

ALASKA LEGISLATURE COMMITTEE FILES 1981-1982 8672

2070 SSA SB 231 - SB 248

2121

CORPORATION GOALS AND PERFORMANCE

For a state loan program to have a real impact on the stability, prosperity and economic welfare of its residents, program continuity and public involvement must be insured. Toward this end, Alaska Housing Finance Corporation provides residential real estate financing to all areas of Alaska by operating as a secondary mortgage market for loans originated and serviced by private lending institutions. The commitment of AHFC is to provide a stable source of funding for credit-worthy, eligible borrowers at the lowest possible cost.

In response to its legislatively expanded purpose for the 12 month period ending June 30, 1981 and in recognition of its goals and objectives, the corporation initiated a \$516.5 million loan program utilizing bond revenues together with state loan and subsidy appropriations. Corporation performance toward its overall objectives is limited only to the extent of its ability to obtain capital and demand for mortgage loans.

MORTGAGE INVESTMENT, STATE APPROPRIATION AND FINANCING LEVELS

Loan Funds	State Appropriations		Financing Levels	
	Loan Subsidy	Mortgage Purchase	Bonds	State Loans
(In Millions)				
Proposed For 12 Months Ending June 30, 1982				
Special Mortgage Loan Purchase Program	\$ 700.0	\$ 239.0		\$ 550.0
Mobile Home Loan Purchase Program	40.0		\$ 40.0	
Rural Housing Mortgage Purchase Program	20.0		20.0	
Non-Owner Occupied Rural Mortgage Purchase Program	5.0		5.0	
Home Ownership Fund Subsidy		50.0		
	<u>\$ 765.0</u>	<u>\$ 289.0</u>	<u>\$ 65.0</u>	<u>\$ 550.0</u>

12 Months Ending June 30, 1981

Special Mortgage Loan Purchase Program	\$ 500.0	\$ 341.0		\$ 460.0
Mobile Home Loan Purchase Program	10.0			\$ 10.0
Rural Housing Mortgage Purchase Program	6.5		\$ 6.5	
Home Ownership Fund Subsidy		52.5		
	<u>\$ 516.5</u>	<u>\$ 393.5</u>	<u>\$ 6.5</u>	<u>\$ 460.0</u>



**FINANCIAL STATEMENTS
REPORT OF INDEPENDENT ACCOUNTANTS**

To The Board of Directors

Alaska Housing Finance Corporation

In our opinion, the accompanying balance sheets and the related statements of revenues, expenses and retained earnings and of changes in financial position, as set forth on pages 6 through 24, present fairly the financial position of Alaska Housing Finance Corporation at November 30, 1980 and 1979 and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements 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.

Price Waterhouse & Co.

Anchorage, Alaska
February 12, 1981

COMBINED BALANCE SHEET

	November 30,	
	1980	1979
	(In thousands)	
ASSETS		
Cash—		
Demand deposits	\$ 897	\$ 93
Savings accounts	689	305
Held in trust	9	17
	<u>1,595</u>	<u>415</u>
Investments—		
Certificates of deposit	119,360	93,611
U.S. Treasury obligations	94,714	36,145
Bank repurchase agreements	115,327	10,282
	<u>329,401</u>	<u>140,038</u>
First mortgage loans, net of discounts	980,410	495,281
Mortgage loans to be received	13,947	
Mobile home loans	5,098	168
Deed of trust note receivable from Alaska State Housing Authority	4,242	4,332
Accrued interest receivable	12,761	6,332
Bond issuance costs, net of amortization	1,378	1,031
Capital investment in State Mortgage Insurance Fund	1,000	1,000
Office equipment and improvements, net	107	25
Other receivables	918	287
Total Assets	<u>\$1,350,857</u>	<u>\$648,909</u>
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Bonds and notes payable, net of discounts—		
Mortgage bonds	\$ 840,667	\$582,291
Payable to the State of Alaska	24,413	20,088
Deposits	2,300	
Accrued interest payable	31,161	21,547
Deferred fee income	919	
Accrued expenses and other liabilities	936	435
Total Liabilities	<u>900,396</u>	<u>624,361</u>
FUND EQUITY		
Contributed capital	400,000	
Retained earnings, designated for purposes allowed within the respective funds	50,461	24,548
Total Fund Equity	<u>450,461</u>	<u>24,548</u>
Commitments		
Total Liabilities and Fund Equity	<u>\$1,350,857</u>	<u>\$648,909</u>

See accompanying notes to financial statements

COMBINED STATEMENT OF REVENUES, EXPENSES AND RETAINED EARNINGS

	Years Ended November 30,	
	<u>1980</u>	<u>1979</u>
	(In thousands)	
Revenues		
Interest Income—		
Mortgages and loans	\$57,176	\$33,540
Investments	<u>22,549</u>	<u>13,329</u>
	79,725	46,869
Loan fees and other	<u>1,378</u>	<u>1,031</u>
Total revenues	<u>81,103</u>	<u>47,900</u>
Operating Expenses		
Interest on notes and bonds	51,159	35,654
Mortgage service fees	2,653	1,495
General and administrative expenses	888	661
Legal, accounting and trustee fees	490	362
Loan losses		97
Total operating expenses	<u>55,190</u>	<u>38,269</u>
Net income	25,913	9,631
Retained earnings, beginning of year	24,548	14,917
Retained earnings, end of year	<u>\$50,461</u>	<u>\$24,548</u>

See accompanying notes to financial statements

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION

	Years Ended November 30,	
	<u>1980</u>	<u>1979</u>
	(In thousands)	
Sources of financial resources		
From operations—		
Net income	\$ 25,913	\$ 9,631
Add (deduct) items not requiring (providing) cash:		
Net amortization of discounts, premiums and bond issuance costs	440	150
Depreciation	16	2
(Increase) in accrued interest receivable	(6,429)	(2,796)
Increase in accrued interest payable	9,614	6,537
Net (decrease) in accrued expenses, prepaids and other receivables	(130)	(83)
Loan losses		97
Increase in deferred fee income	919	
	<u>30,343</u>	<u>13,538</u>
Financial resources provided by operations		
	30,343	13,538
Mortgage and loan principal repayments	45,623	29,698
Net proceeds from sale of insured mortgage bonds	264,669	209,657
Net proceeds from State of Alaska notes	4,712	905
Contributions of capital from the State of Alaska	400,000	
Reduction in note receivable from Alaska State Housing Authority	90	
Proceeds from disposition of office equipment and improvements net of gain or loss	6	
	<u>\$745,443</u>	<u>\$253,798</u>
Uses of financial resources		
State Mortgage Insurance Fund		\$ 15
Increase in investments	\$189,363	34,909
Acquisition of mortgages and loans	549,404	189,490
Net increase in note receivable from Alaska State Housing Authority		432
Payment of housing mortgage and insured mortgage bonds	5,005	3,580
Payment of bond anticipation notes		25,000
Payment of State of Alaska notes	387	301
Purchase of office equipment and improvements	104	1
Increase in cash	1,180	70
	<u>\$745,443</u>	<u>\$253,798</u>

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

Years Ended November 30, 1980 and 1979

NOTE 1 AUTHORIZING LEGISLATION AND FUNDS

Authorizing Legislation

The Alaska Housing Finance Corporation (the Corporation) was created in 1971 by an act of the Alaska Legislature. The Corporation was established to assist in the financing, development, sale and rental of dwelling units for qualified veterans, for persons of low and moderate income and for persons in remote, underdeveloped or blighted areas of the State. Its purpose was expanded by the Legislature in 1980 to include mortgage lending without regard to the income of the borrower. Generally, the Corporation accomplishes its objectives by functioning as a secondary market for qualified real estate loans originated by financial institutions and native regional housing authorities.

The Corporation is authorized as approved by the Legislature to issue its own bonds, bond anticipation notes and other obligations in such principal amounts as in the opinion of the Corporation will be necessary to provide sufficient funds for carrying out its purpose. Generally, bond anticipation notes have been issued for the temporary accumulation of mortgage loans while long-term bonds have been issued for permanent mortgage financing. Amounts so issued shall not be deemed to constitute a debt of the State of Alaska.

Funds

The following describes the funds maintained by the Corporation, all of which conform with the authorizing legislation, legislative appropriations, and note and bond resolutions.

Corporation Operating Fund

The Corporation Operating Fund records the receipt of income not directly pledged to the repayment of specific notes and bonds or requiring separate accounting by Legislative appropriations. Operating expenses of the Corporation are initially recorded in this fund then charged to the various other funds.

Mortgage Program Note Fund

Established under resolutions adopted with the issuance of each note series, the Mortgage Program Note Fund accounts for the proceeds of bond anticipation notes and the related temporary financing of eligible housing.

Housing Mortgage Bond Fund

This fund was established under the General Housing Mortgage Bond Resolution to account for the proceeds from the sale of the bonds, the related debt service requirements of the bond indebtedness, mortgage loans made with bond proceeds, and allowable program expenses. The majority of mortgages purchased pursuant to the Resolution are insured by government agencies such as the Veterans Administration and the Federal Housing Administration.

Insured Mortgage Bond Fund

The Insured Mortgage Bond Fund was established pursuant to the General Insured Mortgage Program Bond Resolution to account for the proceeds from the sale of the bonds and the related debt service requirements of the bond indebtedness, mortgage loans made with bond proceeds, and allowable program expenses. In contrast with the Housing Mortgage Bond Fund, mortgages purchased and held under the Insured Program are primarily conventional in nature carrying private mortgage insurance and being also insured under a State Mortgage Insurance Fund (See Note 8).

Insured Rural Mortgage Bond Fund

The Insured Rural Mortgage Bond Fund was established under the General Insured Rural Mortgage Program Bond Resolution to account for the proceeds from the sale of the bonds and the related debt service requirements of the bond indebtedness, mortgage loans made with bond proceeds, and allowable program expenses. Mortgages purchased under this program provide financing for housing located in remote, underdeveloped or blighted areas of the State. The mortgages are to be conventional in nature carrying private mortgage insurance and being also insured under a State Mortgage Insurance Fund (See Note 8).

As of November 30, 1980 only one issue of Insured Rural Mortgage Bonds in the amount of \$5,600,000 had been sold, with the State of Alaska purchasing the entire issue.

For those mortgages financing property for which satisfactory mortgage title insurance and/or hazard insurance is not available from private insurance companies, a Rural Housing Title Insurance Fund and Rural Housing Hazard Insurance Fund have been created to provide the necessary insurance to protect the Corporation's interest in the property (See Note 8).

Housing Development Fund

This fund accounts for amounts borrowed from the State of Alaska pursuant to various agreements, mortgages purchased with the note proceeds, and the related debt service requirements.

Housing Development Notes in the aggregate amount of \$22,270,000 have been issued by the Corporation to the State of Alaska and the proceeds therefrom, as they are authorized to be released, have been or will be deposited in the Housing Development Fund for the purpose of providing mortgage loans in remote areas of the State and for financing other projects, including a 98-unit housing project in Juneau.

State Assisted Mortgage Fund

The State Assisted Mortgage Fund (the "SAM" Fund) provides a subsidy to certain borrowers allowing them to secure mortgages bearing legislatively mandated interest rates. This is accomplished by transferring sufficient assets to the fund which purchases the mortgages to increase its cash flow to that level necessary to meet the debt service of the fund and cover operating costs.

The SAM Fund is pledged through January, 1983 to a special mandatory redemption provision of the Insured Mortgage Program Bonds 1980 Second Series which allowed for their sale despite pending adverse federal tax legislation.

The SAM Fund was established by direct appropriations from the State of Alaska of \$105,000,000 in cash and \$236,000,000 in mortgage loans. The appropriation of mortgage loans allows for their reversion to the State on July 1, 1983 should they not be pledged or otherwise secured to the payment of bonds of the Corporation.

Home Ownership Fund

Capitalized by appropriations from the State of Alaska in the amount of \$2,500,000 in cash and \$50,000,000 in mortgage loans, this fund provides mortgage assistance payments on behalf of certain eligible borrowers. The appropriation of mortgage loans requires their reversion to the State on July 1, 1983 should they not be pledged or otherwise secured to the payment of bonds of the Corporation.

State Appropriated Loan Fund

This fund accounts for amounts appropriated from the State of Alaska for the purpose of making mortgage loans of the type specified in the appropriation. This fund is distinguished from the Housing Development Fund in that repayment to the State is not required.

An appropriation by the 1980 Legislature of \$6,500,000 enabling the Corporation to continue purchasing mortgages in rural areas of the State of Alaska represents total contributions received by the fund to date.

Fund Accounting

The financial activities of the Corporation, which are restricted by the Corporation's Bond Resolutions, requirements from the Alaska State Legislature, Note Resolutions, and Housing Development Fund Agreements, are recorded in various specific purpose funds and accounts as specified in such instruments or necessitated by appropriation requirements. Financial activities and resulting account balances which are not so restricted are recorded in the Corporation Operating Fund. The Corporation's funds are considered to be enterprise funds for financial reporting purposes.

Investments

Investments purchased for long term purposes are carried at amortized cost. Investments of a short term nature are carried at the lower of amortized cost or market.

Mortgage Loans

Mortgage loans are carried at their unpaid principal balance less net unamortized discount or premium.

Provision for Loan Losses

Provision for loan losses is determined from specific evaluation of delinquencies and charged directly against operations in the period that the loss exposure becomes known.

**NOTE 2
ACCOUNTING
POLICIES**

Amortization and Depreciation

Mortgage discounts and premiums are amortized over the life of the related mortgages on a method which approximates yield.

Discount, premium and issuance expenses on debt are deferred and amortized, on a method which approximates yield, over the terms of the related issue.

Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. Estimated useful lives are 5 to 20 years. Accumulated depreciation at November 30, 1980 and 1979 was approximately \$26,000 and \$11,000, respectively.

Accrual of Interest Receivable

Interest is accrued based upon the principal amount outstanding. However, interest is not accrued and no income is recognized on mortgages over four months in arrears or currently involved in foreclosure proceedings.

Commitment Fees

Commitment fees are received as blocks of funds are committed for specified periods of time to various lending institutions. These fees are deferred and recorded as income as individual loans are funded. Any fee relating to unfunded commitments is recorded as income on commitment expiration.

Allocation of Expenses Among Funds

The Corporation's administrative, operating, legal, accounting, and trustee fee expenses are accumulated in the Operating Fund. Expenses identifiable to a particular fund are directly charged while all other expenses are allocated based upon total assets of the fund. General operating expenses are not allocated, however, to the SAM Fund or Home Ownership fund due to their subsidy nature and source of capital.

**NOTE 3
UNAMORTIZED
DISCOUNT AND
PREMIUM ON
MORTGAGES**

The net unamortized discount and premium on mortgages outstanding at November 30, 1980 is comprised of the following:

Fund	Mortgage Principal Balance	Net Unamortized Discount (In thousands)	Net
Corporation Operating	\$ 5,501		\$ 5,501
Housing Mortgage Bond	95,578	\$ 922	94,656
Insured Mortgage Bond	606,747	148	606,599
Insured Rural Mortgage Bond	4,938		4,938
Housing Development	3,844		3,844
State Assisted Mortgage	226,010		226,010
Home Ownership	38,862		38,862
	<u>\$981,480</u>	<u>\$1,070</u>	<u>\$980,410</u>

The State of Alaska appropriated mortgage loans to the Corporation's SAM Fund and Home Ownership Fund in the amounts of \$236,000,000 and \$50,000,000, respectively. As of November 30, 1980 the accounting for the transfer of \$4,846,332 mortgages to the SAM Fund and \$9,101,148 of mortgages to the Home Ownership Fund had not been completed. The appropriation transferred the loans effective July 1, 1980. Accordingly, the Corporation has established accounts within the funds representing a receivable from the State of Alaska for mortgages to be transferred.

Mortgage loans appropriated from the State of Alaska to the Corporation's SAM Fund and Home Ownership Fund are required to be transferred back to the State on July 1, 1983 at their then unpaid principal balance if they have not been pledged or otherwise secured to the payment of bonds of the Corporation. Mortgage loans in the SAM Fund and Home Ownership Fund subject to such reversion had outstanding principal balances at November 30, 1980 and 1979 of \$226,010,393 and \$38,861,555 respectively.

The Corporation's obligations are not a debt of the State of Alaska and the State is not directly liable thereon. Obligations outstanding at November 30, 1980 and 1979 are as follows:

**NOTE 4
MORTGAGE
LOAN TRANSFER
FROM THE STATE
OF ALASKA**

**NOTE 5
BONDS AND
NOTES PAYABLE**

	Bonds Outstanding		
	Original Amount	November 30, 1980	November 30, 1979
	(In thousands)		
Housing Mortgage Program:			
1972 Series A, 5.4% to 5.8% due 1980-2002	\$ 13,500	\$ 12,125	\$ 12,375
1973 Series A, 5.5% to 6% due 1980-2002	13,000	11,765	12,010
1973 Series B, 5.8% to 7% due 1980-2003	36,000	33,215	33,805
1975 Series A, 7% to 8.75% due 1980-2005	35,000	33,455	33,890
1975 Series B, 6.5% to 7.75% due 1980-2005	12,000	11,460	11,610
Total Housing Mortgage Bonds at Par	<u>109,500</u>	<u>102,020</u>	<u>103,690</u>
Unamortized discount		(279)	(296)
Net Housing Mortgage Bonds		<u>101,741</u>	<u>103,394</u>
Insured Mortgage Program:			
1975 First Series, 7.9% to 9% due 1980-2005	5,000	4,850	4,895
1976 First Series, 6.5% to 8% due 1980-2006	20,000	19,465	19,660
1976 Second Series, 5.4% to 8% due 1980-2006	25,000	24,360	24,585
1977 First Series, 5.35% to 6.625% due 1980-2007	35,000	34,065	34,550
1977 Second Series, 5.20% to 6.50% due 1980-2007	48,000	46,770	47,405
1977 Third Series, 4.85% to 6.50% due 1980-2007	40,000	39,000	39,550
1978 First Series, 4.90% to 6.375% due 1980-2007	47,225	46,575	47,125
1978 Second Series, 5.25% to 7.5% due 1980-2008	55,000	54,350	55,000
1978 Third Series, 5.5% to 7.125% due 1980-2008	44,000	44,000	44,000
1979 First Series, 5.6% to 7.3% due 1980-2008	60,000	60,000	60,000
1979 Second Series, 5.3% to 7.125% due 1980-2009	105,000	105,000	105,000
1980 First Series, 6.75% to 8.75% due 1981-2009	39,400	39,400	
1980 Second Series, 5.25% to 9.20% due 1981-2010	230,000	230,000	
Total Insured Mortgage Bonds at Par	<u>753,625</u>	<u>747,835</u>	<u>481,770</u>
Unamortized discount		(14,509)	(8,473)
Net Insured Mortgage Bonds		<u>733,326</u>	<u>473,297</u>
Insured Rural Mortgage Program:			
1979 First Series, 7.5% due 1980-2009, issued without discount to the State of Alaska	5,600	5,600	5,600
Total Bonds Outstanding	<u>\$868,725</u>	<u>\$840,667</u>	<u>\$582,291</u>

The following sources are available and pledged for the payment of Housing Mortgage Bond principal and interest: (1) the proceeds derived from the sale of such bonds, (2) the repayments from all mortgage loans financed under the program net of service fees and operating expenses of the Corporation, (3) all monies and securities of the Reserve Fund held by the Trustee (\$5,391,000 and \$3,742,000 at November 30, 1980 and 1979, respectively), and (4) a Special Pledged Fund (approximately \$17,690,000 and \$19,581,000 at November 30, 1980 and 1979 respectively) consisting of first mortgage loans, permitted investments and cash held by the Commissioner of Revenue of the State of Alaska. The latter fund is not reflected in the accompanying financial statements.

The following sources are available and pledged for the payment of Insured Mortgage Bond principal and interest: (1) the repayments from all mortgage loans financed under the program net of service fees and operating expenses of the Corporation and (2) all monies and securities of the Capital Reserve Fund held by the Trustee amounting to \$75,349,000 and \$48,419,000 of principally U.S. Government obligations at November 30, 1980 and 1979, respectively. These investments are long term and are intended to be held to maturity and, therefore, will be fully realized (market value at November 30, 1980 approximates \$59,300,000). This latter fund is required to be maintained at an amount equal to 10% of the outstanding balance of Insured Mortgage Bonds. Additionally, all assets of the State Assisted Mortgage Fund are pledged as a source of funding for the Corporation's special mandatory redemption obligation in the event that interest on the 1980 Second Series Bonds becomes taxable pursuant to legislation passed by the 97th Congress.

The following sources are available and pledged for the payment of Insured Rural Mortgage Bond principal and interest: (1) the repayment from all mortgage loans financed under the program net of service fees and operating expenses of the Corporation, (2) all monies and securities of the Rural Capital Reserve Fund held by the Trustee amounting to \$567,000 and \$562,000 of principally U.S. Government obligations at November 30, 1980 and 1979, respectively. These investments are long term and are intended to be held to maturity and, therefore, will be fully realized (market value at November 30, 1980 approximates \$485,000). The Rural Capital Reserve Fund is required to be maintained at an amount equal to 10% of the outstanding balance of Insured Rural Mortgage Bonds.

The principal payments related to all bond indebtedness for the periods indicated are as follows.

	Insured Mortgage Program	Insured Rural Mortgage Program	Housing Mortgage Program	Total
	(In thousands)			
Seven months ending June 30, 1981	\$ 5,900	\$25	\$ 1,790	\$ 7,715
Year ending June 30, 1982	8,670	50	1,925	10,645
Year ending June 30, 1983	9,210	55	2,060	11,325
Year ending June 30, 1984	9,840	60	2,210	12,110
Year ending June 30, 1985	10,370	65	2,360	12,795

The bonds are subject to certain early redemption provisions at the option of the Corporation.

As part of the Corporation's Housing Development Fund programs, it entered into agreements with the State of Alaska (the "State") and Alaska State Housing Authority ("ASHA"), whereby the Corporation borrowed \$4,420,000 from the State for a term of 37 years at an annual interest rate of 3.47% and, concurrently, these funds were loaned to ASHA for a term of 37 years at a rate of 3.47% under the terms of a deed of trust note secured by an apartment building located in Juneau, Alaska.

The terms of the note payable to the State and the deed of trust note receivable from ASHA are identical and require annual payments of \$240,932 each March 1, through 2008. The remaining unpaid principal and interest is due and payable March 1, 2009, the outstanding balance of the note payable and the related receivable from ASHA is \$4,242,000 and \$4,332,000 at November 30, 1980 and 1979, respectively.

Additionally, under the Housing Development Fund the Corporation has notes payable to the State of Alaska with balances outstanding as follows:

	Notes Outstanding	
	November 30, 1980	November 30, 1979
	(In thousands)	
Housing Development Fund Notes, 6%	\$2,610	\$2,731
Housing Development Fund Notes, 8.5%	1,370	385
Housing Development Fund Note, 9.5%	3,722	
	<u>\$7,702</u>	<u>\$3,116</u>

NOTE 6 NOTES PAYABLE TO THE STATE OF ALASKA

Principal reductions are required on these notes in an amount equal to the principal portion of the payments on the mortgage loans assigned as security for the notes.

The 6% Housing Development Fund Notes mature November 1, 2014 and are renewable at the option of the Commissioner of Revenue of the State of Alaska.

The proceeds of the 8.5% Housing Development Fund Notes are paid to the Corporation as required to purchase qualifying mortgage loans. At November 30, 1980, approximately \$1,226,000 of note proceeds remained to be drawn by the Corporation.

The 9.5% Housing Development Fund Note is paid to the Corporation as required to purchase qualifying mobile home loans. At November 30, 1980, approximately \$6,276,000 of note proceeds remained to be drawn by the Corporation.

Under the Insured Mortgage Bond Program, the Corporation is required to maintain a Capital Reserve Fund equal to 10% of the outstanding balance of Insured Mortgage Bonds. In order to fulfill a portion of the requirement, the Corporation borrowed \$12,800,000 from the State with outstanding balances as follows:

Balances at November 30, 1980:

1975 First Series	\$ 485,000
1977 First Series	3,406,500
1977 Second Series	4,677,000
1977 Third Series	3,900,000
Total	<u>\$12,468,500</u>

The interest rate on the loans is equal to earnings on the proceeds of such loans deposited in the Capital Reserve fund with principal reductions pro-rata to those required for the Insured Mortgage Bonds relating to such loans. Principal payments required on the above notes are as follows:

Seven months ending June 30, 1981	\$ 184,000
Year ending June 30, 1982	197,000
Year ending June 30, 1983	208,500
Year ending June 30, 1984	225,000
Year ending June 30, 1985	240,000
	1,054,500
Thereafter	11,414,000
	<u>\$12,468,500</u>

**NOTE 7
CONTRIBUTED
CAPITAL**

Contributions to capital during the year ended November 30, 1980 were as follows:

	Insured Mortgage Bond Fund	State Assisted Mortgage Fund	Home Ownership Fund	State Appropriated Loan Fund	Combined
	(In thousands)				
Contributions from the State of Alaska		\$341,000	\$52,500	\$6,500	\$400,000
Transfer representing State loan subsidy	\$6,155	(6,155)			
Balance - November 30, 1980	<u>\$6,155</u>	<u>\$334,845</u>	<u>\$52,500</u>	<u>\$6,500</u>	<u>\$400,000</u>

**NOTE 8
INSURANCE
FUNDS**

In connection with the establishment of the Insured Mortgage and Insured Rural Mortgage Programs described in Note 1, insurance funds of the State of Alaska have been created for the exclusive purpose of insuring the acquired mortgages and the Corporation's interest in the related property. These are special funds of the State with certain rights, duties, powers, responsibilities and obligations being delegated to the Corporation pursuant to the various insurance agreements with the State. These funds are not included in the Corporation's financial statements, except for the capital investment in the State Mortgage Insurance Fund.

None of the Insurance Funds have recorded any provision for loan losses since no losses have presently been experienced and an inadequate history exists within the State to form a credible basis for future loss projections. However, it is the opinion of management of the Corporation that such losses, if any, will be minimal in view of the traditional economic strength of the Alaska housing market and the loan-to-value criteria described in the following paragraphs which must be met by eligible loans in the Insured Mortgage and Insured Rural Mortgage Programs.

State Mortgage Insurance Fund - Insured Mortgage Program Account

This account provides insurance against losses suffered by the Corporation on obligations acquired under the Insured Mortgage Program. Mortgage Loans which may be insured by the account must either have a loan-to-value ratio which does not exceed 80% or be the subject of insurance or guarantee by the Federal Housing Administration, Veterans Administration or other federal agency or by private mortgage insurance to the extent that such ratio is greater than 80%. The capital of the account is required to be maintained at an amount equal to the greater of 2% of the unpaid principal amount of all acquired mortgages or a percentage which the Corporation and the State agree is actuarially sound for operation of the account. The initial capital requirements associated with 1975 through 1977 First Series Bonds were partially funded by contributions from the Corporation Operating Fund. The Corporation considered these initial contributions of \$600,000 to be permanent costs of initiating the program and charged such amounts against operations; subsequent contributions of \$1,000,000 have been capitalized since the ongoing nature of the program is expected to produce a probable likelihood of return. Such return is, however, limited to amounts in excess of the capital requirement described previously and contingent upon that requirement having been continuously met for two consecutive fiscal years preceding the withdrawal.

The account is held in trust by a commercial lending institution pursuant to a custody agreement entered into by the State of Alaska and administered by the management of the Corporation. Generally, the account's activities through November 30, 1980 have been limited to receipt of capital contributions, premiums and interest on investments. A premium charge to the mortgagor, equal to 1/2% of the principal amount of each conventional mortgage loan financed under the program, was discontinued January 24, 1977.

State Mortgage Insurance Fund - Insured Rural Mortgage Program Account

The State of Alaska has made contributions totalling \$825,000 establishing an Insured Rural Mortgage Program Account within the State Mortgage Insurance Fund. The capital of the account is required to be maintained at an amount equal to 2% of the unpaid principal amount of all acquired mortgages or a percentage which the Corporation and the State agree is actuarially sound for operation of the Fund. The Commissioner of Revenue for the State of Alaska holds this account at November 30, 1980.

State Mortgage Insurance Fund - Summary Financial Statements

A summary of the Fund's financial statements for the years ending November 30, 1980, and 1979 follows:

	November 30, 1980		November 30, 1979
	Insured Rural Mortgage Program Account	Insured Mortgage Program Account	Insured Mortgage Program Account
Assets:			
Cash, short term investments and accrued interest	\$825,000	\$15,925,396	\$10,049,778
Liabilities:			
Deferred premiums		114,133	139,068
Capital:			
Contributions from—			
State of Alaska	825,000	11,805,000	7,125,000
Alaska Housing Finance Corporation		1,600,000	1,600,000
Retained earnings		2,406,263	1,185,710
	<u>\$825,000</u>	<u>\$15,925,396</u>	<u>\$10,049,778</u>
Revenues:			
Interest on investments		\$1,195,863	\$ 691,912
Earned premiums		24,935	24,935
		<u>1,220,798</u>	<u>716,847</u>
Expenses		245	154
Net Income	\$ -0-	<u>\$1,220,553</u>	<u>\$ 716,693</u>

Rural Housing Title and Hazard Insurance Funds - Insured Rural Mortgage Program

These funds provide the necessary title and hazard insurance to protect the Corporation's interest in the property securing obligations acquired under the Insured Rural Mortgage Program when such insurance is not available from private companies on reasonable terms. The funds are required to be maintained in an amount not less than 25% of the principal amount of the acquired obligations for which such insurance is provided. The State of Alaska has made contributions of \$250,000 to the Rural Housing Hazard Insurance Fund and \$380,000 to the Rural Housing Title Insurance Fund. These contributions were held by the State of Alaska, Department of Revenue at November 30, 1980 and are expected to be transferred to a trust account to be established by the Corporation. Upon transfer to the trust account, the contributions will be recorded as contributed capital from the State of Alaska in the Insured Rural Mortgage Bond Fund.

The Corporation has adopted a short seven month reporting period from December 1, 1980 through June 30, 1981 with fiscal years ending June 30, beginning in 1982 and each year thereafter. This change from a November 30 fiscal year end was made to provide a fiscal reporting period for the Corporation consistent with that of the State of Alaska.

At November 30, 1980 the Corporation had outstanding commitments to purchase first mortgage loans of approximately \$101,304,000.

The Corporation leases its office facilities and certain equipment for periods expiring between January, 1981 and May, 1985 with aggregate annual rental payments as set forth below:

Seven months ending June 30, 1981	\$ 93,216
Year ending June 30, 1982	235,817
Year ending June 30, 1983	235,817
Year ending June 30, 1984	235,817
Year ending June 30, 1985	235,817

Additional Financings

During December, 1980 the Corporation issued \$230,000,000, 1980 Third Series, Insured Mortgage Bonds. In anticipation of this bond issuance, the Corporation received a \$2,300,000 good faith deposit from the bond underwriter during November, 1980. This deposit is reflected in the accounts of the Insured Mortgage Bond Fund at November 30, 1980. The 1980 Third Series Bonds are subject to special mandatory redemption at 100% plus accrued interest following the enactment of any federal legislation by the 97th Congress of the United States which subjects interest on the Bonds to federal income tax. Funds for any required special redemption are anticipated to be available from liquidation of the 1980 Third Series portfolio and the assets of the State Assisted Mortgage Fund. The 1980 Third Series Bonds will not be redeemed in the event legislation retroactively subjecting the interest on the 1980 Third Series Bonds to federal income tax passes the 98th Congress or a subsequent Congress.

The Corporation issued \$4,400,000 1980 First Series Insured Rural Mortgage Bonds during December, 1980 with the State of Alaska purchasing the entire issue.

**NOTE 9
FISCAL YEAR
CHANGE**

**NOTE 10
COMMITMENTS**

**NOTE 11
EVENTS
SUBSEQUENT TO
NOVEMBER 30,
1980**

COMBINING BALANCE SHEET

November 30, 1980

Corporation Operating Fund	Housing Mortgage Bond Fund	Insured Mortgage Bond Fund	Insured Rural Mortgage Bond Fund	Housing Develop- ment Fund	State Assisted Mortgage Fund	Home Ownership Fund	State Appro- priated Loan Fund	Combined	
(In thousands)									
ASSETS									
Cash—									
Demand deposits	\$ 23	\$ 112	\$ 425	\$ 2	\$ 3	\$ 235	\$ 97	\$ 897	
Savings accounts	594				95			689	
Held in trust			2	6			1	9	
	<u>617</u>	<u>112</u>	<u>427</u>	<u>8</u>	<u>98</u>	<u>235</u>	<u>98</u>	<u>1,595</u>	
Investments—									
Certificates of deposit	2,099	3,363	54,819	25	200	52,354	\$6,500	119,360	
U.S. Treasury obligations		155	77,771	734		16,054		94,714	
Bank repurchase agreements	976	14,316	51,518	242	39	43,062	5,174	115,327	
	<u>3,075</u>	<u>17,834</u>	<u>184,108</u>	<u>1,001</u>	<u>239</u>	<u>111,470</u>	<u>5,174</u>	<u>329,401</u>	
First mortgage loans, net of discounts									
Mortgage loans to be received	5,501	94,656	606,599	4,938	3,844	226,010	38,862	980,410	
Mobile home loans	1,379				3,719	4,846	9,101	13,947	
Deed of trust note receivable from Alaska State Housing Authority					4,242			4,242	
Accrued interest receivable	99	868	6,879	48	174	4,269	413	12,761	
Bond issuance costs, net of amortization		311	1,055	12				1,378	
Capital investment in State Mortgage Insurance Fund	1,000							1,000	
Office equipment and improvements, net	107							107	
Other receivables	392	67	256	1	2	142	58	918	
Total Assets	<u>\$12,170</u>	<u>\$113,848</u>	<u>\$799,324</u>	<u>\$6,008</u>	<u>\$12,318</u>	<u>\$346,972</u>	<u>\$53,706</u>	<u>\$6,511</u>	<u>\$1,350,857</u>
LIABILITIES AND FUND EQUITY									
Liabilities									
Bonds and notes payable, net of discounts —									
Mortgage bonds		\$101,741	\$733,326	\$5,600				\$ 840,667	
Payable to the State of Alaska			12,469		511,944			24,413	
Deposits			2,300					2,300	
Accrued interest payable		3,393	27,376	210	182			31,161	
Deferred fee income	\$ 919							919	
Accrued expenses and other liabilities	162	91	462	16	19	\$ 158	\$ 28	936	
Total Liabilities	<u>1,081</u>	<u>105,225</u>	<u>775,933</u>	<u>5,826</u>	<u>12,145</u>	<u>158</u>	<u>28</u>	<u>900,396</u>	
Fund Equity									
Contributed Capital—									
Contributions from State of Alaska during the period					341,000	52,500	\$6,500	400,000	
Transfer representing State loan subsidy			6,155		(6,155)				
			6,155		334,845	52,500	6,500	400,000	
Retained earnings, designated for purposes allowed within the respective funds									
	11,089	8,623	17,236	182	173	11,969	1,178	50,461	
Total Fund Equity	<u>11,089</u>	<u>8,623</u>	<u>23,391</u>	<u>182</u>	<u>173</u>	<u>346,014</u>	<u>53,678</u>	<u>6,511</u>	<u>450,461</u>
Commitments									
Total Liabilities and Fund Equity	<u>\$12,170</u>	<u>\$113,848</u>	<u>\$799,324</u>	<u>\$6,008</u>	<u>\$12,318</u>	<u>\$346,972</u>	<u>\$53,706</u>	<u>\$6,511</u>	<u>\$1,350,857</u>

See accompanying notes to financial statements.

COMBINING STATEMENT OF REVENUES, EXPENSES AND RETAINED EARNINGS

Year Ended November 30, 1980

	Corporation Operating Fund	Housing Mortgage Bond Fund	Insured Mortgage Bond Fund	Insured Rural Mortgage Bond Fund	Housing Develop- ment Fund	State Assisted Mortgage Fund	Home Ownership Fund	State Appro- priated Loan Fund	Combined
(In thousands)									
Revenues									
Interest Income—									
Mortgages and Loans	\$ 533	\$8,180	\$38,225	\$143	\$414	\$ 8,442	\$1,239		\$57,176
Investments	291	1,262	16,453	469	28	4,002	33	\$11	22,549
	<u>824</u>	<u>9,442</u>	<u>54,678</u>	<u>612</u>	<u>442</u>	<u>12,444</u>	<u>1,272</u>	<u>11</u>	<u>79,725</u>
Loan fees and other	1,378								1,378
Total revenues	<u>2,202</u>	<u>9,442</u>	<u>54,678</u>	<u>612</u>	<u>442</u>	<u>12,444</u>	<u>1,272</u>	<u>11</u>	<u>81,103</u>
Operating Expenses									
Interest on notes and bonds		6,823	43,529	420	387				51,159
Mortgage service fees	22	365	1,671	7	19	475	94		2,653
General and administrative expenses	888								888
Legal, accounting and trustee fees	490								490
Interfund operating charge (credit)	(1,354)	216	1,110	14	14				
Total operating expenses	<u>46</u>	<u>7,404</u>	<u>46,310</u>	<u>441</u>	<u>420</u>	<u>475</u>	<u>94</u>		<u>55,190</u>
Net income	<u>2,156</u>	<u>2,038</u>	<u>8,368</u>	<u>171</u>	<u>22</u>	<u>11,969</u>	<u>1,178</u>	<u>11</u>	<u>25,913</u>
Retained earnings, beginning of year	8,933	6,585	8,868	11	151				24,548
Retained earnings, end of year	<u>\$11,089</u>	<u>\$8,623</u>	<u>17,236</u>	<u>\$182</u>	<u>\$173</u>	<u>\$11,969</u>	<u>\$1,178</u>	<u>\$11</u>	<u>\$50,461</u>

See accompanying notes to financial statements.

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended November 30, 1980

	Corporation Operating Fund	Housing Mortgage Bond Fund	Insured Mortgage Bond Fund	Insured Rural Mortgage Bond Fund	Housing Develop- ment Fund	State Assisted Mortgage Fund	Home Ownership Fund	State Appro- priated Loan Fund	Combined
(In thousands)									
Sources of financial resources									
From operations--									
Net income	\$2,156	\$ 2,038	\$ 8,368	\$171	\$ 22	\$ 11,969	\$ 1,178	\$ 11	\$ 25,913
Add (deduct) items not re- quiring (providing) cash									
Net amortization of dis- counts, premiums and bond issuance costs		(158)	597	1					440
Depreciation	16								16
(Increase) decrease in ac- crued interest receivable	206	83	(1,967)	(21)	(37)	(4,269)	(413)	(11)	(6,429)
Increase (decrease) in ac- crued interest payable		(59)	9,532	105	36				9,614
Net increase (decrease) in accrued expenses, pre- pays and other receivables	(87)	(39)	(8)	2	16	16	(30)		(130)
Increase in deferred fee income	919								919
Financial resources pro- vided by operations	3,210	1,865	16,522	258	37	7,716	735		30,343
Transfer of subsidy from (to) other funds			6,155			(6,155)			
Mortgages (purchased) sold to other funds			(156,981)			156,981			
Mortgage and loan principal repayments	3,730	9,975	24,519	86	132	5,144	2,037		45,623
Net proceeds from sale of insured mortgage bonds			264,669						264,669
Net proceeds from State of Alaska notes					4,712				4,712
Contribution of capital from the State of Alaska						341,000	52,500	6,500	400,000
Reduction in note receivable from Alaska State Housing Authority					90				90
Proceeds from disposition of office equipment and improvements net of gain or loss	6								6
	\$6,946	\$11,840	\$154,884	\$344	\$4,971	\$504,686	\$55,272	\$6,500	\$745,443
Uses of financial resources									
Increase (decrease) in investments	\$ (3,561)	\$ 6,246	\$ 68,198	\$ (4,683)	\$ 19	\$ 111,470	\$ 5,174	\$ 6,500	\$ 189,363
Acquisition of mortgages and loans	10,086	3,827	82,808	5,024	4,678	392,981	50,000		549,404
Payment of housing mort- gage and insured mort- gage bonds		1,670	3,335						5,005
Payment of State of Alaska notes			171		216				387
Purchase of office equipment and improvements	104				58	235	98		104
Increase in cash	317	97	372	3	58	235	98		1,180
	\$6,946	\$11,840	\$154,884	\$344	\$4,971	\$504,686	\$55,272	\$6,500	\$745,443

See accompanying notes to financial statements

COMBINING BALANCE SHEET

November 30, 1979

	Corporation Operating Fund	Housing Mortgage Bond Fund	Insured Mortgage Bond Fund	Insured Rural Mortgage Bond Fund	Housing Develop- ment Fund	Combined
	(In thousands)					
ASSETS						
Cash—						
Demand deposits	\$ 35	\$ 15	\$ 43			\$ 93
Savings accounts	265				\$ 40	305
Held in trust			12	\$ 5		17
	<u>300</u>	<u>15</u>	<u>55</u>	<u>5</u>	<u>40</u>	<u>415</u>
Investments—						
Certificates of deposit	6,634	10,701	76,076		200	93,611
U.S. Treasury obligations			35,501	644		36,145
Bank repurchase agreements	2	867	4,333	5,040	20	10,282
	<u>6,636</u>	<u>11,588</u>	<u>115,910</u>	<u>5,684</u>	<u>220</u>	<u>140,038</u>
First mortgage loans, net of discounts ..	388	100,608	391,300		2,985	495,281
Home improvement loans	136				32	168
Deed of trust note receivable from Alaska State Housing Authority					4,332	4,332
Accrued interest receivable	305	951	4,912	27	137	6,332
Bond issuance costs, net of amortization		332	686	13		1,031
Capital investment in State Mortgage Insurance Fund	1,000					1,000
Office equipment and improvements, net	25					25
Other receivables	287					287
Total Assets	<u>\$9,077</u>	<u>\$113,494</u>	<u>\$512,863</u>	<u>\$5,729</u>	<u>\$7,746</u>	<u>\$648,909</u>
LIABILITIES AND FUND EQUITY						
Liabilities						
Bonds and notes payable, net of discounts—						
Mortgage bonds		\$103,394	\$473,297	\$5,600		\$582,291
Payable to the State of Alaska			12,640		\$7,448	20,088
Accrued interest payable		3,452	17,844	105	146	21,547
Accrued expenses and other liabilities ..	\$ 144	63	14	13	1	435
Total Liabilities	<u>144</u>	<u>106,909</u>	<u>503,995</u>	<u>5,718</u>	<u>7,595</u>	<u>624,361</u>
Fund Equity						
Retained earnings, designated for purposes allowed within the respective funds	8,933	6,585	8,868	11	151	24,548
Commitments						
Total Liabilities and Fund Equity	<u>\$9,077</u>	<u>\$113,494</u>	<u>\$512,863</u>	<u>\$5,729</u>	<u>\$7,746</u>	<u>\$648,909</u>

See accompanying notes to financial statements

COMBINING STATEMENT OF REVENUES, EXPENSES AND RETAINED EARNINGS

Year Ended November 30, 1979

	Corporation Operating Fund	Mortgage Program Note Fund	Housing Mortgage Bond Fund	Insured Mortgage Bond Fund	Insured Rural Mortgage Bond Fund	Housing Develop- ment Fund	Combined
(In thousands)							
Revenues							
Interest Income—							
Mortgages	\$ 24	\$264	\$8,376	\$24,528		\$348	\$33,540
Investments	621	439	799	11,420	\$27	23	13,329
	<u>645</u>	<u>703</u>	<u>9,175</u>	<u>35,948</u>	<u>27</u>	<u>371</u>	<u>46,869</u>
Loan fees and other . . .	1,031						1,031
Total revenues	<u>1,676</u>	<u>703</u>	<u>9,175</u>	<u>35,948</u>	<u>27</u>	<u>371</u>	<u>47,900</u>
Operating Expenses							
Interest on notes and bonds		333	6,944	28,032	16	329	35,654
Mortgage service fees . .	1	12	375	1,100		7	1,495
General and adminis- trative expenses	661						661
Legal, accounting and trustee fees	362						362
Loan losses	57		20			20	97
Interfund operating charge (credit)	(897)		224	673			
Total operating expenses	<u>184</u>	<u>345</u>	<u>7,563</u>	<u>29,805</u>	<u>16</u>	<u>356</u>	<u>38,269</u>
Net Income	1,492	358	1,612	6,143	11	15	9,631
Retained earnings, begin- ning of year	6,501	582	4,971	2,725		136	14,917
Transfer of net assets appli- cable to matured bond anticipation notes to the Corporation Operating Fund	940	(940)					
Retained earnings, end of year	<u>\$8,933</u>	<u>\$ 0</u>	<u>\$6,585</u>	<u>\$8,868</u>	<u>\$11</u>	<u>\$151</u>	<u>\$24,548</u>

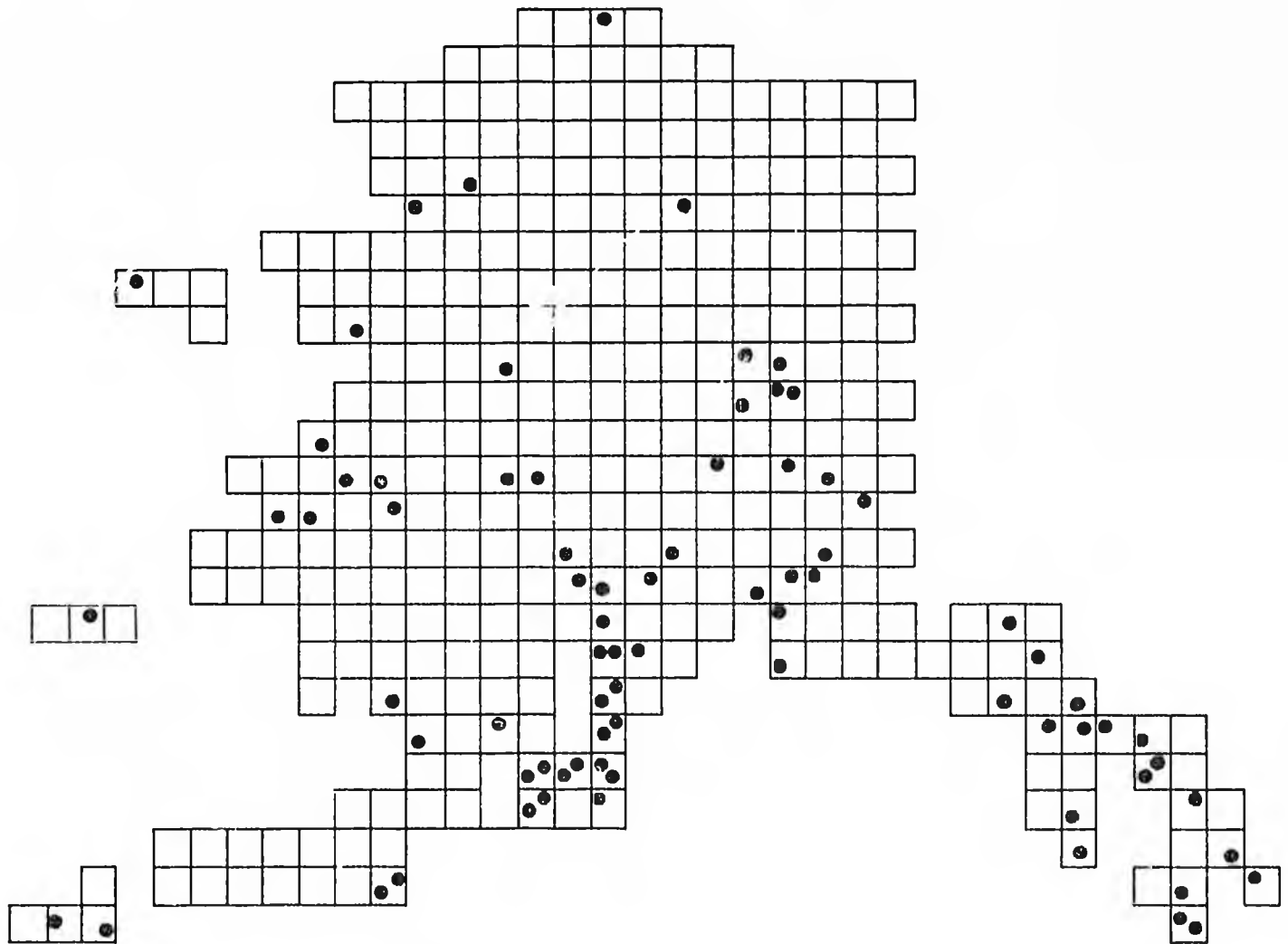
See accompanying notes to financial statements

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year Ended November 30, 1979						Combined
	Corporation Operating Fund	Mortgage Program Note Fund	Housing Mortgage Bond Fund	Insured Mortgage Bond Fund	Insured Rural Mortgage Bond Fund	Housing Develop- ment Fund	
	(\$ in thousands)						
Sources of financial resources							
From operations—							
Net income	\$1,932	\$ 358	\$ 1,612	\$ 6,143	\$ 11	\$ 15	\$ 9,631
Add (deduct) items not requiring (providing) cash							
Net amortization of discounts, premiums and bond issuance costs			(210)	360			150
Depreciation	2						2
(Increase) decrease in accrued interest receivable	(164)	131	(76)	(2,569)	(27)	(91)	(2,796)
Increase (decrease) in accrued interest payable		(817)	(58)	7,218	105	89	6,537
Net increase (decrease) in accrued expenses, prepaids and other receivables	(261)	(2)	28	139	13		(83)
Loan losses	57		20			20	97
Financial resources provided (used) by operations	1,126	(330)	1,316	11,291	102	33	13,538
Transfer from (to) other funds	940	(940)					
Mortgages (purchased) sold to other funds		21,035	(2,857)	(18,178)			
Mortgage principal repayments	13	17	11,193	18,412		63	29,698
Net proceeds from sale of bonds				204,070	5,587		209,657
Net proceeds from State of Alaska notes						905	905
	<u>\$2,079</u>	<u>\$19,782</u>	<u>\$9,652</u>	<u>\$215,595</u>	<u>\$5,689</u>	<u>\$1,001</u>	<u>\$253,798</u>
Uses of financial resources							
State Mortgage Insurance Fund	\$ 15						\$ 15
Increase (decrease) in investments	1,553	\$(20,311)	\$ 685	\$ 47,283	\$5,684	\$ 15	34,909
Purchase of first mortgage loans	389	15,094	7,445	166,178		384	189,490
Net increase in note receivable from Alaska State Housing Authority						432	432
Payment of housing mortgage and insured mortgage bonds			1,550	2,030			3,580
Payment of bond anticipation notes		25,000					25,000
Payment of State of Alaska notes				154		147	301
Office equipment and improvements	1						1
Increase (decrease) in cash	121	(1)	(28)	(50)	5	23	70
	<u>\$2,079</u>	<u>\$19,782</u>	<u>\$9,652</u>	<u>\$215,595</u>	<u>\$5,689</u>	<u>\$1,001</u>	<u>\$253,798</u>

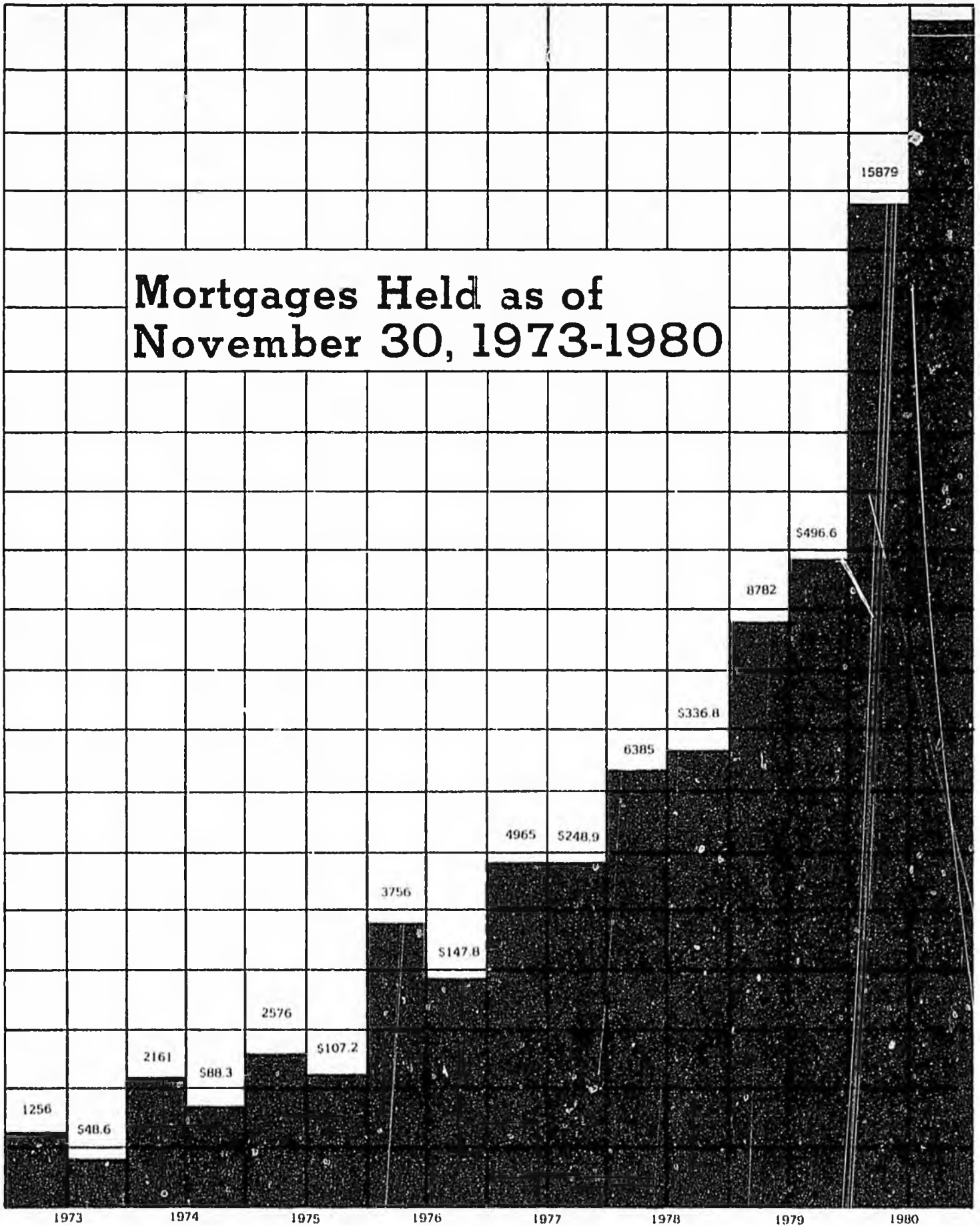
See accompanying notes to financial statements

COMMUNITIES CURRENTLY SERVED BY AHFC



- | | | | | |
|----------------|------------|------------------|-----------------|-----------|
| Anchorage | Estar | Kasllof | North Pole | Seldotna |
| Anchor Point | Fairbanks | Kani | Nunapitchuk | Sterling |
| Aniak | Ft. Yukon | Katchikan | Ouzinkie | Sutton |
| Auke Bay | Gakona | Kiana | Palmer | Talkeetna |
| Barrow | Galena | Klawak | Pelican | Tanana |
| Bethel | Gamhell | Kodiak | Petersburg | Tatitlek |
| Chitina | Girdwood | Kotzebue | Port Alexander | Tok |
| Chugiak | Glennallen | Netlakatla | Russian Mission | Unalaska |
| Cooper Landing | Haines | McGrath | St. Marys | Usibellie |
| Copper Center | Healy | Moose Pass | St. Paul Island | Valdez |
| Cardova | Homer | Mountain Village | Sand Point | Ward Cove |
| Craig | Hoonah | Naknek | Seldovia | Wasilla |
| Delta Junction | Hydaburg | Nenana | Seward | Willow |
| Dillingham | Iliamna | Nikolai | Sitka | Wrangell |
| Douglas | Indian | Ninlichik | Skagway | |
| Engle River | Juneau | Nome | Skwentna | |

Mortgages Held as of November 30, 1973-1980



Showing number of loans and value of loans in millions of dollars.

CROSSROADS

The close of the decade of the '70's represents the end of an era for Alaska Housing Finance Corporation. The Corporation was initially formed to assist low to moderate income Alaskans in home ownership through the purchase of mortgage loans originated by private lending institutions, with funding for this purpose coming from the sale of tax-exempt bonds. Over the years, AHFC has responded to the changing social and economic realities of Alaska by establishing additional programs to better respond to its legislative precepts. Typical of this is the Corporation's current close relationship with the Regional Housing Authorities in order to more directly serve the rural communities of the State.

The future funding of AHFC pro-

grams is no longer entirely possible through tax-exempt bonding, and the future market viability of taxable bonds is unknown. At this point, the State of Alaska has been brought into a partnership with AHFC to augment bond sales as a source of funding for the Corporation's programs. Although AHFC may continue to serve Alaskans within the limitations imposed by recent Federal legislation in conjunction with the current State assisted funding, such an approach would severely curtail the major portion of the Corporation's present and projected programs. It is against this backdrop that the future role of the State of Alaska in the housing industry must be examined, and the difficult questions asked and answered.

Although a general economic upturn

is foreseen for the early 1980's, should the State of Alaska, through the Legislature, continue to fund the stabilization as it did in the last half of 1980, or leave the housing industry to drift in the hope for improved economic conditions? Can Alaska afford to subsidize this portion of the needs of its residents, or can Alaska afford not to leave behind the boom or bust economy which has plagued the State for decades? These are foremost among the questions which must be addressed by the Corporation, the Legislature and, indeed, all Alaskans as we confront the challenges and choices of the coming decade.

BOARD OF DIRECTORS

Franklin C. Roppel
Chairman
Commissioner Charles Weber
Second Vice-Chairman
Commissioner Lee McAnerney

Commissioner Thomas K. Williams
Lance Parrish
First Vice-Chairman



APPROVED SELLER/SERVICERS

Alaska Bank of Commerce
Pouch 7012
Anchorage, Alaska 99510

Alaska Federal Savings & Loan Assoc.
P.O. Box 1828
Juneau, Alaska 99801

Alaska Mutual Bank
P.O. Box 1120
Anchorage, Alaska 99510

Alaska National Bank Of The North
Pouch 7-010
Anchorage, Alaska 99510

Alaska Pacific Bank
P.O. Box 420
Anchorage, Alaska 99510

Alaska School Employees Federal
Credit Union
3500 Eide Street
Anchorage, Alaska 99503

Alaska Statebank
310 E. Northern Lights Blvd.
Anchorage, Alaska 99503

Alaska Teamsters Federal Credit Union
1200 Airport Hts., Suite 430
Anchorage, Alaska 99504

Alaska USA Fed. Credit Union
777 Juneau Street
Anchorage, Alaska 99501

AMFAC Mortgage Corp.
401 E. Northern Lights Blvd.
Suite 212
Anchorage, Alaska 99503

Arctic First Federal Savings & Loan
P.O. Box 709
Fairbanks, Alaska 99707

First Alaskan Mortgage & Escrow
207 E. Northern Lights
Suite 120
Anchorage, Alaska 99503

First Federal Savings & Loan
P.O. Box 4-2200
Anchorage, Alaska 99509

First National Bank of Anchorage
P.O. Box 720
Anchorage, Alaska 99510

First National Bank of Fairbanks
P.O. Box 73758
Fairbanks, Alaska 99701

First National Bank of Ketchikan
P.O. Box 5100
Ketchikan, Alaska 99901

Home Federal Savings & Loan
Pouch 7008
Anchorage, Alaska 99510

Lomas & Nettleton
4449 Business Park Blvd.
Anchorage, Alaska 99503

Mt. McKinley Mutual Savings Bank
P.O. Box 73880
Fairbanks, Alaska 99701

National Bank of Alaska
Pouch 7-025
Anchorage, Alaska 99510

Peninsular Savings & Loan Association
Pouch 1000
Soldotna, Alaska 99669

Peoples Bank & Trust
Pouch 7007
Anchorage, Alaska 99510

Rainier Mortgage Co.
P.O. Box 1200
Anchorage, Alaska 99510

Security National Bank
Pouch 7-777
Anchorage, Alaska 99510

Security Pacific Mortgage
Denali Tower Building
2550 Denali St., Suite 1515
Anchorage, Alaska 99503

Spokane Mortgage
3201 "C" St., Suite 250
Anchorage, Alaska 99503

The BM Behrends Bank
P.O. Box 1367
Juneau, Alaska 99802

United Bank Alaska
Pouch 7-059
Anchorage, Alaska 99510

Managing Underwriters

Dean Witter Reynolds Inc.
Merrill Lynch White Weld Capital Markets Group
Merrill Lynch, Pierce, Fenner & Smith Incorporated
E.F. Hutton & Co.
Kidder, Peabody & Co.
Incorporated

Independent Certified Public Accountants

Price Waterhouse & Co./Anchorage

Bond Counsel

Wohlforth & Flint/Anchorage

Trustee

Bank of America NTSA/San Francisco

ALASKA HOUSING FINANCE CORPORATION

235 East 8th Avenue, Anchorage, Alaska
P.O. Box 1020, Anchorage, Alaska 99510

ALASKA SENIOR CITIZEN HOUSING DEVELOPMENT FUND

STATE OF ALASKA
DEPARTMENT OF COMMUNITY
AND REGIONAL AFFAIRS
DIVISION OF COMMUNITY PLANNING

225 Cordova, Building B
Anchorage, Alaska 99501



STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

PO BOX B
JUNEAU, ALASKA 99801

The Department of Community and Regional Affairs is pleased to provide you with this Program Description of the Alaska Senior Citizen Housing Development Fund.

Generated from a need recognized by the Alaska Legislature and funded through the sale of general obligation bonds, the program is designed to assist communities with the development of decent, safe, and sanitary housing for senior citizens.

This Program Description booklet represents the concept of a Senior Citizen Housing Development Program as planned, monitored, and analyzed with respect to identified needs and adherence to legislative intent. The Department encourages your review of this document and will provide additional information of the program as requested.

Sincerely,

Lee McAnerney

Lee McAnerney
Commissioner

SENIOR CITIZENS
HOUSING
DEVELOPMENT
PROGRAM

PROGRAM
DESCRIPTION

STATE OF ALASKA
DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
DIVISION OF COMMUNITY PLANNING

225 Cordova Street, Building B
Anchorage, Alaska 99501
(907) 279-8636

TABLE OF CONTENTS

1. Introduction
2. Purpose of the Senior Citizens Housing Development Program
3. Background of the Program
 - A. Legislation and General Obligation Bonds
 - B. Actions of the Department of Community and Regional Affairs
 - C. Local Self Determination
4. Program Strategies
 - A. Facilitating Grants/Loans
 - B. Seed Money Grants/Loans
5. Steps in the Proposal/Funding Process

Appendixes

- A. AS 18.100 (As Amended)
- B. AS 35.10.060-35.10.200
- C. 19 AAC 85.010-19 AAC 85.130

1. INTRODUCTION

There are presently at least four major personal factors common to the elderly that individually or collectively, either directly or indirectly, affect the development of suitable housing for the senior citizen residents of Alaska. These basic factors are

limited income and assets;
physical capacity;
limited mobility; and
loss of social outlets.

Other non-personal factors influencing a community's capability to provide housing for the elderly are: (1) adequacy of available housing to meet the needs of the elderly; and (2) shortage of any kind of housing on a community wide basis.

Taken together, these factors combine to form the principal problem confronting the low to moderate income elderly household, "affordability of suitable housing."

The Senior Citizens Housing Development Program has been created by the Legislature and people of Alaska to overcome this specific problem.

PURPOSE OF THE SENIOR CITIZENS HOUSING DEVELOPMENT PROGRAM

The purpose of the Senior Citizens Housing Development Program is to assist communities with funding to provide decent, safe, and sanitary housing, available at low or moderate costs, for its senior citizens.

The State of Alaska has made funds available through this program for senior citizen housing from the sale of general obligation bonds. Grants or loans may be made to municipalities and eligible public and non-profit corporations for the development of new senior citizen housing or for rehabilitation of existing senior citizen housing in need of modernization, weatherization, or repair.

The Senior Citizens Housing Development Fund (Fund) is intended to be used to construct or rehabilitate dwellings for persons sixty (60) years of age or older, who are capable of independent and unassisted living. In the case of families, only one of the family members need be sixty years of age or older to qualify for funding from this housing program.

3. BACKGROUND OF THE PROGRAM

A. Legislation and General Obligation Bonds

The Alaska Legislature addressed the problem of inadequate housing for senior citizens by adopting legislation which established a program to improve housing for the elderly. This program, Senior Citizens Housing Development Program, is administered by the Department of Community and Regional Affairs.

Chapter 100 of Title 18 begins with the following: "Declaration of purposes. There exists within the state a serious shortage of decent, safe and sanitary residential housing available at low or moderate prices or rentals to persons of lower and moderate income. There also exists in the state organizations whose purposes are to provide the kinds of housing needed to alleviate this shortage. Development work to provide such housing involves substantial expense which is often beyond the resources of the organizations. (10 ch 151 SLA 1975)"

The program was inactive until the 1976 Legislature amended Title 18 by adopting legislation

establishing a new State loan and grant program to improve housing for senior citizens and authorizing a \$7.5 million bond referendum to fund the program (Chapters 238 - 239, SLA 1976). The bond proposition was approved at the November 1976 general election. AS 18.100, as amended, is attached as Appendix A.

B. Actions of the Department of Community and Regional Affairs

The Department of Community and Regional Affairs (Department) was charged with the development of regulations to implement the legislation and the development of a system to administer the Fund. Accordingly, the Department contracted with an independent housing consultant to develop a study of alternative means of providing better housing for Alaska's senior citizens. The study provided information about strategies for combining State with federal and private funds to make the most effective use of State funds.

The financing options explored in the study were other State, federal, and private programs with financial resources that could be used in conjunction with the State bond funds. The possi-

bilities and limitations of each program were explored and described in terms of the following:

1. Extent of funds potentially available
2. Cost of money (interest) and potential effect on repayment by elderly persons
3. Administrative complexity of obtaining financing commitments and program administration
4. Constraints on program flexibility

A survey taken indicated preferences in housing to be as varied as the numerous communities which expressed an interest in the Program. The need for flexibility in using the contents of the Fund is underscored and supported by the study.

In addition to the consultant's study, a Senior Citizen Housing Advisory Committee was appointed by the Commissioner of the Department of Community and Regional Affairs to advise the Department in the development of administrative regulations for the Program. The committee, consisting of representatives from both urban and rural Alaska, developed the regulations, 19 AAC 85.010-19 AAC 85.130, which are attached as Appendix C.

The program regulations pertaining to the disbursement of public funds were developed after statewide hearings had been conducted and are structured so as to comply with the Administrative Procedures Act (AS 44.62).

The intent of the regulations is to provide flexibility in meeting a wide range of local preferences of the cities, housing authorities, and non-profit organizations which are eligible sponsors. Also, they provide a reasonable amount of accountability and control of funds to insure that public funds are utilized both efficiently and effectively.

Consultation with the Department of Law resulted in an Attorney General's opinion that, "Under the applicable law, no grants may be made from the proceeds of a bond issue other than to a municipality. AS 18.100.070(a). Additionally, no grant (or binding commitment to make a grant) may be made unless and until the provisions of subsections (b), (c), and (d) of AS 18.100.070 have been complied with...." These subsections contain the requirement to demonstrate the need for senior citizen housing, the feasibility of a proposed

project, and the adequacy of the management plan which demonstrates the ability of a proposed grant recipient to sustain the project from construction/renovation through operation. Additionally, all projects are also to be administered in accordance with the public facilities procurement policies developed under the authority of AS 35.10.060-35.10.200 (Appendix B).

C. Local Self Determination

The Administration, the Legislature, and the Department are committed to the principal of local self determination in the Senior Citizens Housing Development Program. The intent of the enabling legislation is to encourage local capabilities and initiative in the development of solutions to local housing needs; whereas, the Department's intent is to rely on local initiative and organizational resources for the solution of local housing needs. The Department will assist, enable, and counsel, but it will not directly manage any senior citizen housing project.

The approach to senior citizen housing development embodied in the legislation is to directly engage the capabilities of local communities and other housing sponsors in the development and

management of senior citizen housing facilities, while keeping the direct involvement of State agencies in these projects to the minimum consistent with the law. In these matters, which are primarily local in character, a general philosophy of maximum local self determination and self management seems most appropriate.

To insure that local initiative and organizational resources are used to the maximum degree, the administrative overhead for the Senior Citizens Housing Development Program has been funded at a low level with minimum staff.

4. PROGRAM STRATEGIES

The Department recognized the existence of a statewide need well in excess of the Fund's capability to provide housing for the elderly. There is an urgent need for such housing, in many forms, throughout Alaska, including locations in many of the smaller rural communities. Economic studies by the U.S. Department of Housing and Urban Development have indicated that this need is in excess of one thousand residential units.

The need for elderly housing is so widespread and obvious that spending the contents of the Senior Citizens

Housing Development Fund on extensive documentation of this so highly visible problem would not prove productive. The Department has also taken the position that devoting resources to developing allocation plans based on geography, population, type of sponsor, or any other classification would be administratively burdensome, and would detract from the philosophy of maximum local self determination. It was also perceived that allocation plans could create artificial barriers to information flow, resulting in considerable delay in the award of grants or loans, and eventually, an adverse effect on the value of these funds because of inflation. To date the Department has been able to award grant funds to all municipal sponsors, with documented needs, who have provided proof of management capability without relying on extensive outside documentation or any allocation plans.

The primary strategies which have enabled this to occur are based upon the premise that there are numerous untapped sources of development capital which can be used to meet senior citizen housing needs, when certain levels of community assets are made available. In the past, matching fund requirements, documentation development, site acquisition, or other barriers have existed as conditions of applying for these funds. Many of Alaska's

small cities have been unable to participate because of their limited available resources. For example: Although federal housing assistance programs allow development planning and design costs to be incorporated into the primary loan needed to fund the project; this does not benefit the small communities which lack the financial resources to hire development/design specialists to prepare the necessary documentation to acquire these federal funds, because those costs are only reimbursed after the fact from loan proceeds.

It is the objective of the State of Alaska to use its financial resources as a lever for extending the already existing federal, local, and private non-profit corporate funding sources to that segment of the elderly population that can not now gain access to them. The policy is that proceeds from special bond sales, such as the Senior Citizens Housing Bonds, shall be used to create an effective market arena where funds from the federal, State, local, and private sector mix in various formulas to provide the housing needed by the elderly.

The Senior Citizens Housing Development Program is designed to permit two types of grants or loans to qualifying sponsors to overcome the financial barrier

of project initiation and development costs. The two types of funding are

Facilitating Grants/Loans, and
Seed Money Grants/Loans.

Seed money funding does not preclude additional facilitating funding as part of the basic fund distribution or at some later date. These two types of funding are described in detail in the section which follows.

A. Facilitating Grants/Loans

A major obstacle to the construction, rehabilitation, and purchase of housing for the low and moderate income elderly is the inadequate supply of loan capital at reasonable costs (interest rates). In addition, most of the low interest federal home loan programs have funding units which will not meet the costs of providing even minimally adequate housing in the rural areas of Alaska. The gap between the levels of funding allowed and the cost of building adequate housing is beyond the resources of most sponsors of elderly housing programs.

Another problem confronting the community, which may have the initial funds necessary to meet the gap between federal funding levels and those needed to initiate construction of housing for the elderly, is cost acceleration during the construction and finishing phases of a project. Cost acceleration can push the total final cost beyond the limits of both the federal funding program and the ability of the individual community to absorb the additional costs. In each case the funds availability gap serves to block the provision of needed housing.

Numerous federal financing programs exist specifically for the development of elderly housing. Grants/loans can be provided from the Senior Citizens Housing Development Program when such funds are necessary to establish the feasibility of a project which will be principally funded from other sources.

In summary, facilitating funding can be seen as gap-filling. It is necessary that this gap-filling approach be used rather than total direct State funding of projects. It takes only some simple arithmetic to calculate that the \$7.5 million available from the Fund would only build

approximately 150 units of housing, at the current average cost of \$60,000 per unit. However, if the leverage approach is employed, four or even five times as many units of adequate housing can be completed by mixing the available federal, State, and private funds with grants or loans from the Fund.

B. Seed Money Grants/Loans

Facilitating funding is primarily an in-process funding method. It is oriented toward the community which has some, although possibly limited, capability to begin a housing program with their own resources. The community has the capability to do the initial survey, needs assessment, and basic development planning on their own, but requires assistance to close the funds availability gap.

However, many municipalities in Alaska do not have these capabilities. This is particularly true of the newer cities in the interior or western Alaska. In these smaller cities there may be no current planning or development expertise. It is precisely to these cities that the seed money

funding program is directed. It is designed to provide "up-front" money to meet the costs of preliminary work to conduct the needs assessment, establish project feasibility, site selection and control, develop preliminary designs, and develop budget estimates in order to obtain financing commitments for the project.

It must be noted that there are restrictions on the uses and amount of seed money which can be made available to any single project. Seed money funds are only available for purposes and in amounts that can be included in a development cost budget submitted to a federal agency for approval. The sponsoring organization must adopt and submit a budget for the use of the seed money funds to the Department.

The maximum amount which can be authorized is limited to no more than 3 percent of the estimated total development cost or \$1,500 per authorized unit, as indicated by the determination of need certificate issued by the Department, whichever is less.

The Department has discretionary authority provided in the regulations (19 AAC 85.090) to

defer the need, feasibility, and management plan reviews. This deferment provision is normally exercised when virtually identical need, feasibility, and management considerations will be a prerequisite of federal participation in a project. The Department will defer those portions of the total requirement of the regulations to avoid unnecessary confusion, duplication of effort, and unneeded delays and costs. Typically, this deferment option is exercised for the feasibility analysis and management plan when the application by the sponsor is for the purpose of preparing an application for a financing commitment from a federal agency such as Farmers Home Administration or the Department of Housing and Urban Development.

Again, it should be stressed, that an application for a seed money grant or loan does not prevent the sponsoring organization from applying for facilitating grants or loans at a later step in the project development. However, it must be made clear that any portion of the application sequence which was deferred in the seed money grant/loan process would have to be completed before a facilitating grant/loan could be approved.

Facilitating grants/ loans are an investment in the actual construction cost of the project and as such, full documentation must be provided as specified in the regulations.

5. STEPS IN THE PROPOSAL/FUNDING PROCESS

The legislation and regulations concerning submission of applications for funding under the Senior Citizens Housing Development Program define seven clearly identified steps in the process. These steps are as follows:

1. Organizing and assessment
2. Determining funding options
3. Developing facility planning analysis
4. Preparing feasibility demonstration
5. Preparing management plan
6. Performing total development cost analysis
7. Negotiation and finalization of agreements

In addition, total project execution includes construction and occupancy/operation steps. Evaluation and audit procedures apply during every step described above. These are not discussed in this guide, but sponsoring agencies should be aware that reviews and audits of procedures and expenditures are an acknowledged and necessary part of the total project process.

The first step in the proposal/funding process is the recognition that the community may have an elderly housing problem. All that is needed by the sponsoring agency is the recognition of the possibility and an acceptance of the need to inquire about that possibility, by completing a community housing profile. After recognition of a possible problem, the sponsoring agency must organize to investigate the need.

The Department seeks maximum community participation in the development of projects from the Senior Citizens Housing Development Program. Accordingly, the Department requires that a sponsoring organization appoint a 5 to 7 member Senior Citizen Steering Committee to serve in an active advisory relationship with the Department and the sponsor. (See 19 AAC 85.020(5) and 19 AAC 85.030(a)(4).)

This committee should be made up of potential senior citizen housing residents, representatives of local senior citizen organizations, and other interested persons in the community. The committee will remain functioning throughout the entire project, and will serve as a link between the sponsor, the Department, and the community. The first job of this committee, with the assistance of the sponsor, will be to prepare

the necessary documentation to validate the need for a senior citizen housing project in the community.

Validation of the need for the project includes making a survey of the community's existing resources and a survey of the potential residents of a senior citizen housing project, to determine their needs and desires. The Department has prepared survey forms which must be used to accomplish these tasks. The forms, and detailed instructions for their use, can be found in the Application Procedures Guide, which is available from the Department upon request.

Upon completion of the surveys, the results are forwarded to the Department for review. Based upon verification of the information supplied by the potential sponsor, the Department will then issue a Determination of Need Certificate. This certificate will indicate the number of senior citizen housing units which the Department will support for funding from the Senior Citizens Housing Development Program.

Following the need certification, the second step in the application process begins. The sponsor and the Senior Citizen Steering Committee must make two decisions, which are probably the most important decisions in the

entire project. The first decision is what type of primary financial assistance will be solicited to fund the senior citizen housing project; second, is what type of additional funding will be requested from the Department of Community and Regional Affairs.

The first decision is complicated, and necessarily involves the review of several available federal programs. The second decision is dependent upon the community's and sponsor's review of its own internal resources and the current status of federal funds.

Basically, seed money grants/loans should be requested if the sponsor does not have the resources to obtain preliminary application approval from the funding agency. Facilitating funds should be requested when the source and extent of primary funding is known, and supplementary financing is needed to make the project economically feasible.

The third step in the development process is the facility planning analysis. This is a shared-responsibility phase of the project. The sponsoring agency must develop, or have developed, basic preliminary designs for the senior citizen housing facilities. In addition, the design specifications and preliminary cost estimates for the total project must be computed.

These designs, specifications, and cost estimates will be forwarded to the Department, which will then prepare a life cycle cost analysis in coordination with the Department of Transportation and Public Facilities. The life cycle cost analysis takes into consideration the many factors which will impact on the total costs of constructing, operating, and maintaining the proposed facility during its useful life. The results of the analysis are made available to the sponsor at a time in the facility planning process when design changes can be easily made. This will then allow the sponsor to make design changes which will minimize the total life cycle cost of the facility, not just the construction costs.

Facility planning analysis also involves a review of the regulatory design standards which apply to the construction of public facilities, a review of the regulatory permits and approvals required, construction site transportation and supply constraints, and labor force needs and availability in the community where the project is to be constructed.

In summary, the facility planning analysis comprises a preliminary review of the proposed project to insure that the most cost-effective design is being developed,

and that all regulatory, code, logistic, and labor factors are properly anticipated in the cost estimation process.

The fourth step of the application process involves preparation of a project feasibility demonstration. This is probably the most important step in the application procedure. It is in this step that the sponsor documents the information which indicates that the proposed project can be operated in a sound business-like manner, with adequate management for the future. The feasibility demonstration includes the following:

1. A complete narrative and technical description of the proposed project, including incorporated special design features, plat plan, detailed preliminary structural plans and specifications
2. Description and justification for facilities to be financed
3. Identification of sources of funding, including amounts, and a description of the terms of the financing programs
4. Evidence of control of the site (option, deed, etc.)

5. Detailed construction cost breakdowns
6. Management expense profile
7. A copy of a yearly rent-up budget
8. Detailed operating budget
9. Evidence of legal capacity if sponsor is not a municipality.

As can be seen, the feasibility demonstration is a detailed document. If properly and accurately prepared, it is the key to receiving favorable reaction to the sponsor's request for project funding.

The fifth step in the application process is the development of a management plan. This step is only required if the project will include more than four individual housing units. It is primarily an outline of the management procedures which will apply to the completed project. The management plan is subject to approval by the Department of Community and Regional Affairs, which can request that the sponsor make changes prior to final approval of the plan. It must include the following:

1. The role of the applicant in management of

the facilities

2. A procedural plan for preventive maintenance
3. A description of the accounting and bookkeeping procedures to be used
4. Procedures for determining payments, and their collections
5. Rules governing selection of occupants and other occupancy procedures
6. An outline of social services which will be made available to residents within the project

The sixth step in the application process is submission of the name of the successful bidder for development of the project, and a detailed breakdown of the total development cost of the project. These development costs include all items which are to be paid from the proceeds of the primary financing application, including land, rights-of-way, design, permits and fees, building construction, architectural and legal fees, and site improvements. The cost breakdown should also show items which would not be included in

primary financing, such as any furnishings and special equipment to be supplied. These last items should be listed separately from structural development costs.

The seventh and final step in the application process is the negotiation and finalization of any agreements which are necessary to enable the project to proceed as planned. These include the agreements between

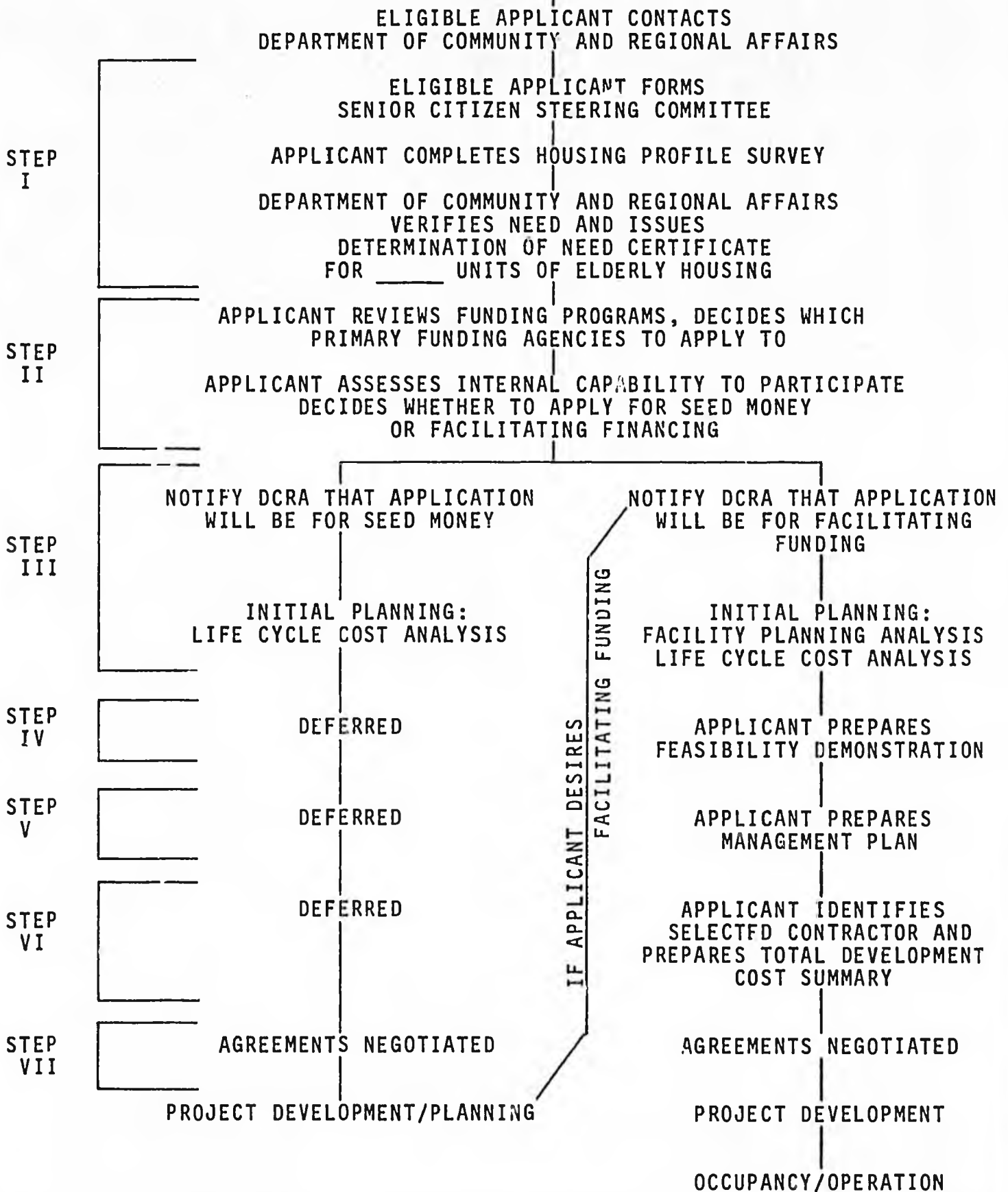
1. the sponsor and the primary financing agency,
2. the sponsor and the Department, and
3. the sponsor and any development management agent, such as a housing authority, which the sponsor has decided to hire to develop or manage the completed project.

This may seem like a complicated and difficult procedure, but a review of the steps in the process, starting at page 16, will show that the process has been designed to guide the sponsoring organization through all of the planning, development, and documentation steps necessary to insure compliance with existing regulations and procedures. It will also assist in facilitating the gathering of information and decision making, but most importantly, in documenting a plan for

successful development and management of housing projects for Alaska's senior citizens.

A diagram of the entire application process follows on the next page. This diagram can serve the sponsor as a process chart or checkoff chart, if the municipality or organization chooses to apply for assistance from the Senior Citizens Housing Development Program.

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS (DCRA)
 SENIOR CITIZENS HOUSING DEVELOPMENT PROGRAM
 PROCESSING STEPS



A P P E N D I X A

AS 18.100 (As Amended)

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

* Section 1. AS 18.100 is amended by adding a new section to read:

Sec. 18.100.070. SENIOR CITIZEN HOUSING DEVELOPMENT.

(a) There is created within the Department of Community and Regional Affairs a senior citizens housing development fund. Subject to direct appropriation or through proceeds of a bonding issue the department shall make grants or loans to municipalities or to corporations eligible for loans under sec. 50 of this chapter for the purpose of developing senior citizen housing. A grant from the proceeds of a bond issue may be made only to municipalities.

(b) Application for a grant or loan number (a) of this section shall be in the form prescribed by the department. The application shall demonstrate the need for senior citizen housing in the area to be served, the feasibility of the proposed project, and an adequate management plan which shall demonstrate the ability of the eligible recipient to sustain the proposed project.

(c) All projects under this section shall be in accordance with facility procurement policies developed under AS 35.10.060 - 35.10.200 and are public facilities under those sections.

(d) The department shall promulgate regulations to carry out the purposes of this section. The provisions of the Administrative Procedure Act (AS 44.62) apply to regulations adopted under this section.

A P P E N D I X B

AS 35.10.060-35.10.200

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

Sec. 35.10.060. INSPECTION AND TESTING OF MATERIALS. The department may inspect and test materials, supplies, equipment and machinery used by a contractor constructing or maintaining public works, and may develop methods and procedures for inspection and testing. (§ 4 art III title III ch 152 SLA 1957)

Sec. 35.10.070. RESEARCH ON PUBLIC WORKS. The department may gather, investigate and compile information concerning the use, construction and maintenance of public works, the practices and methods of efficient organization, financing and such other information, data and statistics of the state and the extent of natural resources of building materials in the state. The department shall disseminate this information, together with recommendations it considers advisable. (§ 6 art III title III ch 152 SLA 1957)

Sec. 35.01.080. STATEMENT OF WORK AUTHORIZED, COMPLETION SCHEDULE, AND RECOMMENDATIONS. Not later than February 1 of each year, the department shall prepare a statement showing the public works authorized within the past six-year period and the completion schedule as of that date, together with recommendations regarding the need for additional public works construction, if any. (§ 7 art III title III ch 152 SLA 1957)

ARTICLE 2. BOAT HARBOR, DIKE, JETTY, AND BREAKWATER FACILITIES.

Section

- 90. APPLICATION FOR FEDERAL FUNDS
- 100. DETERMINING NEED AND PRIORITY OF PROJECTS
- 110. CONTRACTING WITH COMMUNITIES FOR LOCAL PARTICIPATION
- 120. LEASING MARINE OR HARBOR FACILITIES

Sec. 35.10.090. APPLICATION FOR FEDERAL FUNDS. The department shall apply in the name of the state, as applicant, to the appropriate federal agency for the construction or assistance in the construction of boat harbor, dike, jetty or breakwater harbor facilities where the facilities are necessary, feasible and appropriate to the local economy. (§ 1 art IV title III ch 152 SLA 1957)

Sec. 35.10.100. DETERMINING NEED AND PRIORITY OF PROJECTS. The department shall prepare the preliminary determination of need for each such project and its feasibility and appropriateness through representations and data submitted to it by the residents of each community desiring a project, and from other information available to it. The department shall approve and make the final determination of those projects, and their order or priority for which application is made. (§ 2 art IV title III ch 152 SLA 1957)

Sec. 35.10.110. CONTRACTING WITH COMMUNITIES FOR LOCAL PARTICIPATION. The department may contract with a community for the participation of the community either in the financing of projects or, instead of local financial participation, to contract with the community for its installing necessary piling, floats, and related equipment and facilities whether at the community's direct expense or through local volunteer labor, after completion of the basic boat harbor, dike, jetty, or breakwater facilities. (§ 3 art IV title III ch 152 SLA 1957)

Sec. 35.10.120. LEASING MARINE OR HARBOR FACILITIES. The department may lease for a period up to 50 years or may sell for a nominal sum to an incorporated city, public utility district, or other incorporated area marine or harbor facilities constructed or rebuilt with territorial funds or state funds or with territorial or state and federal matching funds. The intent of this section is to allow cities, public utility districts, and other incorporated areas to lease or purchase marine or harbor facilities so that they may enforce municipal ordinances on them and legally assess fees to meet maintenance costs. (§ 1 ch 162 SLA 1955)

REVISOR'S NOTE. -- All other sections in this title have a common source, ch 142 SLA 1957. This section is all of ch 162 SLA 1955)

ARTICLE 3. FINANCIAL PROVISIONS.

Section

- 130. CONSTRUCTION WITHIN APPROPRIATIONS AND LIMITS IMPOSED BY LEGISLATURE
- 135. PUBLIC FACILITY PLANNING FUND

Sec. 35.10.130. CONSTRUCTION WITH APPROPRIATIONS AND LIMITS IMPOSED BY LEGISLATURE. Each public work shall be constructed in a completed manner within the appropriation and limits imposed by the legislature. (§ 1 art V title III ch 152 SLA 1957)

Sec. 35.10.135. PUBLIC FACILITY PLANNING FUND. There is established within the Department of Administration, Division of Budget and Management a public facility planning fund. The fund is a capital fund and consists of (1) money appropriated by the legislature, (2) money reimbursed to it from the proceeds of the sales of general obligation bonds and revenue bonds issued for projects and (3) money reimbursed to it from appropriations for any projects; for which money from the fund has been spent. The fund is available for expenditure, on a reimbursable basis, only for the purposes of providing working capital for facility

program planning and for facility procurement planning as specified in this chapter. All expenditures from the fund are subject to an independent audit which shall be made annually and reported to the governor and the legislature. (§ 1 ch 57 SLA 1973; am § 1 ch 58 SLA 1976)

EFFECT OF AMENDMENT. -- The 1976 amendment rewrote this section.

EDITOR'S NOTE. -- Section 3, ch. 58, SLA 1976, provides: "The fund balances remaining in the state operated schools advance planning revolving fund established in sec. 18, ch. 147, SLA 1974 and in the Department of Public Works public facility procurement planning fund established in sec. 2, ch. 216, SLA 1975 and in the state capital improvement advance planning fund established in sec. 1, ch. 57, SLA 1973 are transferred as of the effective date of the Act to the public facility planning fund established in sec. 1 of the Act."

LEGISLATIVE COMMITTEE REPORT. -- For report on ch. 58, SLA 1976 (CSHB 624 am S), see 1976 House Journal, p. 557.

ARTICLE 4. PROHIBITIONS AND PENALTIES.

Section

- 140. DAMAGE OR DESTRUCTION OF PUBLIC WORKS
- 150. PENALTY

Sec. 35.10.140. DAMAGE OR DESTRUCTION OF PUBLIC WORKS. A person shall not wilfully damage, destroy, deface or injure any public work constructed or under construction. (§ 1 art II title IV ch 152 SLA 1957)

Sec. 35.10.150. PENALTY. A person who violates § 140 of this chapter is guilty of a misdemeanor and upon conviction is punishable by a fine of not less than \$10 nor more than \$500, or by imprisonment in jail for not more than one year or by both. (§ 2 art II title IV ch 152 SLA 1957)

ARTICLE 5. PUBLIC FACILITY PROCUREMENT POLICY.

Section

- 160. FINDINGS AND PURPOSE
- 170. DUTIES OF DEPARTMENT
- 180. PHYSICAL FACILITY PROCUREMENT AND PLANNING POLICIES
- 190. COORDINATION BY DEPARTMENT
- 200. DEFINITIONS

EDITOR'S NOTE. -- Section 2, ch. 216, SLA 1975, provides: "There is within the Department of Public Works a public

faciltiy procurement planning fund. The fund is a working capital reserve fund and consists of money appropriated by the legislature for the purpose of providing procurement planning working capital and is available on a reimbursable basis for procurement planning. The fund shall be used by the commissioner to develop facility procurement planning methodologies for submission for review by the legislature by January 1, 1976. The commissioner shall prepare a report delineating the various procurement policies which shall govern the expendiutres of capital funds by the state and shall delineate the amounts of preplanning funds necessary for the implementation of these policies."

Sec. 35.10.160. FINDINGS AND PURPOSE. The legislature finds that since the needs of the state for physical facilities of all kinds are diverse the planning, design and construction of public facilities should be executed in accordance with facility procurement policies development by the Department of Pulic Works and reviewed annually by the legislature. (§ 1 ch 216 SLA 1975)

LEGISLATIVE COMMITTEE REPORT. -- For report on ch. 216, SLA 1975 (SCS CSHB 429 am S), see 1975 House Journal, P. 894; 1975 Senate Journal, p. 1370.

Sec. 35.10.170. DUTIES OF DEPARTMENT. In addition to other duties prescribed by statute, the department shall

(1) develop facility procurement policies for the planning, design, construction, maintenance and operation of public facilities of the state;

(2) develop and maintain an inventory of physical facilities currently owned or occupied by the state;

(3) make projections of future public facility needs of the state, analyze facilities needed, and establish methodology for program planning and facilities project planning, design and construction;

(4) engage in experimental projects as necessary relating to any available or future method of facility procurement, design or construction and any method of improving existng design, planning and construction techniques;

(5) develop life cycle costs of public facilites of the state;

(6) develop life cycle costing methodologies for the following special purposes:

(A) budget forecasting to support facility program planning and analysis,

(B) systematic cost estimating to forecast planning, design and construction,

(C) budget forecasting to support development of annual maintenance and operating strategies and life cycle cost plans,

(D) alternative methods of space acquisition and space equalization which will maximize the effectiveness of public funds;

(7) apply for and accept, on behalf of the state, grants from the federal government or an agency of it or from another state foundation, corporation, association or individual for any of the functions or purposes of the department and may expend any of the money received under this section for any of the functions or purposes. (§ 1 ch 216 SLA 1975)

Sec. 35.10.180. PHYSICAL FACILITY PROCUREMENT AND PLANNING POLICIES. (a) The department shall develop and keep current by periodic revision physical facility procurement and planning policies for rural schools, public buildings, and other state facilities, and shall develop regulations and guidelines for the implementation of these policies.

(b) In developing and revising these policies the department shall seek public review and evaluation by any reasonable means and shall

(1) consult and cooperate with officials of the federal government, local governments, other political subdivisions of the state and other interested persons regarding physical facility procurement planning;

(2) request and receive from an agency or other unity of the state government the assistance and data needed to carry out the requirements of this section.

(c) The commissioner shall submit copies of proposed policies and plans annually, within 10 days after the legislature convenes, to the legislature. The legislature may approve, reject or modify the policies and plans by concurrent resolution. If the legislature fails to act during the legislative session, the policies and plans are approved. (§ 1 ch 216 SLA 1975)

Sec. 35.10.190. COORDINATION BY DEPARTMENT. (a) The department shall coordinate the procurement of physical facilities for the state to insure the greatest cost savings of planning, design and contractual techniques.

(b) When the state or an agency of the state determines that a public facility is to be constructed or renovated, it shall, unless exempted by regulations of the department, submit to the department an application for a certificate that the proposed facility complies with adopted facility procurement policies. The department may reject the application but if it does so it shall state in writing the reasons for the rejection. If a written statement that the application is rejected does not issue within 30 days after receipt of the application by the department, unless the department and the applicant have agreed upon an extension of time for consideration, the certificate of compliance shall not be required. Except as provided otherwise by regulation or by this section, no public facility of the state may be constructed or renovated by the state unless a certificate that the facility complies with adopted facility procurement has been issued. (§ 1 ch 216 SLA 1975)

Sec. 35.10.200. DEFINITIONS. In §§ 160 -- 200 of this chapter,

(1) "life cycle costs" means analytic techniques which provide data to describe the first cost of procurement of public facilities and the maintenance cost, operation cost and occupancy cost of the facilities;

(2) "policies" includes but is not limited to budget accounting and cost planning techniques, facility design techniques, and contractual techniques for the procurement of labor, materials and contractual services;

(3) "public facilities" does not include highways or vessels of the marine highway system. (§ 1 ch 216 SLA 1975)

A P P E N D I X C

19 AAC 85.010-19 AAC 85.130

PART 6.

DIVISION OF COMMUNITY PLANNING

Chapter

85. Senior Citizens Housing Development Fund

CHAPTER 85.

SENIOR CITIZENS HOUSING
DEVELOPMENT FUND

Section

- 10. Eligibility and use
- 20. Grants
- 30. Loans
- 40. Method of application
- 50. Information form
- 60. Demonstration of need
- 70. Feasibility demonstration
- 80. Management plan requirements
- 90. Substitution of federal needs and feasibility determinations
- 100. Title to project
- 110. Compliance with codes
- 120. Allocation priorities
- 130. Definitions

19 AAC 85.010. ELIGIBILITY AND USE. (a) Grants and loans will be made from the Senior Citizens Housing Development Fund to municipalities and eligible public and nonprofit corporations if applicants meet the qualifications imposed by AS 18.100.050.

(b) A grant or loan will be made from the Senior Citizens Housing Development Fund if the grant or loan will assist the applicant in any or all phases of the development of new senior citizen housing. "Development of new senior citizen housing" includes but is not limited to

- (1) purchase of suitable building sites;
- (2) necessary site preparation;
- (3) preparation of plans and specifications;

(4) financing the purchase of materials and/or actual construction of senior citizens housing.

(c) A grant or loan will be made from the Senior Citizens Housing Development Fund if the grant or loan will assist the applicant in

rehabilitating a structure or dwelling occupied by senior citizens and in need of winterization or repair.

(d) Grants and loans for activities other than those specified in (b) and (c) of this section, such as construction of senior citizen centers or other housing-related facilities, will also be considered for eligible sponsors, if they are incidental or appurtenant to the housing. (Eff. 2/19/78, Reg. 65)

Authority: AS 18.100.070

19 AAC 85.020. GRANTS. Grants from the Senior Citizens Housing Development Fund will be made by the department after approval of an application as specified in this chapter and in accordance with a written agreement between the department and the applicant which must include, but need not be limited to, the following:

- (1) (deleted, eff. March 30, 1979);
- (2) a statement of the intended use of the grant funds, specifying how the funds will be used to develop senior citizen housing;
- (3) a budget description in detail appropriate to the scope of the project;
- (4) a timetable listing the steps considered necessary for the timely completion of the project;
- (5) appointment by the applicant of a senior citizen steering committee to be made up of potential residents of the housing, representatives of local senior citizen organizations, and senior citizens or other interested persons in the community; the steering committee, with the assistance of the applicant and the department, shall take an active advisory role in the planning, development, occupancy and administration of the housing;
- (6) a provision for the administration of grant funds according to generally accepted financial accounting procedures, and for regular periodic reporting to the department of grant-sponsored activities, and for the disposition of funds in accordance with intended use;
- (7) a provision for the cessation of grant payments, if the department determines, after a hearing, that the applicant is not using funds for intended purposes or is not proceeding satisfactorily with development of the project. (Eff. 2/19/78, Reg. 65)

Authority: AS 18.100.070

19 AAC 85.030. LOANS. (a) Loans from the Senior Citizens Housing Development Fund will be made to municipalities and eligible nonprofit and public corporations at an interest rate determined by the department after approval of an application as specified in this chapter and in accordance with a written agreement between the department and the applicant which must include, but need not be limited to, the following:

(1) a statement of the intended use of the loan funds, specifying how loan funds will be used to develop senior citizen housing;

(2) a budget and description in detail appropriate to the scope of the project;

(3) a timetable listing the steps considered necessary for the timely completion of the project;

(4) appointment by the applicant of a senior citizen steering committee to be made up of potential residents of the housing, representatives of local senior citizen organizations, and senior citizens or other interested persons in the community; the steering committee, with the assistance of the sponsor and the department, shall take an active advisory role in the planning, development, occupancy and administration of the housing;

(5) a provision for the administration of loan proceeds according to generally accepted financial accounting procedures, for regular periodic reporting to the department of loan-sponsored activities, and for the disposition of funds in accordance with intended use;

(6) a schedule for the repayment of the loan principal plus interest to the Senior Citizens Housing Development Fund;

(7) a provision for cessation of loan disbursements and for recovery of funds advanced, if the department determines, after a hearing, that the applicant is not using the loan funds for the intended purposes or not proceeding satisfactorily with the development of the project.

(b) The maximum loan amortization period for loans from the fund is 40 years.

(c) In the event of default on a loan from the fund, the department will unless actions to cure the default are not taken or prove unsuccessful, follow existing state requirements for repossession and resale of the project. (Eff. 2/19/78, Reg. 65)

Authority: AS 18.100.070

19 AAC 85.040. METHOD OF APPLICATION. (a) Applications for grants or loans from the Senior Citizens Housing Development Fund will be accepted

at any time during working hours of the department, and must be in the form prescribed by the department.

(b) Once an application has been received, the department will provide notice to the community, identifying the applicant, and providing other applicants with competing proposals from the same community an opportunity to make application also. (Eff. 2/19/78, Reg. 65)

Authority: AS 18.100.070(d)

19 AAC 85.050. INFORMATION FORM. Form SCHF 1 is hereby adopted by the department for use in gathering information on applications for loans or grants. (Eff. 2/19/78, Reg. 65)

Authority: AS 18.100.070(d)

19 AAC 85.060. DEMONSTRATION OF NEED. (a) In communities where the total number of dwellings is less than two hundred, need for funds must be demonstrated by completion of a Housing Profile A to the satisfaction of the department. Housing Profile A consists of the following information:

- (1) number of dwellings which are adequate and not overcrowded;
- (2) number of dwellings which are either inadequate or overcrowded, or both;
- (3) number of persons 60 years of age or older residing in the community;
- (4) number of persons 60 years of age or older residing in the community and adequately housed;
- (5) number of persons 60 years of age or older residing in the community in inadequate, substandard, or overcrowded housing; and
- (6) number of persons residing in the community 60 years of age or older requesting housing, their names and the amount of money they are able to pay for adequate housing must be stated.

(b) In communities where the total number of dwellings is between 201 and 2,000 units, need must be demonstrated by completion of Housing Profile B to the satisfaction of the department. Housing Profile B consists of the following information:

- (1) the total number of dwelling units in the community which are adequate and not overcrowded, indicating how many units are owner-occupied, renter-occupied single-family units, renter-occupied multifamily units, or vacant units;
- (2) the number of dwelling units which are substandard or overcrowded, further delineating which of these units are owner-occupied,

renter-occupied single-family, renter-occupied multifamily, or vacant;

(3) the status of housing for senior citizens of the community which indicates the number of persons permanently residing in the community and who are 60 years of age or older, the number of persons who are residing in the community who are 60 years of age or older and who are adequately housed, the number of persons residing in the community who are 60 years of age or older and currently residing in inadequate, substandard, or overcrowded housing, and the number and names of persons residing in the community who are 60 years of age or older and who would definitely be willing to move to new dwellings, and the amount of money they could afford for adequate housing.

(c) In communities with a total number of dwellings over 2,000, need must be demonstrated by completion of Housing Profile C. Housing Profile C consists of the following information:

(1) the total number of dwellings in the community and the total number of dwellings designed for senior citizens of the community;

(2) the total number of single-family dwellings which are owner-occupied and provide adequate housing, which are owner-occupied and do not provide adequate housing, which are renter-occupied and provide adequate housing, and which are renter-occupied and do not provide adequate housing;

(3) multifamily housing which is privately owned and adequate, privately owned and inadequate, government subsidized and adequate, government subsidized and inadequate;

(4) the vacancy rate currently existing in single-family housing and multifamily housing and the vacancy rate during the immediately preceding year in both single-family and multifamily housing;

(5) the number of persons 58 years of age or older residing in the areas to be served, the number of persons 60 years of age or older presently residing in specially designed housing for the elderly, the number of persons 60 years of age or older presently residing in single-family dwellings which they either own or rent, the number of such persons presently residing in multifamily dwellings privately owned, and the number of such persons presently residing in multifamily dwellings which are owned by public organizations or assisted in some fashion by a governmental entity;

(6) the estimated need for senior citizen dwelling units for multifamily, subsidized, unsubsidized, and single-family housing;

(7) income distribution for persons 60 years of age or older presently living in subsidized or overcrowded dwellings indicating the number whose income is under \$7,500, between \$7,500 and \$12,500, between \$12,500 and \$20,000, and over \$20,000;

(8) an estimate of the number of persons 60 years of age or older who own their own dwellings and who could use assistance in winterization

or repair to the dwellings.

(d) The department will, in its discretion, require additional information in writing if considered appropriate for an adequate demonstration of need. (Eff. 2/19/78, Reg. 65)

Authority: AS 18.100.070

19 AAC 85.070. FEASIBILITY DEMONSTRATION. An applicant must demonstrate the feasibility of its project in the following manner:

(1) when applicable, an applicant must demonstrate that anticipated receipts over the first five years of operation, including any applicable subsidies from federal or state programs, will exceed anticipated expenses, including all management costs, social service costs, maintenance costs, mortgage principal and interest payments, utility payments, taxes, and other operational expenses by at least five percent;

(2) an applicant must demonstrate the ability of individuals residing in detached senior citizen housing constructed with a loan or grant from the Senior Citizens Housing Development Fund to meet monthly housing costs of the dwelling including applicable maintenance costs, mortgage principal and interest payments, utilities and taxes;

(3) an applicant must demonstrate compliance with applicable municipal comprehensive plans, coastal zone comprehensive plans, and local zoning ordinances;

(4) an applicant must furnish such other information as the department may require for a particular project which in its consideration and judgment bears on the feasibility of the project. (Eff. 2/19/78, Reg. 65)

Authority: AS 18.100.070

19 AAC 85.080. MANAGEMENT PLAN REQUIREMENTS. A written plan for the management of any proposed project with more than four dwellings must accompany an application. The plan must address the following areas in detail appropriate to project size and market area to the satisfaction of the department:

(1) the role of the applicant in management of the housing facilities including projected staffing, method of selecting occupants, and responsibilities of project manager;

(2) a procedural plan for preventive maintenance of the facility, including a daily plan of maintenance, method for handling major repair, a garbage and trash removal schedule, and a method for residents to report maintenance needs as they arise;

(3) a description of accounting and bookkeeping procedures which will assure the availability of current financial information regarding

the project at all times;

(4) procedures for the determination of payments and their collection in a timely manner and for eviction for cause;

(5) the establishment of rules to govern the selection of occupants and the occupancy procedures for the project;

(6) an outline of social services which will be made available to senior citizens within the project, including a description of the proposed cooperative activities which will exist between the project and local social service and senior citizen agencies receiving federal assistance under the Older Americans Act. (Eff. 2/19/78, Reg. 65)

Authority: AS 18.100.070

19 AAC 85.090. SUBSTITUTION OF FEDERAL NEEDS AND FEASIBILITY DETERMINATIONS. The department will accept as an alternative to information required by secs. 60, 70, and 80 of this chapter for projects seeking assistance under this chapter any needs, determinations, feasibility demonstrations, and management plans offered in connection with applications for federally insured or federally assisted housing projects. However, the department will, in its discretion, (1) review and evaluate those determinations and plans with respect to making grants or loans, and (2) require additional information. (Eff. 2/19/78, Reg. 65)

Authority: AS 18.100.070

19 AAC 85.100. TITLE TO PROJECT. Title to a project developed or financed to the extent of 25 percent or more by the Senior Citizens Housing Development Fund is to be retained by the applicant who agrees to use the project for the purpose of housing senior citizens. If the applicant ceases to exist as a corporate entity, title vests in the municipality in which the project is located if there is one, or in the state if there is not; if the project is located in a city within a borough, title vests in the city; if the project is located in an organized borough but not within any city in that borough, title vests in the borough. (Eff. 2/19/78, Reg. 65)

Authority: AS 18.100.070

19 AAC 85.110. COMPLIANCE WITH CODES. Projects developed from the Senior Citizens Housing Development Fund must comply with local building codes and ordinances, and, to the extent practicable and feasible, with national model building codes for senior citizen dwellings. (Eff. 2/19/78, Reg. 65)

Authority: AS 18.100.070

19 AAC 85.120. ALLOCATION PRIORITIES. In allocating the Senior Citizens Housing Development Fund, the department will evaluate the seriousness and urgency of applicants' need, feasibility proposals, and each applicant community's willingness and capability to assume responsibilities for management and maintenance of facilities. To the extent feasible, allocations will be made in each category of communities as identified in sec. 50 of this chapter. Economical and efficient energy usage and long-term viability of projects will also be considered. (Eff. 2/19/78, Reg. 65)

Authority: AS 18.100.070

19 AAC 85.130. DEFINITIONS. In this chapter

(1) "department" means the Department of Community and Regional Affairs;

(2) "municipality" means a city or organized borough of any class, whether home rule or otherwise, and includes a municipality unified under AS 29.68.240 - 29.68.440. (Eff. 2/19/78, Reg. 65)

Authority: AS 18.100.070

CORRECTION

CORRECTION

19 AAC 85.120. ALLOCATION PRIORITIES. In allocating the Senior Citizens Housing Development Fund, the department will evaluate the seriousness and urgency of applicants' need, feasibility proposals, and each applicant community's willingness and capability to assume responsibilities for management and maintenance of facilities. To the extent feasible, allocations will be made in each category of communities as identified in sec. 50 of this chapter. Economical and efficient energy usage and long-term viability of projects will also be considered. (Eff. 2/19/78, Reg. 65)

Authority: AS 18.100.070

19 AAC 85.130. DEFINITIONS. In this chapter

(1) "department" means the Department of Community and Regional Affairs;

(2) "municipality" means a city or organized borough of any class, whether home rule or otherwise, and includes a municipality unified under AS 29.68.240 - 29.68.440. (Eff. 2/19/78, Reg. 65)

Authority: AS 18.100.070

FOR ADDITIONAL INFORMATION
ON THE
SENIOR CITIZENS HOUSING DEVELOPMENT PROGRAM

PLEASE CONTACT:

Director
Division of Community Planning
Department of Community and
Regional Affairs
225 Cordova, Building B
Anchorage, Alaska 99501
Ph: 279-8636

Elderly Housing Administrator
Division of Community Planning
Department of Community and
Regional Affairs
225 Cordova, Building B
Anchorage, Alaska 99501
Ph: 279-8636



S

B

2

4

8

PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

Part 2 of 2 Pages

I. REQUEST

Bill/Resolution No. CS for SB 248 (SA)
 Title Equal Employment Opportunity in the Executive Branch
 Requested by Senator Fisher Date April 24, 1981

II. FISCAL DETAIL

Agency Affected All Departments and the Office of the Governor
 Program Category Affected All
 BRU, Program, or Subprogram(s) Affected All
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	-0-	565.5	610.7	659.6	712.4	769.4
200 TRAVEL	-0-	41.9	48.2	55.4	63.7	73.3
300 CONTRACTUAL	-0-	70.4	76.0	82.1	88.7	95.8
400 COMMODITIES	-0-	32.7	3.8	4.1	4.4	4.8
500 EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	710.5	738.7	901.2	869.2	943.3

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	710.5	738.7	801.2	869.2	943.3
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	-0-	15	15	15	15	15
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

A. ASSUMPTION:

The fiscal detail is based on the assumption that CS SB 248 is signed into Law.

B. PROGRAM SUMMARY:

CS SB 248 Sec. 4 amends AS 44.17 to outline the EEO/AA program areas and responsibilities for the principal executive officer of each state department. Key elements include:

1. The preparing, adopting, and implementing an affirmative action plan;
2. the employing by each state department of an equal employment officer to

JH
(continued)

IV. DATE April 27, 1981 PREPARED BY *QC* Kaye Hogan *KB*

AGENCY Division of Equal Employment Opportunity

Original: Legislative Finance PHONE 465-3570

cc: Budget and Management
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE

FISCAL NOTE

Part 2 of 2 Parts

CS for SB 248 (continued)

superwise the development and implementation of the department's Affirmative Action program.

CS SB 248 will necessitate the addition of at least one equal employment officer in fourteen of the fifteen executive branch agencies. Funding for the program will be general funds and will be allocated as follows:

AGENCY	POSITION TITLE	100 PERSONNEL SVC.	200 TRAVEL	300 CONTRACTUAL	400 COMMODITIES	TOTAL
Governor's Off.	EEO II	35,317	1,951	4,550	2,178	43,996
Administration	EEO III	40,425	3,749	4,850	2,178	51,202
Law	EEO II	35,317	1,951	4,550	2,178	43,996
Revenue	EEO III	40,425	3,749	4,850	2,178	51,202
Education	EEO II	35,317	1,951	4,550	2,178	43,996
Health & Social Services	EEO III	40,425	3,749	4,850	2,178	51,202
Health & Social Services	EEO II	35,317	1,951	4,550	2,178	43,996
Labor	EEO III	40,425	3,749	4,850	2,178	51,202
Commerce & Economic Dev.	EEO II	35,317	1,951	4,550	2,178	43,996
Military Affairs	EEO II	35,317	1,951	4,550	2,178	43,996
Natural Resources	EEO III	40,425	3,749	4,850	2,178	51,202
Fish & Game	EEO III	40,425	3,749	4,850	2,178	51,202
Public Safety	EEO III	40,425	3,749	4,850	2,178	51,202
Environmental Conservation	EEO II	35,317	1,951	4,550	2,178	43,996
Community & Regional Affairs	EEO II	35,317	1,951	4,550	2,178	43,996
TOTALS		565,511	41,851	70,350	32,670	710,382

The travel funds are necessary for the equal employment officers to implement program activities in their agencies statewide. Contractual services include telephones, printing, office space, etc. Commodities are for desk top supplies such as pencils, pens, paper, etc. and major office items under \$500.00 such as desks, chairs, calculators, bookcases, etc.

C. COMPUTATIONS:

This fiscal note was prepared by line item - no formula was used.

1	POSITION TITLE Equal Employment Officer III (7 positions)			RANGE/STEP 18-A	BARG. UNIT. K	LOCATION Juneau	GOV	APPROV	DISAPP
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY 4	FORM 12	PAGE/LINE	LEG	
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION: This position is necessary to supervise the development and implementation of the Department Affirmative Action Plan and Program. Duties will include: <ol style="list-style-type: none"> 1. Preparation and implementation of the affirmative action plan and program which identifies problems, establishes goals and time tables and sets forth remedies; 2. monitoring the agencies program to ensure that actions are implemented to correct or eliminate discriminatory practices and conditions; and, 3. preparing reports, statistical analysis, and evaluating program progress. NOTE: See page 2 of part 2 for allocation of this class to specific agencies.			
	1	2	3						
4	PERSONAL SERVICES:								
	SALARY	\$2,640	\$31,680						
5	BENEFITS	15.79%	5,003						
6	FICA	6.13%	1,942						
7	HEALTH INS.	\$ 150/mo	1,800						
8	TOTAL PERSONAL SERVICES	01		\$40,425					
9	TRAVEL	02		3,749					
10	CONTRACTUAL	03		4,850					
11	COMMODITIES	04		2,178					
12	EQUIPMENT	05							
13	OTHER								
14	TOTAL COST			\$51,202					
	CODE	FUNDING SOURCE							
15		FED RCPTS 1002							
16		GF MATCH 1003							
17		GEN. FUND 1004		\$51,202					
18		I-A RCPTS 1005							
19		PGM RCPTS 1028							
20		OTHER							
21	CONTINUATION								
22	ADDITION	XXX							
FOR BEM USE ONLY									
4A KEY NUMBER _____ COLUMN NO. _____									

AGENCY Department of Revenue PROGRAM ALL

BRU ALL

COMPONENT ALL

13 REQUEST FOR NEW POSITION.

REVISED DATE _____

FY 82

1	POSITION TITLE Equal Employment Officer II (8 positions)			RANGE/STEP 16-A	BARG. UNIT. K	LOCATION Juneau	GOV	APPROV	DISAPP
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY 1	FORM 12 PAGE/LINE	LEG.		
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION:			
	1	2	3						
4	PERSONAL SERVICES: SALARY	\$2,291	\$27,492						
5	BENEFITS	15.79%	4,340						
6	FICA	6.13%	1,685						
7	HEALTH INS.	\$ 150/mo.	1,800						
8	TOTAL PERSONAL SERVICES	01	\$35,317						
9	TRAVEL	02	1,951						
10	CONTRACTUAL	03	4,550						
11	COMMODITIES	04	2,178						
12	EQUIPMENT	05							
13	OTHER								
14	TOTAL COST		\$43,996						
	CODE	FUNDING SOURCE							
15		FED RCPTS.	1002						
16		GF MATCH.	1003						
17		GEN. FUND	1004	\$43,996					
18		I-A RCPTS.	1005						
19		PGM RCPTS	1028						
20		OTHER							
21	CONTINUATION								
22	ADDITION	XXX		FOR B&M USE ONLY					
4A KEY NUMBER				COLUMN NO.					

This position is necessary to supervise the development and implementation of the Department Affirmative Action Plan and Program. Duties will include:

1. Preparation and implementation of the affirmative action plan and program which identifies problems, establishes goals and time tables and sets forth remedies;
2. monitoring the agencies' to ensure that actions are implemented to correct or eliminate discriminatory practices and conditions; and,
3. preparing reports, statistical analysis, and evaluating program progress.

NOTE: See page 2 of part 2 for allocation of this class to specific agencies.

AGENCY Office of the Governor PROGRAM ALL

BRU ALL

COMPONENT ALL

13 REQUEST FOR NEW POSITION.

Page 2 of 2

REVISED DATE _____

FY 82

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE
Part 1 of 2 Parts

I. REQUEST

Bill/Resolution No. CS for SB 248 (SA)
 Title Equal Employment Opportunity in the Executive Branch
 Requested by Senator Fisher Date April 24, 1981

II. FISCAL DETAIL

Agency Affected Department of Administration
 Program Category Affected Labor Services / General Government
 BRU, Program, or Subprogram(s) Affected Equal Employment Opportunity / Admin. Serv. WP-AS
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	-0-	295.9	319.6	345.2	372.8	402.6
200 TRAVEL	-0-	29.2	33.6	38.6	44.4	51.1
300 CONTRACTUAL	-0-	38.1	41.1	44.4	48.0	51.8
400 COMMODITIES	-0-	16.2	2.2	2.4	2.6	2.8
500 EQUIPMENT	-0-	10.8	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	390.2	396.5	430.6	467.8	508.3

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	-0-	390.2	396.5	430.6	467.8	508.3
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME	-0-	8	8	8	8	8
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

A. ASSUMPTIONS:

The fiscal detail is based on the assumption that CS SB 248 is signed into law.

B. PROGRAM SUMMARY:

SB 248 outlines program areas for the Division of Equal Employment Opportunity. Key elements include:

1. Administration of the Equal Employment Opportunity and Affirmative Action programs in the executive branch of Alaska state government;
2. Development and implementation of standards and procedures for agency affirmative action plans and programs;

(continued)

IV. DATE April 27, 1981 PREPARED BY Kaye Hogan
 AGENCY Division of Equal Employment Opportunity
 Original: Legislative Finance PHONE 465-3572
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE

FISCAL NOTE

Part 1 of 2 Parts

CS for SB 248 (continued)

3. Develop procedures to identify and eliminate discriminatory selection and promotion practices and artificial practices not justified by business necessity, and develop and implement procedures to determine and resolve issues related to affirmative action plans;
4. Review and monitoring of affirmative action plans, programs, and employment system practices for compliance with equal employment opportunity laws and regulations;
5. Provide training in anti-discrimination laws and regulations to managers, supervisors, and employees; and,
6. Prepare annual affirmative action plan and report.

SB 248 will necessitate the addition of the following eight (8) positions:

- | | |
|---|------------------------------------|
| 1. Three Equal Employment Officer III's | 3. One Training Specialist |
| 2. Three Equal Employment Officer II's | 4. One Correspondence Secretary II |

Funds for travel will be necessary for technical assistance to departments and to provide training in locations where a majority of state employees are located. Contractual services include telephone, printing, office space, etc. Commodities include small desk top items such as pencils, pens, paper, etc. and major items under \$500.00 such as desks, chairs, calculators, bookcases, tables, etc.

Funding for the program will be general fund and will be allocated as follows:

<u>EXPENDITURES</u>	<u>EEO</u>	<u>ADMIN. SERVICES</u>
100	270.5	25.4
200	29.2	0
300	34.1	4.0
400	15.2	1.0
500	0	10.8
TOTAL	349.0	41.2

C. COMPUTATIONS:

This fiscal note was prepared by line item - no formula was used.

1	POSITION TITLE Equal Employment Officer III			RANGE/STEP 18-A	BARG. UNIT. K	LOCATION Juneau	GOV	APPROV	DISAPP
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY 1	FORM 12 PAGE/LINE	LEG		

3	TYPE OF EXPENDITURE		AMOUNT
	1	2	3
4	PERSONAL SERVICES: SALARY	\$2,640	\$31,680
5	BENEFITS	15.79%	5,003
6	FICA	6.13%	1,942
7	HEALTH INS.	\$ 150/mo	1,800
8	TOTAL PERSONAL SERVICES	01	\$40,425
9	TRAVEL	02	3,749
10	CONTRACTUAL	03	4,850
11	COMMODITIES	04	2,178
12	EQUIPMENT	05	
13	OTHER		
14	TOTAL COST		\$51,202

JUSTIFICATION:

This position is necessary to supervise the development and implementation of the Department Affirmative Action Plan and Program. Duties will include:

1. Preparation and implementation of the affirmative action plan and program which identifies problems, establishes goals and time tables and sets forth remedies;
2. monitoring the agencies program to ensure that actions are implemented to correct or eliminate discriminatory practices and conditions; and,
3. preparing reports, statistical analysis, and evaluating program progress.

	CODE	FUNDING SOURCE	
15		FED RCPTS. 1002	
16		GF MATCH. 1003	
17		GEN. FUND 1004	\$51,202
18		I-A RCPTS. 1005	
19		PGM RCPTS 1028	
20		OTHER	

21	CONTINUATION		FOR B&M USE ONLY
22	ADDITION	XXX	

AA KEY NUMBER _____ COLUMN NO. _____

AGENCY Administration PROGRAM Labor Services

BRU Equal Employment Opportunity

COMPONENT Equal Employment Opportunity

13 REQUEST FOR NEW POSITION.

FY 82