4	98.4					
09 I-A TRANSFER						.3	.3	.3					
1004 GEN FUND	88.4	97.8	94.0	98.4			98.4	98.4					
15 FULL TIME	1.0	2.0	2.0	2.0			2.0	2.0					
16 PART TIME	2.0												
17 TEMPORARY													
18 STAFF MONTHS		24.0	24.0	24.0			24.0	24.0					

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08-18-35-05-00 (21-71-4-70-02-00)

STATE OF ALASKA -- COMPONENT BUDGET ANALYSIS

14:13

12/24/34

AGENCY: DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS
CATEGORY: DEVELOPMENT

PROGRAM: HOUSING ASSISTANCE
SUB-PROGRAM: HOUSING CONSTRUCTION DEVEL.

***** GOVERNOR ANALYSIS *****

OBJECT GROUP	VARIATION		DESCRIPTION: GOVERNOR (\$98.4) VERSUS FY85 ATH (\$94.0)
01 PERS. SERV.	4.4	5.3%	PERSONAL SERVICES ADJUSTMENT \$4.4.
** TOTALS	4.4	4.7%	

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TABLE I
LOAN PROGRAMS FY 81 - FY 86
 General Fund
 (\$ million)

Program	Fiscal Year					
	86	85	84	83	82	81
Economic Development:						
Agriculture Rev Loans	2.5	5.0	10.0	10.0	14.0	14.6
AIDA Enterprise Fund	.0	.0	.0	21.0	8.0	15.0
AIDA Eco Dev Fund	18.0	.0	.0	.0	.0	.0
AK Resources Corp	.0	.0	.0	.0	1.1	1.1
Commercial Fishing	3.7	3.5	9.1	9.4	9.5	21.0
Fish Enhancement	2.1	5.0	6.5	22.0	8.0	6.4
Fisherman Mtge & Note	.0	.0	.0	.0	1.8	.0
Grain Reserves Loans	1.0	.5	1.6	.0	.0	.0
Mining Loan Fund	.0	.0	.0	15.0	15.0	10.0
Small Business	.0	.0	(16.8)	.0	.0	46.7
Tourism Rev Loans	.0	.0	(2.7)	.0	.0	4.3
Education:						
Scholarship Loans	63.6	60.0	60.0	52.0	37.7	22.8
Teacher Loans	.6	.0	.0	.0	.0	.0
Energy:						
Alternative Tech	1.0	1.0	2.4	4.0	5.2	2.4
Residential Energy	.0	.0	3.1	4.5	3.3	1.6
Rural Electrification	2.0	.0	1.0	.0	6.5	.0
Housing:						
AHFC Programs	.0	16.0	49.1	150.0	265.0	277.0
C&RA Housing Asst	37.0	45.0	45.0	45.0	40.0	21.5
Medical & Child Care:						
Child Care Facility	.0	.0	.9	.4	.3	.0
Med Malpractice	.0	.0	.0	.0	.0	1.5
Res Care Facility	.0	.0	.0	.0	.1	.5
Municipal Assistance:						
Bulk Fuels	.0	.0	.0	1.0	10.0	1.5
Historical Dist	.0	.0	.5	.5	.2	.0
TOTAL	131.5	136.0	169.7	334.8	425.7	447.9

Sources:

- FY 86: Governor's Proposed FY 86 Budget
- FY 85: SLA 84, CH 171, Sec 301-313
- FY 84: SLA 83, CH 107, Sec 15-28; SLA 83, CH 106, Sec 70
- FY 83: SLA 82, CH 141, Sec 242; SLA 83, CH 106, Sec 11; SLA 82, CH 114, Sec 1-13
- FY 82: SLA 81, CH 82, Sec 9-15, 28; SLA 81, CH 76, Sec 1; SLA 81, CH 90, Sec 19, 36, 37; SLA 82, CH 141, Sec 257; State Loan Programs, House Research, 12-82.
- FY 81: SLA 80, CH 120, Sec 1-13, 52; SLA 81, CH 15, Sec 1; SLA 81, CH 3, Sec 1, 2; SLA 81, Ch 2, Sec 2; State Loan Programs, House Research, 12-82.

Note: The data in this table is post-Revised program and may not equal the amounts specified in the appropriation bills.

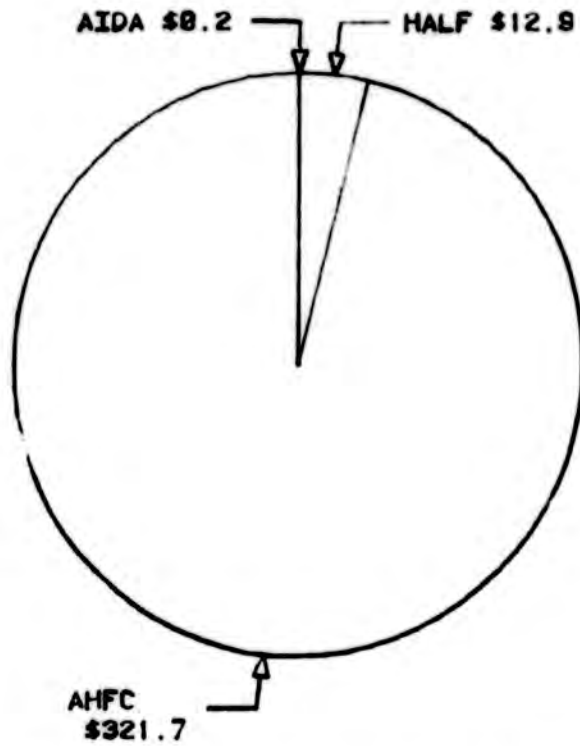
TABLE II
LOAN PROGRAMS FY 81 - FY 86
Interest Rates and Delinquency Rates *

Program / Statute	Delinquency Rate (\$ 000)	Rate Pct	Interest Rate	
Econ Development:				
Agriculture Rev Loans	03.10	6,953.5	15.6	8.0
AIDA Enterprise Fund	44.88	15,270.2	4.7	varies
AIDA Eco Dev Fund	44.88	n/a	n/a	varies
Ak Resources Corp 1)	37.12	n/a	n/a	varies
Commercial Fishing	16.10	11,551.3	14.4	10.5
Fish Enhancement	16.10	.0	.0	9.5
Fish Mortgage & Note 2)	16.10	n/a	n/a	n/a
Grain Reserves Loans	03.12	.0	.0	8.0
Mining Loan Fund	27.09	10,621.0	55.9	10.0
Small Business	45.95	34,198.0	48.1	9.5
Tourism Rev Loans	45.90	1,034.0	16.3	9.5
Education:				
Scholarship Loans	14.43	12,470.1	6.7	5.0
Teacher Loans	14.43	n/a	n/a	5.0
Energy:				
Alternative Tech 3)	45.88	2,408.0	22.3	5.0/15.0
Residential Energy 4)	45.89	1,039.2	19.8	5.0
Rural Electrification	44.83	.0	.0	2.0
Housing:				
C&RA Housing Asst	44.47	1,977.2	2.0	varies
AHFC Programs	18.56	113,615.0	3.0	varies
Medical & Child Care:				
Child Care Facility	44.33	103.0	15.4	7.0
Res Care Facility 2)	44.33	n/a	n/a	n/a
Med Malpractice 5)	21.88	.0	.0	6.0/7.0
Municipal Assistance:				
Bulk Fuels	45.87	148.0	.7	varies
Historical District	45.98	.0	.0	7.5

* Delinquency rates are from State Loan Program: Quarterly Activity Report, Fourth Qtr FY 84; House Research Agency, October 1984.

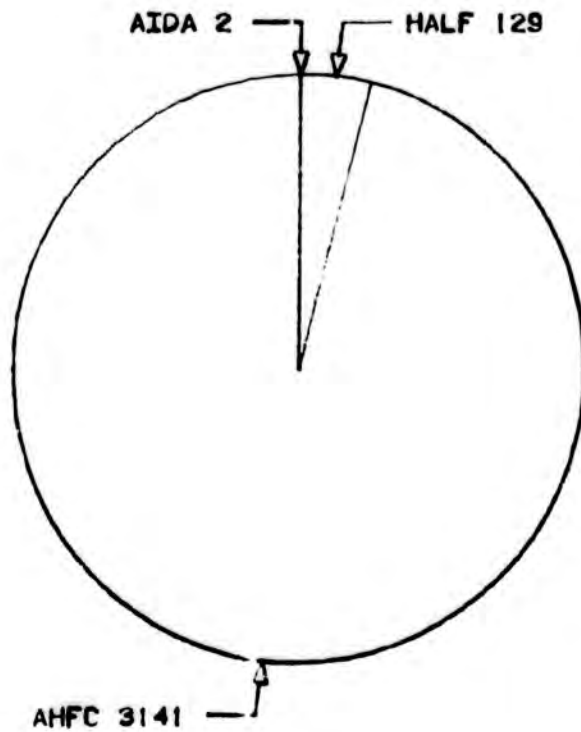
- 1). Repealed effective July 1, 1989.
- 2). Repealed during 1982 session.
- 3). Interest rate is 5.0% on the first \$15,000 and 15% on the excess.
- 4). On loans made after 12-31/83 the interest rate is the average weekly municipal bond yield rates.
- 5). Interest rate is 6.0% if the borrower is unable to procure re-insurance from a private casualty insurer.

**3 MILLIONS IN HOUSING LOANS APPROVED, BY PROGRAM
4TH QUARTER, FY 1984**



prepared by House Research Agency

**NUMBER OF HOUSING LOANS APPROVED, BY PROGRAM
4TH QUARTER, FY 1984**



prepared by House Research Agency

HOUSING ASSISTANCE LOAN FUND (cont.)

DELINQUENCY AT THE END OF THE QUARTER

1-30 DAYS		31-60 DAYS		61-90 DAYS		91 + DAYS	
#	\$	#	\$	#	\$	#	\$
0	\$0	15	1,403,673	3	\$348,483	5	\$214,017

LOANS IN DEFAULT

#	\$
0	0

NUMBER OF LOANS APPROVED DURING THE QUARTER, BY RANGE

\$0-50,000	\$50,001-100,000	\$100,001-150,000	\$150,001-500,000	\$500,001+
17	61	35	16	0

MEAN LOAN AMOUNT DURING THE QUARTER

\$ 99,693

HOUSING ASSISTANCE LOAN FUND (HALF)*

Department of Community and Regional Affairs, Division of Housing Assistance
4th QUARTER FY 84

	Approved During the Quarter		Denied During the Quarter		Approved During FY 84 to Date		Loans Outstanding To Date	
	#	\$	#	\$	#	\$	#	\$
Nonconforming Housing	3	\$ 170,050	1	\$124,000	145	\$9,525,400	738	\$45,048,822
Rural Owner-Occupied Housing**	116	\$10,900,550	6	\$536,800	380	\$34,107,850	529	\$47,175,959
Rural Non-Owner-Occupied Housing**	10	\$ 1,789,900	1	\$220,000	32	\$ 6,057,150	42	\$ 9,964,139
Totals	129	\$12,860,500	8	\$ 880,800	557	\$49,690,400	1,309	\$102,188,920

*The Alaska Housing Finance Corporation holds the loans made by these programs prior to July 1, 1982.

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HAZARD DATA DECLARED TO
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the state.
valuation, archiving and
engineering geology, and
throughout the state are
orderly, safe and cost-

new paragraphs to read:
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n the state.

HB 379

AN ACT

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

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

(14) Sitka Community Association (Baranof Island)

18.55.996(a)(14)

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

18.56.082

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

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

18.56.089

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

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Chapter 102

shall include a full description of all mortgage loan interest and principal repayments and program receipts, including mortgage loan commitment fees, received by or accrued to the corporation during the preceding fiscal year, and all income earned on assets of the corporation during that period, including earnings or assets of the state assisted mortgage fund [FOR FISCAL YEARS BEGINNING AFTER JUNE 30, 1981].

* Sec. 4. AS 18.56.096(1) is amended to read:

18.56.096(1)

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

* Sec. 5. AS 18.56.096(2) is amended to read:

18.56.096(2)

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

* Sec. 6. AS 18.56.096 is amended by adding new paragraphs to read:

18.56.096(4), (5)

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

Chapter 102

1 or has a loan-to-value ratio, when considered with the principal
2 balance of the first mortgage loan, that exceeds 90 percent; or

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

8 * Sec. 7. AS 18.56.098(g)(1) is amended to read:

9 (1) The interest rate on the first \$90,000 of a mortgage
10 loan purchased with the proceeds of an [THE FIRST] issue of taxable
11 bonds of the corporation is three percent less than [10 PERCENT OR]
12 the cost of funds of that issue, except that

18.56.098(g)(1)

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

15 (B) if the cost of funds of that issue is more than 10
16 percent, the interest rate may not be less than 10 percent [
17 WHICHEVER IS LESS].

18 * Sec. 8. AS 18.56.098(g)(5) is amended to read:

19 (5) The interest rate on the first \$90,000 of a mortgage
20 loan purchased with [FROM] money that is not the proceeds of either
21 taxable or tax-exempt bonds [APPROPRIATED TO THE CORPORATION] is the
22 rate the corporation determines is appropriate by application of the
23 provision of (1) [- (4)] of this subsection. [THE RATE MAY BE BASED
24 ON AN ESTIMATE OF THE COST OF FUNDS OF A PROPOSED ISSUE OR ISSUES OF
25 BONDS.]

18.56.098(g)(5)

26 * Sec. 9. AS 18.56.101 is amended to read:

27 Sec. 18.56.101. ELIGIBILITY FOR VETERANS' INTEREST RATES. The
28 following persons are eligible veterans for the purposes of AS 18.56.-
29 098(g) and (h):

18.56.101

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... mortgage loan interest and
... including mortgage loan
... corporation during the
... and on assets of the
... things on assets of the
... AS BEGINNING AFTER JUNE

... chapter for a duplex,
... tions on first mortgage
... deral National Mortgage
... -value ratio; [OR]

... plex, triplex, or four-
... he principal balance of
... the limitation on the
... at has a loan-to-value
... nce of the first mort-

... paragraphs to read:
... single-family residence
... age loans for similar
... Mortgage Association as to
... a loan-to-value ratio
... man for a single-family
... ed with the principal
... y, exceeds the limita-
... y the Federal National
... more than 10 percent.

Chapter 102

1 (1) a person who served in the armed forces of the United
2 States for 90 days or more; or whose service was for less than 90 days
3 because of injury or disability incurred in the line of duty, after
4 April 6, 1917,

5 [(A) WHO AT THE TIME OF INDUCTION INTO THE SERVICE WAS
6 A RESIDENT OF THE TERRITORY OR STATE, WHO HAD BEEN A RESIDENT FOR
7 NOT LESS THAN ONE YEAR IMMEDIATELY BEFORE HIS INDUCTION, AND WHO
8 RETURNED TO THE TERRITORY OR STATE WITHIN ONE YEAR AFTER DIS-
9 CHARGE AS A RESIDENT WITH THE INTENTION OF REMAINING IN THE
10 TERRITORY OR STATE; OR

11 (B) WHO, NOT BEING A BONA FIDE RESIDENT OF THE TERRI-
12 TORY OR STATE AT THE TIME OF ENTRY INTO THE SERVICE, HAS BEEN A
13 RESIDENT OF THE TERRITORY OR STATE FOR AT LEAST ONE YEAR AT THE
14 TIME OF THE LOAN APPLICATION AND HAS BEEN A RESIDENT TO THE
15 TERRITORY OR STATE FOR AT LEAST FIVE YEARS; AND

16 (C) whose discharge was under honorable conditions;

17 (2) the widow or widower of a member of the armed forces or
18 an eligible veteran if

19 [(A) THE MEMBER OR VETERAN WAS A RESIDENT OF THE
20 TERRITORY OR STATE FOR ONE YEAR BEFORE INDUCTION INTO THE SER-
21 VICE;

22 (B) the member or veteran served in the armed forces
23 for at least 90 days after April 6, 1917 [;] and

24 [(C) the veteran's [HIS] discharge was under honor-
25 able conditions;

26 (3) a person who has served for not less than five years in
27 the Alaska Army National Guard, or the Alaska Air National Guard, [OR
28 THE ALASKA NAVAL MILITIA] or [WHO HAS SERVED IN] a reserve unit of the
29 United States armed forces [IN ALASKA] if the reserve unit required,

SCS CSHB 302(R1s)

Chapter 102

1 as a minimum, one weekend each month of duty and 15 consecutive days
2 of active duty training each year [FOR NOT LESS THAN FIVE YEARS] and
3 whose discharge was under honorable conditions.

4 * Sec. 10. AS 18.56.115. is amended to read:

56.115 5

6 Sec. 18.56.115. INDEPENDENT FINANCIAL ADVISOR. In negotiating
7 the private sale of bonds or bond anticipation notes to an under-
8 writer, the corporation may [SHALL] retain a financial advisor. A
9 financial advisor retained under this section must be [WHO IS] inde-
10 pendent from the underwriter.

11 * Sec. 11. AS 18.56 is amended by adding a new section to read:

56.205 11

12 Sec. 18.56.205 RESIDENTIAL MORTGAGE ASSISTANCE FOR MEMBERS OF
13 THE ALASKA DELEGATION TO CONGRESS. The corporation may extend the
14 special mortgage loan purchase program (AS 18.56.098) to purchase a
15 mortgage loan made for the purchase or rehabilitation of a residence
16 located in the District of Columbia or within 50 miles of the District
17 of Columbia to a member of the United State Congress from Alaska if
18 the member is otherwise qualified for assistance under the special
19 mortgage loan purchase program.

20 * Sec. 12. AS 44.47.380 is amended to read:

47.380 20

21 Sec. 44.47.380. HOUSING ASSISTANCE LOAN FUND. There is created
22 in the Department of Community and Regional Affairs, as a revolving
23 loan fund, the housing assistance loan fund consisting of money appro-
24 priated to it by the legislature and repayments of principal on loans
25 made or purchased from the assets of the fund. [INTEREST ON LOANS
26 MADE OR PURCHASED FROM THE ASSETS OF THE FUND MUST BE TRANSFERRED TO
27 THE DEPARTMENT OF REVENUE FOR DEPOSIT IN THE GENERAL FUND.] The
28 director shall administer the housing assistance loan fund in
29 accordance with AS 44.47.360 - 44.47.560 and shall use the money in
the housing assistance loan fund to originate, purchase, or

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forces of the United
for less than 90 days
line of duty, after

INTO THE SERVICE WAS
BEEN A RESIDENT FOR
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erve unit required,

Chapter 102

1 participate in the purchase of

2 (1) nonconforming and rural housing mortgage loans;

3 (2) loans made for building materials for nonconforming and
4 rural housing;

5 (3) loans made for renovations or improvements to noncon-
6 forming and rural housing;

7 (4) loans made for the construction of owner-occupied
8 nonconforming and rural housing other than loans to builders or con-
9 tractors or loans that compensate an owner for the owner's labor or
10 services in constructing the owner's own housing.

11 * Sec. 13. AS 44.47 is amended by adding a new section to read:

44.47.382 12 Sec. 44.47.382. HOME OWNERSHIP ASSISTANCE FUND. (a) There is
13 created in the Department of Community and Regional Affairs, the home
14 ownership assistance fund consisting of money appropriated to it by
15 the legislature. Money in the fund shall be used solely to assist
16 persons of lower and moderate income to purchase or construct single-
17 family homes financed under AS 44.47.360 - 44.47.560 by providing a
18 subsidy to those persons.

19 (b) The subsidy provided by this section may not exceed the
20 amount that is necessary to reduce the annual interest rate paid on
21 the mortgage loan to six percent.

22 (c) A mortgage loan that is subsidized from the home ownership
23 assistance fund may not exceed \$120,000.

24 (d) The division shall adopt regulations that establish maximum
25 income-to-loan payment ratios for persons who apply for a subsidy
26 under this section.

27 (e) In this section, "persons of lower and moderate income"
28 means individuals considered by the division to require assistance
29 under this section because of inadequate income or other limited

SCS CSHB 302(R1s)

Chapter 102

personal financial resources, taking into consideration

- (1) the amount of total income available for housing needs;
- (2) the size of the family;
- (3) the cost and condition of available housing;
- (4) standards established in various federal programs for determining eligibility based on income;
- (5) the ability to enter the private housing market and to pay market amounts for decent, safe, and sanitary housing; and
- (6) other factors considered relevant by the division.

* Sec. 14. AS 44.47.390(4) is amended to read

(4) originate a direct loan for nonconforming or rural housing or purchase or participate in the purchase of a nonconforming or rural housing mortgage loan, other than a loan for the repair, remodeling, rehabilitation, or expansion of an existing owner-occupied residence, if the borrower has an outstanding housing loan made under a state loan program, other than a loan for nonowner-occupied housing under AS 44.47.520, that bears interest at a rate that was less than the prevailing market interest rate for similar housing loans at the time the loan was made.

44.47.390(4)

* Sec. 15. AS 44.47.390 is amended by adding a new paragraph to read:

(5) originate a direct mortgage loan or purchase or participate in the purchase of a mortgage loan for rental housing unless the borrower agrees not to discriminate against tenants or prospective tenants because of sex, marital status, changes in marital status, pregnancy, parenthood, race, religion, color, national origin, or status as a student.

44.47.390(5)

* Sec. 16. AS 44.47.410 is amended to read:

Sec. 44.47.410. INTEREST ON LOANS. (a) The interest rate on a mortgage loan originated or purchased in whole or in part under SCS CSHB 302(R1s)

44.47.410

mortgage loans;
for nonconforming and
improvements to noncon-
forming owner-occupied
to builders or con-
the owner's labor or
to read:
FUND. (a) There is
nal Affairs, the home
appropriated to it by
used solely to assist
or construct single-
7,560 by providing a
may not exceed the
interest rate paid on
the home ownership
at establish maximum
apply for a subsidy
and moderate income"
require assistance
or other limited

Chapter 102

1 AS 44.47.380 for a nonconforming housing that is not rural housing is
 2 one-quarter percent more than (EQUAL TO) the interest rate, as deter-
 3 mined under AS 18.56.098(g)(1) - (4), on a mortgage loan purchased
 4 under AS 18.56.098(a) from the proceeds of the most recent applicable
 5 issue of taxable bonds before the origination or purchase of the
 6 mortgage loan originated or purchased under AS 44.47.380.

7 (b) The interest rate on a mortgage loan originated or purchased
 8 in whole or in part under AS 44.47.380 for rural housing is one per-
 9 cent less than the interest rate, as determined under AS 18.56.-
 10 098(g)(1) - (4), on a mortgage loan purchased under AS 18.56.098(a)
 11 from the proceeds of the most recent applicable issue of taxable bonds
 12 before the origination or purchase of the mortgage loan originated or
 13 purchased under AS 44.47.380 [10-1/2 PERCENT].

14 * Sec. 17. AS 44.47 is amended by adding a new section to read:

44.47.530

15 Sec. 44.47.530. ANNUAL REPORT. To further ensure effective
 16 budgetary decision making by the legislature, the division shall
 17 present a complete accounting of the housing assistance revolving fund
 18 to the legislature by January 10 of each year. The accounting shall
 19 be audited by an independent outside auditor and shall include a full
 20 description of all mortgage loan interest and principal repayments and
 21 program receipts, including mortgage loan commitment fees, received by
 22 or accrued to the division during the preceding fiscal year, and all
 23 income earned on assets of the division during that period.

24 * Sec. 18. AS 44.47.385 is repealed and reenacted to read:

44.47.385

25 Sec. 44.47.385. ELIGIBLE LOCATIONS. Not more than 20 percent of
 26 the total amount appropriated to the housing assistance loan fund may
 27 be allocated in communities other than those defined in AS 44.47.-
 28 560(5).

29 * Sec. 19. AS 45.88.030(c)(1) is amended to read:

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(1) the cost of purchase, construction, and installation of an alternative energy system or "centralized multifuel heating systems" which is likely to result in energy conservation or energy cost savings; or

45.88.030(c)(1)

* Sec. 20. AS 45.88.500 is amended to read:

Sec. 45.88.500. DEFINITIONS. (a) In this chapter, "alternative energy system"

45.88.500

(1) means a source of thermal, mechanical or electrical energy which is not dependent on oil or gas or a nuclear fuel for the supply of energy for space heating and cooling, refrigeration and cold storage, electrical power, mechanical power, or the heating of water;

(2) includes

(A) an alternative energy property as defined by sec. 48(1)(3)(A) of the Internal Revenue Code (26 U.S.C. sec. 48(1)(3)(A));

(B) a method of architectural design and construction which provides for the collection, storage and use of direct radiation from the sun;

(C) any other device approved by the Commissioner of Commerce and Economic Development under AS 44.33.040(12); [AND]

(D) a woodstove with a catalytic converter or a catalytic converter for a wood stove; and

(E) a steam, hot water, or ducted hot air central heating system that uses wood or coal for fuel; [.]

(3) does not include

(A) a stove that uses only wood, coal or oil for fuel [A WOOD, COAL, OR MULTIFUEL HEATING STOVE]; or

(B) a fireplace or fireplace insert.

(b) Notwithstanding any other provision in this chapter, a

SCS CSHB 302(R1s)

rural housing is
rate, as deter-
of loan purchased
recent applicable
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nated or purchased
using is one per-
under AS 18.56.-
or AS 18.56.098(a)
of taxable bonds
loan originated or

to read:
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fees, received by
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read:
than 20 percent of
nce loan fund may
ned in AS 44.47.-

Chapter 102

1 multifuel heating system which uses the combination of wood or fossil
2 fuel for fuel does qualify under this loan fund.

3 * Sec. 21. AS 44.47 is amended by adding new sections to read:

4 ARTICLE 12. LOW COST AND LOW INCOME

5 MULTIPLE FAMILY HOUSING DEVELOPMENT FUND.

44.47.630

6 AS 44.47.630. DECLARATION OF PURPOSE. There exists in the state
7 a serious shortage of low cost multiple family residential housing
8 available at low rentals. There also exists in the state organiza-
9 tions whose purposes are to provide the housing needed to alleviate
10 this shortage. Development work to provide this housing involves
11 substantial expense that is often beyond the resources of the organi-
12 zations.

44.47.635

13 Sec. 44.47.635. LOW COST AND LOW INCOME MULTIPLE FAMILY HOUSING
14 DEVELOPMENT. (a) There is created in the Department of Community and
15 Regional Affairs a low cost and low income multiple family housing
16 development fund. Subject to appropriation the department shall make
17 grants to municipalities or public or private nonprofit corporations
18 designated as tax exempt under 26 U.S.C. 501(c)(3) and (4) (Internal
19 Revenue Code of 1954) for the purpose of developing low cost, low
20 income multiple family housing.

21 (b) Application for a grant under (a) of this section shall be
22 in the form prescribed by the department. The application shall
23 demonstrate the need for low cost, low income multiple family housing
24 in the area to be served, the feasibility of the proposed project, and
25 an adequate management plan that shall demonstrate the ability of the
26 eligible recipient to sustain the proposed project.

27 (c) All projects under this section shall be in accordance with
28 facility procurement policies developed under AS 35.10.160 - 35.10.200
29 and are public facilities under those sections.

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Chapter 102

1 (d) The department shall adopt regulations to carry out the
2 purposes of this section. The provisions of the Administrative Proce-
3 dure Act (AS 44.62) apply to regulations adopted under this section.

4 (e) In this section "low cost and low income multiple family
5 housing" means a specific work or improvement undertaken primarily to
6 provide multiple family dwelling accommodations for low income per-
7 sons. Low cost and low income multiple family housing includes the
8 acquisition, construction, or rehabilitation of land, buildings,
9 improvements, and other nonhousing facilities that are incidental or
10 appurtenant to the housing.

11 * Sec. 22. Section 69(c)(8), ch. 113, SLA 1982, is amended to read:

12 (8) to use assets of the multifamily housing loans security
13 fund to establish capital reserve funds to secure bonds issued in
14 connection with the financing of multifamily housing projects and to
15 provide a loan loss reserve for loans purchased by the multifamily
16 housing loan account of the enterprise development fund.

17 * Sec. 23. Section 69(e), ch. 113, SLA 1982, is amended to read:

18 (e) A capital reserve fund established under this section to
19 secure bonds issued in connection with the financing of multifamily
20 housing projects is not subject to the \$10,000,000 limitation stated
21 in AS 44.88.105(a). The provisions of AS 44.88.105(f) do not apply to
22 capital reserve funds established to secure bonds issued to finance
23 one or more multifamily housing projects.

24 * Sec. 24. Section 69(f), ch. 113, SLA 1982, is amended to read:

25 (f) A multifamily housing loan account is established in the
26 enterprise development fund of the authority (AS 44.88.155), consist-
27 ing of money and other assets of the enterprise development fund that
28 the authority deposits into it. [HOWEVER, THE AUTHORITY MAY NOT
29 DEPOSIT PROCEEDS FROM THE SALE OF BONDS OF THE AUTHORITY INTO THE

SCS CSHB 302(R1s)

on of wood or fossil

na to read:

ED.

exists in the state
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MIPLE FAMILY HOUSING

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section shall be
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posed project, and
the ability of the

in accordance with
10.160 - 35.10.200

Chapter 102

1 MULTIFAMILY HOUSING LOAN ACCOUNT.] The multifamily housing loan
2 account shall be used only to purchase or originate loans for multi-
3 family housing projects. The authority may not use proceeds from the
4 sale of bonds of the authority to finance secondary loans for multi-
5 family housing. Notwithstanding the provisions of AS 44.88.155(d), a
6 loan purchased or originate by the authority for the multifamily
7 housing loan account

8 (1) may not be for a term longer than 30 years from the
9 date the loan is made;

10 (2) shall be secured by a mortgage or other security
11 instrument in the manner the authority determines is feasible to
12 assure timely repayment under a loan agreement entered into with the
13 borrower; the mortgage or other security instrument constitutes a
14 first lien against the multifamily housing project, except that it may
15 be subordinated by the authority to a loan made directly or indirectly
16 with the proceeds of a sale of bonds by the authority, the Alaska
17 State Housing Authority, or a municipality of the state during the
18 time when the loan from these proceeds is outstanding, and may be
19 subordinated to a loan that refinances the original loan, if the
20 authority considers it appropriate to do so;

21 (3) shall provide for a schedule of payments of principal
22 and interest that is satisfactory to the authority, and that may
23 include, without limitation, deferrals or reductions of payments,
24 variable payments, balloon payments, sharing in equity appreciation,
25 and other arrangements;

26 (4) shall be in the form and contain the terms and provi-
27 sions with respect to insurance, repairs, alterations, payment of
28 taxes and assessments, default reserves, delinquency charges, default
29 remedies, acceleration of maturity, secondary liens, and other matters

SCS CSHB 302(R1s)

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as the authority prescribes.

* Sec. 25. Section 69(h), ch. 113, SLA 1982, is amended to read:

(h) The multifamily housing loans security fund is established in the authority. The multifamily housing loans security fund consists of money and assets appropriated or transferred to it, the income produced from its investments and holdings, and deposits that the authority may make from repayments of multifamily housing loans purchased by the multifamily housing loan account of the enterprise development fund. The assets of the multifamily housing loans security fund may be used to establish capital reserve funds to secure bonds issued in connection with the financing of multifamily housing projects. The assets of [THE PURPOSE OF] the multifamily housing loans security fund may also be used [IS] to provide a loan loss reserve for the enterprise development fund for multifamily housing loans made by the authority from the multifamily housing loan account of the enterprise development fund. The multifamily housing loans security fund is not a general asset of the authority and may not be pledged or committed in any way except as provided in this subsection [TO PROVIDE A LOAN LOSS RESERVE FOR THE ENTERPRISE DEVELOPMENT FUND FOR MULTIFAMILY HOUSING LOANS MADE BY THE AUTHORITY FROM THE MULTIFAMILY HOUSING LOAN ACCOUNT OF THE ENTERPRISE DEVELOPMENT FUND]. The authority may

(1) establish separate accounts in the multifamily housing loans security fund for multifamily housing loans, as it finds appropriate, and may establish other accounts that it considers appropriate;

(2) hold and invest money and other assets of the multifamily housing loans security fund at competitive national market rates in the types of investments described in AS 37.10.070(a).

SCS CSHB 302(R1s)

multifamily housing loan
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 of AS 44.88.155(d), a
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in 30 years from the

or other security
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 charges, default
 and other matters

Chapter 102

- 1 * Sec. 26. Section 69(k)(2), ch. 113, SLA 1982, is amended to read:
- 2 (2) "multifamily housing project" means a specific build-
- 3 ing, structure, work, or improvement of five or more dwelling units,
- 4 or a group of these buildings, structures, works, or improvements, the
- 5 primary purpose of which is to provide rental dwelling accommodations
- 6 and which qualifies for tax-exempt financing under sec. 103 of the
- 7 Internal Revenue Code of 1954, as amended (26 U.S.C. sec. 103), or
- 8 sec. 11(b) of the National Housing Act of 1937, as amended [, AND
- 9 WHICH IS ORIGINALLY FINANCED BEFORE JANUARY 1, 1984]; "multifamily
- 10 housing project" includes the acquisition, construction, or rehabili-
- 11 tation of land, buildings, and improvements for rental dwellings,
- 12 accommodations, and other facilities that may be incidental or appur-
- 13 tenant to rental dwelling accommodations.
- 14 * Sec. 27. AS 18.56.098(g)(2) is repealed.
- 15 * Sec. 28. Sections 13 and 21 of this Act take effect January 1, 1984.
- 16 * Sec. 29. Sections 1 - 12, 14 - 20 and 22 - 26 of this Act take effect
- 17 immediately in accordance with AS 01.10.070(c).

18.56.098(g)(2)

Eff. §§ 1-12, 14-20
and 22-26 take effect
7/28/83; §§ 13 and
21 take effect
1/1/84

LOANS BUDGET SUMMARY

00001

DEPARTMENT/PROGRAM	<u>FY 85 AUTHORIZED</u>		<u>FY 86 GOVERNOR</u>	
	<u>CF</u>	<u>Total</u>	<u>CF</u>	<u>Total</u>
<u>EDUCATION</u>				
Alaska Student Loan Program	\$60,000,000	\$60,500,000	\$63,600,000	63,825,000
Teacher Scholarship Loan Program	0	0	600,000	600,000
<u>DEPARTMENT TOTAL:</u>	\$60,000,000	\$60,500,000	\$64,200,000	\$64,425,000
 <u>COMMERCE AND ECONOMIC DEVELOPMENT</u>				
Fisheries Enhancement Loan Program	\$5,000,000	\$5,000,000	\$2,071,700	2,071,700
Commercial Fishing Loan Program	3,500,000	3,500,000	3,710,000	3,710,000
Alt. Tech. and Energy Loan Program	1,000,000	1,000,000	1,060,000	1,060,000
Alaska Power Authority Rural Electrification Revolving Loan Program	0	0	2,000,000	2,000,000
Alaska Industrial Development Authority Economic Development Fund - DeLong Mountains Regional Transportation Facility	0	0	18,000,000	18,000,000
<u>DEPARTMENT TOTAL:</u>	\$9,500,000	\$9,500,000	\$26,841,700	\$26,841,700
 <u>NATURAL RESOURCES</u>				
Agricultural Revolving Loan Fund	\$5,000,000	\$5,000,000	\$2,500,000	2,500,000
Grain Reserve Program	500,000	500,000	1,000,000	1,000,000
<u>DEPARTMENT TOTAL:</u>	\$5,500,000	\$5,500,000	\$3,500,000	\$3,500,000
 <u>REVENUE</u>				
Alaska Housing Finance Revolving Fund Special Mortgage Loan Purchase Program	\$16,000,000	\$16,000,000	0	0
<u>DEPARTMENT TOTAL:</u>	\$16,000,000	\$16,000,000	0	0
 <u>COMMUNITY AND REGIONAL AFFAIRS</u>				
Housing Assistance Loan Program	\$45,000,000	\$45,000,000	\$37,000,000	37,000,000
<u>DEPARTMENT TOTAL:</u>	\$45,000,000	\$45,000,000	\$37,000,000	\$37,000,000
 <u>TOTAL:</u>	\$136,000,000	\$136,500,000	\$131,541,700	\$131,766,700

STATE LOANS
BILL #

COMMITTEE SUMMARY
ABBREVIATED TITLE

SPONSOR

BILL #	ABBREVIATED TITLE	SPONSOR	DATE	REFERRALS
HB 4	AGENCY, STATE & MUNICIPAL DEBT PROCEDURES	UEHLING	01/14/85	FINANCE
HB 16	MOBILE HOME RELOCATION LOANS	UEHLING	01/14/85	FINANCE
HB 51	INTEREST ON ESCROW ACCTS FOR MORTGAGE LOA	DUNCAN	01/14/85	FINANCE
HB 59	APPROP; YOUTH HOSTEL LOANS	MILLER,MM	01/16/85	RESOURCES
HB 61	YOUTH HOSTEL LOAN PROGRAM	MILLER,MM	01/16/85	RESOURCES
HB 96	STUDENT LOANS; STUDENTS IN MORE THAN ONE	DAVIS	01/23/85	HESS
HB 102	POWERS OF THE AK RESOURCES CORP BOARD	RULES	01/23/85	FINANCE
HB 109	SETTING INTEREST RATES FOR STATE LOANS	RULES	01/25/85	FINANCE
HB 135	SMALL BUSINESS DEVELOPMENT LOANS	DUNCAN	01/28/85	FINANCE
