

ALASKA LEGISLATURE COMMITTEE FILES 1901-1902 0012

2155 FCC SB 666 (FILE 2: NOTEBOOK)

2155

Cash Flow on Loan Funds

Assuming All Fund Monies Were Invested In Loans

	Estimated				# New Loans Possible Yearly
	Average Balance	Yearly Interest	Return of Principal	Total Principal + Interest	
Veterans' Loans	10,290,000-	893,900	443,200	1,337,100-	21 Personal 9 Multiple Dwellings
Small Business	75,000,000-	7,076,020	8,820,850-	15,896,870-	No Authority
Child Care	207,700	18,210-	14,250-	32,460	1 Loan Per Year
Commercial Fish	22,177,349-	2,106,850	1,143,790	3,250,640	66 Loans Per Year
Historical District	200,000	16,680	7,920	24,600	1 Loan Every 2 1/2 Years
Bulk Fuel	* 1,000,000	54,440-	1,000,000	1,054,440	
Tourism	4,500,000	384,900-	338,060-	722,960	No Authority
Mining	42,000,000-	4,401,600	10,380,550	14,782,150	18-19 Loans Per Year
Residential Energy	4,979,000-	501,650	248,790	750,440	200 Loans Per Year
Alternate Energy	6,410,210-	282,810-	775,450-	1,058,260-	211 Loans Per Year
Water Resources**	910,000-	74,900	-0-	74,900	No Authority
Fisheries Enhance- ment***	14,934,000-				

\* These loans are for one year only and the monies go back to the General Fund.

\*\* There is only one loan left in this fund and the authority and funding have been deleted (the one loan is interest only until 1987).

\*\*\* Payments on these loans are deferred for 6 years. Since the current loans are only 1-4 years old no revenues are expected until 1984.

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

SENIOR HOUSING

AS 18.54

### SENIOR CITIZEN HOUSING PROGRAM

The Senior Citizen Housing Program provides funding to municipalities and non-profit housing development corporations for senior citizen housing projects. Funds are available for planning and construction on a grant basis and the Department attempts to utilize federal housing funds in conjunction with State resources where possible. The program was originated in 1975 with the proceeds of \$7.5 million bond sale and continued in 1981 with an appropriation of \$16 million for fiscal years 1982 and 1983.

To date the Department has expended \$7.2 million of the 1976 bond proceeds and provided planning and construction funds for 488 units with a total cost of over \$24 million. The Department has committed the entire \$8 million available for FY 82 and has received funding requests for over \$13 million in FY 83. Attached are charts detailing the FY 82 and proposed FY 83 activity.

The Department would like to point out that the FY 83 appropriation of \$8 million contained in Section 3, Chapter 76, SLA 81, is limited to "planning, development and construction of federally assisted senior citizen housing projects." The proposed FY 83 activity contains some projects that do not show available federal funding and may not be able to secure federal funding in light of budget reductions at the Federal level. While the Department will continue to encourage utilization of State and Federal resources where possible, the Department would prefer to have greater flexibility in utilization of the FY 83 appropriation. Consequently, the Department recommends that Section 3, Chapter 76, SLA 81, be amended to read as follows:

"Section 3. The sum of \$8,000,000 is appropriated from the general fund to the Department of Community and Regional Affairs for planning, development, and construction of federally assisted senior citizen housing and other housing projects that meet the special needs of senior citizens."

The Department informs the Legislature that requests for FY 83 funding currently total \$15,984,500. Future funding needs will largely depend on data and information provided by the Statewide Housing Needs Study being conducted by the Department and scheduled for completion in December 1982.

SENIOR CITIZEN HOUSING PROGRAM  
 CONSTRUCTION GRANTS  
 FINANCIAL STATUS - MARCH 15, 1982  
 FISCAL YEAR 1982

<u>PROJECT LOCATION</u>	<u># UNITS</u>	<u>SPONSOR</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT SUBMITTED</u>	<u>COMMITTED</u>	<u>ADJUSTMENTS</u>	<u>FUNDS DISBURSED</u>
Chugiak/Eagle Riv	24	Municipality of Anchorage	2,500,000				
Kenai	24	Cook Inlet Housing Auth.	1,066,000	1,066,000	1,066,000		959,400
Homer	24	Homer Senior Citizens, Inc.	2,400,000				
Wrangell	24	Wrangell/Senior Citizens, Inc.	685,000	685,000	685,000	200,000	
Valdez	15	City of Valdez	1,100,000				
TOTALS:			7,751,000	1,751,000	1,751,000	200,000	959,400

RECAP:

Appropriation:	8,000,000
Committed:	1,751,000
Available to Commit:	6,249,000

SENIOR CITIZEN HOUSING PROGRAM  
 PLANNING GRANTS  
 FINANCIAL STATUS - MARCH 15, 1982  
 FISCAL YEAR 1982

<u>PROJECT LOCATION</u>	<u># UNITS</u>	<u>SPONSOR</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT SUBMITTED</u>	<u>COMMITTED</u>	<u>ADJUSTMENTS</u>	<u>FUNDS DISBURSED</u>
Anchorage FY-82 Appropriation		Cook Inlet Housing Auth.	90,000	90,000	90,000		90,000
Fairbanks (Bond Fund)			50,000				
Homer (Bond Fund)			63,000	63,000	63,000		63,000
Kodiak FY-82 Appropriation			52,500	52,500	52,500		
Valdez (Bond Fund)			<u>30,000</u>	<u>30,000</u>	<u>30,000</u>		<u>          </u>
TOTALS:			285,500	235,500	235,500		153,000

\*Planning Grants to municipality sponsors are funded from the Bond Fund.

Bond Fund Availability:	342,248
Committed:	143,000
Available to Commit:	<u>199,248</u>

FY-82 Appropriation (G.F) \$142,500

SENIOR CITIZEN HOUSING PROGRAM

CONSTRUCTION GRANT REQUEST

FISCAL YEAR 1983

<u>PROJECT LOCATION</u>	<u># UNITS</u>	<u>SPONSOR</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT SUBMITTED</u>	<u>COMMITTED</u>	<u>ADJUSTMENTS</u>	<u>FUNDS DISBURSED</u>
Anchorage Phase I	60	Cook Inlet Housing Auth.	5,500,000				
Anchorage-Phase II	60	Cook Inlet Housing Auth.	4,484,000				
Fairbanks	24		2,400,000				
Kodiak	15-35		1,500,000				
Metlakatla	8		800,000				
Ninilchick	10	Cook Inlet Housing Auth.	600,000				
St. Mary's	8	City of St. Mary's	600,000				
Wadulla	24 112	City of Wadulla	<u>2,400,000</u>				
TOTALS:			18,284,000				

Appropriation: \$8,000,000



# LAWS OF ALASKA

1981

Source

SCS C555HB 150(Fin)

Chapter No.

76

## AN ACT

Making special appropriations to the Department of Community and Regional Affairs for housing projects and studies; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1, LINE 10

Approved by the Governor: July 10, 1981  
Actual Effective Dates: Secs. 1 and 2 effective July 11, 1981;  
Sec. 3 effective July 1, 1982

AN ACT

Making special appropriations to the Department of Community and Regional Affairs for housing projects and studies; and providing for an effective date.

\* Section 1. The sum of \$8,000,000 is appropriated from the general fund to the Department of Community and Regional Affairs, senior citizens housing development fund (AS 18.54.070) to develop senior citizen housing, including but not limited to, conventional housing, housing for the frail elderly, group homes, congregate housing, and other housing that meets the special needs of senior citizens.

\* Sec. 2. The sum of \$125,000 is appropriated from the general fund to the Department of Community and Regional Affairs to study and assess the need in the state for housing for senior citizens, handicapped persons, and for persons of low and moderate income.

\* Sec. 3. The sum of \$8,000,000 is appropriated from the general fund to the Department of Community and Regional Affairs for planning, development, and construction of federally assisted senior citizen housing projects.

\* Sec. 4. Sections 1 and 2 of this Act take effect immediately in accordance with AS 01.10.070(c).

\* Sec. 5. Section 3 of this Act takes effect July 1, 1982.

HOUSING AUTHORITIES

AS. 18.55

## SUPPLEMENTAL HOUSING DEVELOPMENT

### GRANT PROGRAM

This program was created by Section 7, Chapter 86, SLA 81 to provide funding for access roads, water and sewer facilities and electrical line extensions related to development of housing by Regional Housing Authorities under the U.S. Department of Housing and Urban Development (HUD) remote housing program. The Department of Community and Regional Affairs (DCRA) can provide up to 20% of the development cost associated with each unit of housing. The Federal Government has placed a cap of about \$92,000 per unit which limits the State contribution to no more than \$18,400 per unit. The FY 82 appropriation for the program is \$12,351,400 as contained in Chapter 87, SLA 81.

DCRA has received requests for \$13,628,701 for 824 units in 37 locations during fiscal year 1982. To date grant awards have been made for the communities of Akutan, Atka, Nikolski, Levelock, Mentasta, Ouzinkie and Port Lions totalling \$2,032,781. The Department intends to make grant awards for the entire FY 82 appropriation prior to the end of the fiscal year.

Attached are charts which detail FY 82 and proposed FY 83 activity under the program.

The Department points out that the program manager at the time of the FY 83 budget preparation process perceived the program as an experiment that would be reviewed by the Legislature prior to appropriation of additional funds. Consequently, the Governor's FY 83 budget contains no additional funding for the program. Since that time, the program manager has changed and the Department is prepared to strongly recommend continuation of the program. Attached is a copy of a capital budget amendment for \$20 million to continue the project during FY 83. The Governor's office has taken no action on this request to date.

Based on recent developments in Congress, the Department feels an appropriation of \$7 million will be sufficient to cover the number of units definitely scheduled for funding during FY 83.



# LAWS OF ALASKA

1981

Source

SCS CSHB 502(R1s)

Chapter No.

26

## AN ACT

Relating to housing authorities and to supplemental housing development grants, and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1, LINE 10

UNDERLINED MATERIAL INDICATES TEXT THAT IS BEING ADDED TO THE LAW AND BRACKETED MATERIAL IN CAPITAL LETTERS INDICATES DELETIONS FROM THE LAW; COMPLETELY NEW TEXT OR MATERIAL REPEALED AND RE-ENACTED IS IDENTIFIED IN THE INTRODUCTORY LINE OF EACH SECTION.

Approved by the Governor July 16, 1981  
Actual Effective Date July 17, 1981

1 (1) A housing authority created under this section shall have its  
2 financial records audited annually by an independent certified public  
3 accountant. The legislative auditor may prescribe the form and content  
4 of the financial records of the housing authority and shall have access  
5 to these records at any time.

6 \* Sec. 7. AS 18.55 is amended by adding a new section to read:

7 Sec. 18.55.998. SUPPLEMENTAL HOUSING DEVELOPMENT GRANTS. (a)

8 There is created in the Department of Community and Regional Affairs a  
9 supplemental housing development grant fund. Subject to the avail-  
10 ability of appropriations for the purpose, the department shall make  
11 grants to regional housing authorities established under AS 18.55.996  
12 for the cost of on-site sewer and water facilities, road construction  
13 to project sites, and extension of electrical distribution facilities  
14 to individual residences.

15 (b) A grant may be made only for residential housing for which  
16 federal loan or grant approval has been obtained from the United States  
17 Department of Housing and Urban Development and which will be made  
18 available to the public on a nondiscriminatory basis. A grant may not  
19 be used to retire or repay obligations or debts of the grant recipient.  
20 A grant may only be for the difference between the maximum amount  
21 available under federal law or regulation for construction of the  
22 residential housing for which the grant is made and the actual costs of  
23 the construction. A grant may not exceed 20 percent of the United  
24 States Department of Housing and Urban Development total development  
25 cost per unit in effect at the time the grant is made.

26 (c) Grant money may be used only for the purposes specified in  
27 (a) of this section. No part of the grant money may be used for  
28 administrative or other costs of a regional housing authority whether  
29 the costs are directly associated with the construction or are general

Chapter 86

costs of the authority.

(d) The department shall adopt 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.

\* Sec. 8. This Act takes effect immediately in accordance with AS 01.10.070(c).

# MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS

TO Ron Lehr, Director  
Division of Budget & Management  
Office of the Governor

DATE February 8, 1982

FILE NO:

TELEPHONE NO: 465-4700

FROM Richard Ake, <sup>RA</sup> Deputy Commissioner  
Department of Community & Regional  
Affairs

SUBJECT Revision/Addition  
Capital Budget

Attached are revisions to the Department of Community & Regional Affairs' FY-83 Capital Budget request for the Economic Development Program, Development Category.

This revision adds the Supplemental Housing Development Grant project and will enable continuation of grants to local Regional Housing Authorities providing funds to cover the difference between available federal funding and actual costs of housing construction. The funds will only be used for electrical distribution systems, sewer and water, and road extensions.

CONDITION - CLIENT - BENEFIT Briefly describe the conditions addressed by the objectives, the client groups served and the benefit those clients receive.	OBJ. NO.	LONG RANGE OBJECTIVES State your long range objectives and indicate the year in which your objective would be achieved.	Year Objective Achieved
<p><u>Conditions Addressed:</u></p> <p>Current Federal funding programs for housing are not providing Alaska residents in the rural areas of the State with sufficient funding to develop low moderate income home ownership housing units. As a result, the units are in jeopardy of not being built with the corresponding loss of Federal funding to the State's economy of approximately \$92,200 per housing unit. Firm Federal funding reservations for 567 housing units has been approved by HUD at \$92,200 per unit or \$52,277,400. Additional funding needed to complete some of the units is approximately \$7,000,000 for the costs of on-site water and sewer facilities, road construction to project sites, and extension of electrical distribution facilities to individual residences.</p> <p>An additional 708 units are awaiting HUD funding of \$65,277,600 for FY '83 and FY '84 construction. The State's share under the Supplemental Housing Development Program is estimated to be \$13,310,400.</p> <p>If State funding of \$20,000,000 is not provided to supplement Federal funding of \$117,000,000, approximately 73% of the planned units will not be built with the loss to the State of \$85,000,000 in Federal construction funding.</p>	2	Continue to provide supplemental housing development funds to stabilize and utilize all federal funding allocated to the State.	Ongoing

**31 CAPITAL PROGRAM OBJECTIVES**

CATEGORY DEVELOPMENT  
 AGENCY COMMUNITY & REG. AFFAIRS  
 PROGRAM ECONOMIC DEVELOPMENT

Page 3 of 4  
 Revised Date 2/8/82

FY 83

<b>CONDITION - CLIENT - BENEFIT</b> Briefly describe the conditions addressed by the objectives, the client groups served and the benefit those clients receive.	<b>U. I. NO.</b>	<b>LONG RANGE OBJECTIVES</b> State your long range objectives and indicate the year in which your objective would be achieved.	<b>Year Objective Achieved</b>
<p>The effects of the supplemental program are experienced in several ways:</p> <ul style="list-style-type: none"> <li>- Rural residents receive safe and sanitary housing, as well as the benefits of home ownership with 80% of the costs picked up by the Federal government.</li> <li>- The economy of the local rural areas are aided, due to the local employment in the construction trades to develop the units.</li> </ul>			

CATEGORY DEVELOPMENT

AGENCY COMMUNITY & REGIONAL AFFAIRS

PROGRAM ECONOMIC DEVELOPMENT

Page 4 of 4  
 Revision Date 2/8/82

FY 83

31 CAPITAL PROGRAM OBJECTIVES

The proposed Supplemental Housing Development Program addresses problem areas concerned with financing homes for low income rural Alaskan families:

- (1) Family finances are typically too low for the eligibility of State mortgage loans.
- (2) Typical available housing is neither safe nor sanitary.
- (3) Federal financing is available, but not adequate, and unfortunately, the available Federal funding will be lost to the State unless supplemental funding is provided.

The projects located in approximately 28 villages for a total of 567 housing units have received firm funding commitments from HUD for \$52,000,000 and now require \$7,000,000 supplemental funding from the State in order to be constructed during the FY '83-84 construction seasons.

An additional 700 units are expected to receive a firm funding commitment as soon as the U.S. Office of Management & Budget releases the funding of approximately \$65,000,000. The State's supplemental share is estimated to be approximately \$13,000,000.

**32 ANALYTIC STATEMENT**  
**(Six-Year Capital Program)**

CATEGORY DEVELOPMENT  
AGENCY COMMUNITY & REGIONAL AFFAIRS  
PROGRAM ECONOMIC DEVELOPMENT

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Fiscal Date  
2/8/82

FY 83

AGENCY SUBMISSION					PROPOSED FUNDING YEAR <u>FY83</u>		GOVERNOR'S REQUEST Please Do Not Write In This Area			
AGENCY PRIORITY	OBJ. NO(S)	PROJECT TYPE	PROJECT TITLE AND LOCATION	AGENCY REQUEST	FUNDING SOURCE	GOVERNOR'S FUNDING YEAR	GOVERNOR'S FUNDING YEAR	GOVERNOR'S FUNDING YEAR	GOV'S PRIORITY	
83-1	1	0	Nonconforming Housing Loans		FED RCPTS.					
				40,500.0	GEN FUND					
					G.O. BONDS					
					TOTAL					
ULTIMATE ANNUAL OPERATING COST = _____				40,500.0						
EXPECTED YEAR = FY _____										
83-2	2	C	Supplemental Housing Development Grant		FED RCPTS.					
				20,000.0	GEN FUND					
					G.O. BONDS					
					TOTAL					
ULTIMATE ANNUAL OPERATING COST = _____				20,000.0						
EXPECTED YEAR = _____										
					FED. RECPTS.					
					GEN FUND					
					G.O. BONDS					
					TOTAL					
ULTIMATE ANNUAL OPERATING COST = _____										
EXPECTED YEAR = FY _____										
					FED. RECPTS.					
					GEN FUND					
					G.O. BONDS					
					TOTAL					
ULTIMATE ANNUAL OPERATING COST = _____										
EXPECTED YEAR = FY _____										
					FED. RECPTS.					
					GEN FUND					
					G.O. BONDS					
					TOTAL					
ULTIMATE ANNUAL OPERATING COST = _____										
EXPECTED YEAR = FY _____										

PROJECT TYPE CODES	
C - Bldg. Construction	L - Land
I - Other Improvement	P - Professional Svcs.
E - Equipment	O - Other

CATEGORY Development

AGENCY Community & Regional Affairs

PROGRAM Economic Development

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Revised Date  
2/8/82

FY 83

34

PROPOSED SIX-YEAR  
CAPITAL PROGRAM

AGENCY SUBMISSION

PROPOSED FUNDING YEAR FY84

GOVERNOR'S REQUEST  
Please Do Not Write In This Area

AGENCY PRIORITY	OBJ. NOISE	PROJECT TYPE	PROJECT TITLE AND LOCATION	AGENCY REQUEST	FUNDING SOURCE	GOVERNOR'S FUNDING YEAR	GOVERNOR'S FUNDING YEAR	GOVERNOR'S FUNDING YEAR	GOV'S PRIORITY
84-1	1	0	Nonconforming Housing Loans ULTIMATE ANNUAL OPERATING COST = _____ EXPECTED YEAR = FY _____	40,000.0	FED RECPTS				
					GEN FUND				
					G.O. BONDS				
				40,000.0	TOTAL				
84-2	2	C	Supplemental Housing Development Grant ULTIMATE ANNUAL OPERATING COST = _____ EXPECTED YEAR = _____	13,000.0	FED RECPTS				
					GEN FUND				
					G.O. BONDS				
				13,000.0	TOTAL				
			ULTIMATE ANNUAL OPERATING COST = _____ EXPECTED YEAR = FY _____		FED RECPTS				
					GEN FUND				
					G.O. BONDS				
					TOTAL				
			ULTIMATE ANNUAL OPERATING COST = _____ EXPECTED YEAR = FY _____		FED RECPTS				
					GEN FUND				
					G.O. BONDS				
					TOTAL				
			ULTIMATE ANNUAL OPERATING COST = _____ EXPECTED YEAR = FY _____		FED RECPTS				
					GEN FUND				
					G.O. BONDS				
					TOTAL				

PROJECT TYPE CODES

- C. Bldg. Construction
- E. Other Improvement
- F. Equipment
- L. Land
- P. Professional Svcs.
- R. Other

CATEGORY Development

AGENCY Community & Regional Affairs

PROGRAM Economic Development

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Revised Date 2/8/82

FY 83

[Empty Box]

34 PROPOSED SIX-YEAR CAPITAL PROGRAM

Project Title Supplemental Housing Development Grant			Location(s) Statewide		Election Districts Served Various		Start Date 7/1/82		Completion Date 6/30/83		
AGENCY REQUEST			Operational Cost & No. Personnel		First Operating	Ultimate Annual	GOVERNOR'S REQUEST				
			Increase         Decrease		Year	Year	Approved		Deferred		Disapproved
1002	Federal Receipts		Funding	Federal Receipts			1002	Federal Receipts			
1003	G/F Match			General Fund			1003	G/F Match			
1004	General Fund	20,000.0	Source				1004	General Fund			
1005	I/A Receipts						1005	I/A Receipts			
	G.O. Bonds							G.O. Bonds			
			Total Annual Operational Cost		-0-	-0-					
			Position (FTE)								
			Previous Year Priority		Agency Priority		Governor's Priority				
					83-2						
Total			20,000.0				Total				

PROJECT DESCRIPTION

Provide up to 20% of the development costs for 73% of 1,275 housing units located in rural Alaska to local Regional Housing Authorities. These funds will cover the difference between available federal funding and actual project costs of construction. The funds will only be used for electrical distribution systems, sewer and water, and road extensions.

CATEGORY DEVELOPMENT

AGENCY COMMUNITY & REGIONAL AFFAIRS

PROGRAM ECONOMIC DEVELOPMENT

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 Revised Date  
 2/8/82

FY 83

35a

PROJECT DESCRIPTION  
 PROPOSED CAPITAL  
 PROJECT

Capital Project Expenditures (Cash Flow)	Total	Budget Year	Budget Year Plus 1	Budget Year Plus 2	Budget Year Plus 3	Budget Year Plus 4	Remaining Cost
Planning and Engineering							
Land							
Construction	33,000.0	20,000.0	13,000.0				
Equipment							
Administration and Other							
Total Annual Expenditure (Capital Cost)	33,000.0	20,000.0	13,000.0				

**Project Justification**

**2a Project Need:**

Housing surveys in the village areas has documented the need for the planned housing units based on occupancy and characteristics of substandard units. This is a rural housing program administered by the Regional Housing Authorities and provides for home ownership of the units.

This request assumes that it is in the best interest of the people in the State to avail themselves of the maximum Federal funds available for upgrading the State's housing stock.

Some of these housing units have received Federal funding commitments but cannot be constructed without additional supplemental funding from the State.

**2b Documentation of Estimated Capital Costs:**

Costs of the projects are estimated by the project architects and engineers and concurred with by the Federal Funding Agency. The final costs are determined by competitive bid.

**2c Analysis of Estimated Impact on Operating Expenses:**

Ongoing operating expenses are picked up by the Federal government.

**2d Identification of Alternatives Considered:**

No alternatives are available. If the State does not provide supplemental funding, the units will not be built.

**Project Type**

- Building Construction (C)
- Other Improvements (I)
- Equipment (E)
- Land (L)
- Professional Services (P)
- Other (O)

**Project Characteristics**

- Totally New Facility
- Addition to Existing Facility
- Renovation of Existing Facility
- Major Maintenance or Repair
- Supplement Previously Authorized
- Funds to Enable Completion
- One of Several Phases
- Major External Funding Source
- Other

**Site Features**

NO YES

- Site Currently Owned?
- All Utilities Available?
- Access Already Available?

SUPPLEMENTAL HOUSING  
PROJECT TITLE DEVELOPMENT GRANT

CATEGORY DEVELOPMENT

PROJECT JUSTIFICATION  
**35b PROPOSED CAPITAL  
PROJECT**

AGENCY COMMUNITY & REGIONAL AFFAIRS

PROGRAM ECONOMIC DEVELOPMENT

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Revised Date  
2/8/82

**FY 83**

Introduced: 1/29/82  
Referred: Community & Regional  
Affairs and Finance

Funding Information  
General fund \$16,000,000  
Other Funds -0-  
\$16,000,000

BY DUNCAN, BROWN, BUCHHOLDT,  
CHUCKWUK, CLOCKSIN, FREEMAN,  
FULLER, GARDINER, GRUSSENDORF,  
HURLBERT, MALONE, MILLER, MOSS,  
ROGERS, SMITH, SUTCLIFFE, VASKA  
AND ZHAROFF

1 IN THE HOUSE

2 HOUSE BILL NO. 702

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Department  
7 of Community and Regional Affairs for the supplemental  
8 housing development grant fund; and providing for an  
9 effective date."

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

11 \* Section 1. The sum of \$16,000,000 is appropriated from the general fund  
12 to the Department of Community and Regional Affairs for the supplemental  
13 housing development grant fund under AS 18.55.998.

14 \* Sec. 2. This Act takes effect July 1, 1982.

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SUPPLEMENTAL HOUSING DEVELOPMENT FUND  
 FY '82 APPROPRIATION  
 AS OF 02/23/82

HOUSING AUTHORITY LOCATION & PROJECT	NO. UNITS	WATER & SEWER	ROADS	ELECT	TOTAL- SHOP	TOTAL -HUD	DEV. PROG APP. HUD	HOUSING CONS? START	HOUSING %COMP, & COMP TARGET DATE	ALCR APP DCRA GRANT AWARD APP DCRA
Aleutian AKUTAN AK16-07	18	263,760	30,000	-0-	293,760	1,468,800	10/16/81	02/15/82	03/15/83	01/26/82 02/03/82
Aleutian ATKA AK02-B016-009	18	145,000	180,266	6,646	331,912	1,659,600	12/03/79	10/13/80	68% 02/01/82	01/26/82 02/03/82
Aleutian NIKOLSKI AK16-06 AK16-08	17	87,622	-0-	-0-	87,622	1,571,668	12/03/79	10/13/80	68% 02/01/82	01/26/82 00/00/00
AVCP KOTLICK AK02-B009-023 & 041	29	29,000	87,000	-0-	116,000	2,673,800	03/24/81	05/27/81	12% + 12%	01/26/82 00/00/00
AVCP MOUNTAIN VILLAGE AK-B009-014 & 039	74	1,306,000	60,000	-0-	1,366,000	6,822,800	03/24/81	05/27/81	20% + 25% 06/01/82	01/26/82 00/00/00
PAGE TOTALS:	156	1,831,382	357,266	6,646	2,195,294	14,196,668				

PAGE 2 OF 8  
 SUPPLEMENTAL HOUSING DEVELOPMENT FUND  
 FY '82 APPROPRIATION

HOUSING AUTHORITY LOCATION & PROJECT	NO. UNITS	WATER & SEWER	ROADS	ELECT	TOTAL- SHIP	TOTAL -HUD	DEV. PROG APP. HUD	HOUSING CONST START	HOUSING %COMP, & COMP TARGET DATE	AF CH APP DCRA GRANT AWARD APP DCRA
AVCP PILOT STATION AK02-B009-022 AK02-B009-039	29	736,440	204,000	-0-	940,440	5,071,000	03/24/81	05/27/81	25% 06/21/82	01/26/82 00/00/00
Bristol Bay ALEKNAGIK AK10-09	15	164,000	47,000	-0-	211,000	1,383,000	01/30/82	05/01/82	12/30/82	01/26/82 00/00/00
Bristol Bay DILLINGHAM AK02-P010-011	20				368,800	1,844,000				
Bristol Bay EGEGIK AK10-10	7	84,000	-0-	-0-	84,000	645,400	02/01/82	04/01/82	10/01/82	01/26/82 00/00/00
Bristol Bay IGIUGIG AK	5				92,200	461,000				
PAGE TOTALS:	76	984,440	251,000		1,696,440	9,404,400				

PAGE 3 OF 8  
 SUPPLEMENTAL HOUSING DEVELOPMENT FUND  
 FY '82 APPROPRIATION

HOUSING AUTHORITY LOCATION & PROJECT	NO. UNITS	WATER & SEWER	ROADS	ELECT	TOTAL- SHDP	TOTAL -HUD	DEV. PROG APP. HUD	HOUSING CONST START	HOUSING %COMP, & COMP TARGET DATE	AF CH APP HCRA GRANT AWARD APP HCRA
Bristol Bay ILIAMNA AK02-B010-013	55	588,000	-0-	-0-	588,900	4,610,000	01/15/82			01/26/82 00/00/00
Bristol Bay ILIAMNA AK	7				129,080	645,400				
Bristol Bay KOKHANUK AK02-B010-015	12				221,280	1,106,400				
Bristol Bay LEVELOCK AK10-07	18	215,000	90,687	-0-	305,687	1,139,977	11/05/81	04/01/82	12/01/82	01/26/82 02/01/82
Bristol Bay NEWHALEN AK02-B010-016	10				184,400	922,000				
PAGE TOTALS:	102	803,000	90,687		1,478,447	8,423,777				

PAGE 4 OF 8  
 SUPPLEMENTAL HOUSING DEVELOPMENT FUND  
 FY '82 APPROPRIATION

HOUSING AUTHORITY LOCATION & PROJECT	NO. UNITS	WATER & SEWER	ROADS	ELECT	TOTAL- SHDP	TOTAL -HUD	DEV. PROG APP. HUD	HOUSING CONST START	HOUSING %COMP, & COMP TARGET DATE	ACTN APP DCRA GRANT AWARD APP DCRA
Bristol Bay NONDALTON AK02-B010-017	14				258,160	1,290,800				
Bristol Bay PORT HEIDEN AK02-B010-012	14				258,160	1,290,800	01/15/82	04/01/82	11/01/82	01/26/82 00/00/00
Copper River Basin COPPER CENTER AK02-B011-005	50	-0-	-0-	-0-	922,000	4,610,000	PROJECTED 04/30/82			01/26/82 00/00/00
Copper River Basin MENTASTA AK11-02	10	184,000	-0-	-0-	184,000	922,000	02/02/81	PROJECTED 05/01/82	0% 04/01/83	01/26/82 02/10/82
Interior Regional FAIRBANKS AK02-B007-019	50	250,000	-0-	-0-	922,000	4,610,000	PROJECTED 03/15/82			01/26/82 00/00/00
PAGE TOTALS:	138	434,000			2,544,320	12,723,600				

PAGE 5 OF 8  
 SUPPLEMENTAL HOUSING DEVELOPMENT FUND  
 FY '82 APPROPRIATION

HOUSING AUTHORITY LOCATION & PROJECT	NO. UNITS	WATER & SEWER	ROADS	ELECT	TOTAL- SHDP	TOTAL -HUD	DEV. PROG APP. HUD	HOUSING CONST START	HOUSING %COMP, & COMI TARGET DATE	ALCH APP DCRA GRANT AWARD APP DCRA
Interior Regional GRAYLING AK02-B007-015	14	258,160	-0-	-0-	258,160	1,290,800	2/15/81			01/26/82 00/00/00
Interior Regional KALTAG AK02-B0007-011	16	275,040	-0-	20,000	295,040	1,475,200	05/15/81	PROJECTED 09/01/82	0% 06/01/83	01/26/82 00/00/00
Interior Regional MINTO AK02-B007-018	30	522,136	-0-	11,064	533,200	2,766,000	PROJECTED 02/15/82			01/26/82 00/00/00
Interior Regional MINTO/BARTLETT AK02-B007-020	19	343,353	-0-	7,007	350,360	1,753,300	PROJECTED 04/30/82			01/29/82 00/00/00
Interior Regional NORTHWAY AK07-09	20	308,300	25,000	35,500	368,800	1,844,000	05/15/81		38% 03/31/82	01/26/82 00/00/00
PAGE TOTALS:	99	1,706,989	25,000	73,571	1,805,560	9,129,300				

PAGE 6 OF 8  
 SUPPLEMENTAL HOUSING DEVELOPMENT FUND  
 FY '82 APPROPRIATION

HOUSING AUTHORITY LOCATION & PROJECT	NO. UNITS	WATER & SEWER	ROADS	ELECT	TOTAL- SHDP	TOTAL -HUD	DEV. PROG APP. HUD	HOUSING CONST START	HOUSING %COMP, & COMP TARGET DATE	AFCR APP DCRA GRANT AWARD APP DCRA
Interior Regional NULATO AK07-08 AK02-B007-010	40	80,000	240,000	80,000	400,000	3,688,000	06/27/80	10/28/80	10/28/82	01/26/82 00/00/00
Interior Regional TANANA AK07-07	25	100,000	275,000	75,000	450,000	2,305,000	06/27/80	10/28/80	10/28/82	01/26/82 00/00/00
Kodiak PORT LIONS AK13-08	25	471,000	-0-	-0-	471,000	2,305,000	06/09/80	05/18/81	6% 05/30/82	01/26/82 02/03/82
Kodiak PORT LIONS AK13-09	10	194,400	-0-	-0-	194,400	922,000	06/09/80	05/18/81	6% 05/30/82	01/26/82 02/03/82
Kodiak QUZINKIL AK02-B013-010	10	164,400	-0-	-0-	164,400	922,000	01/27/81	05/18/81	05/30/82	01/26/82 02/03/82
PAGE TOTALS:	110	1,009,800	515,000	155,000	1,679,800	10,142,000				

PAGE 7 OF 8  
 SUPPLEMENTAL HOUSING DEVELOPMENT FUND  
 FY '82 APPROPRIATION

HOUSING AUTHORITY LOCATION & PROJECT	NO. UNITS	WATER & SEWER	ROADS	ELECT	TOTAL- SHDP	TOTAL -HUD	DEV. PROG APP. HUD	HOUSING CONST START	HOUSING %COMP, & COMP TARGET DATE	AF CH APP DCRA GRANT WARD APP HCRA
Metlakatla METLAKATLA AK02-8002-005	24	192,560	250,000	-0-	442,560	2,212,800	07/20/81	PROJECTED 01/31/82	0% UNKNOWN	01/26/82 00/00/00
NANA BUCKLAND AK02-8006-015	10	-0-	182,000	-0-	182,000	922,000				
NANA BUCKLAND AK02-8006-020	12	-0-	223,000	-0-	223,000	1,106,400				
NANA KIANA AK02-8006-028	10	-0-	-0-		50,000	922,000				01/26/82 00/00/00
NANA SIJUNGNAK AK02-8006-011	18	214,360	-0-	-0-	214,360	1,659,600				
PAGE TOTALS:	74	406,920	655,000		1,111,920	6,827,800				

PAGE 8 OF 8  
 SUPPLEMENTAL HOUSING DEVELOPMENT FUND  
 FY '82 APPROPRIATION

HOUSING AUTHORITY LOCATION & PROJECT	NO. UNITS	WATER & SEWER	ROADS	ELECT	TOTAL- SHDP	TOTAL -HUD	DEV. PROG APP. HUD	HOUSING CONST START	HOUSING %COMP, & COMP TARGET DATE	AFCH APP DCRA GRANT AWARD APP DCRA
North Pacific Rim ENGLISH BAY AK15-03	20	200,000	150,000	-0-	350,000	1,844,000	03/25/81	09/15/81	03/31/82	01/26/82 00/00/00
North Pacific Rim PORT GRAHAM AK15-04	31	310,000	175,000	-0-	485,000	2,858,200	03/25/81	09/25/81	75% 03/31/82	01/26/82 00/00/00
North Pacific Rim TATITLEK AK02-B015-005	18	193,920	138,000	-0-	331,920	1,659,600	03/25/81	09/15/81	2% 03/01/82	01/26/82 00/00/00
PAGE TOTALS:	69	703,920	463,000		1,166,920	6,361,800				
GRAND TOTALS:	824				13,628,701					

SUPPLEMENTAL HOUSING GRANT PROGRAM  
 PROJECTS WITH EXISTING HUD FUNDING  
 FY83

SPONSORING AUTHORITY LOCATION PROJECT	NO. UNITS	WATER & SEWER	ROADS	ELECT	TOTAL - SHDP	TOTAL -HUD	DEV. PROG APP. HUD	HOUSING CONST START	HOUSING % COMP, & COMP TARGET DATE	AFCH APP DCRA GRANT AWARD APP
Public Slope WVUK PASS -B005-013	22					2,028,400				
Public Slope HOW -B005-012	9					829,800				
Public Slope T HOPE -B005-014	25					2,305,000				
CHAK -B009-042	15				276,600	1,383,000				
TOTALS:	71				276,600	6,546,200				

CTS WITH EXISTING HUD FUNDING  
2 OF 6

NG AUTHORITY ION JECT	NO. UNITS	WATER & SEWER	ROADS	ELECT	TOTAL- SHDP	TOTAL -HUD	DEV. PROG APP. HUD	HOUSING CONST START	HOUSING %COMP, & COMP TARGET DATE	AFCH APP DCRA GRANT AWARD APP
B009-025	20				368,800	1,844,000				
RNAK B009-026	15				276,600	1,383,000				
RNAK B009-054	15				276,600	1,383,000				
K B009-047	25				461,000	2,305,000				
K B009-030	24				442,560	2,212,800				
TOTALS:	99				1,825,560	9,127,800				

PROJECTS WITH EXISTING HUD FUNDING  
PAGE 3 OF 6

HOUSING AUTHORITY LOCATION & PROJECT	NO. UNITS	WATER & SEWER	ROADS	ELECT	TOTAL- SHDP	TOTAL -HUD	DEV. PROG APP. HUD	HOUSING CONST START	HOUSING %COMP, & COMP TARGET DATE	AECN APP DCRA GRANT AWARD APP
AVCP EMMONAK AK06-B009-046	17				313,480	1,567,400				
AVCP HOOPER BAY AK06-B009-044	23				424,120	2,120,600				
AVCP KWIGILLINGOK AK02-B009-21	11				66,000	1,014,200				
AVCP LOWER KALSKAG AK02-B009-011	26				479,440	2,397,200				
AVCP NEWTOK AK02-B009-028	9				165,960	829,800				
PAGE TOTALS:	86				1,449,000	7,929,200				

PROJECTS WITH EXISTING HUD FUNDING  
PAGE 4 OF 6

HOUSING AUTHORITY LOCATION & PROJECT	NO. UNITS	WATER & SEWER	ROADS	ELECT	TOTAL - SHIP	TOTAL - HUD	DEV. PROG APP. HUD	HOUSING CONST START	HOUSING XCOMP, & COMP TARGET DATE	AVCH APP DURA GRANT AWARD APP
AVCP QUINHAGAK AK06-B009-056	6				110,640	553,200				
AVCP SCAMMON BAY AK06-B009-045	15				276,600	1,383,000				
AVCP SCAMMON BAY AK02-B009-031	24				442,560	2,212,800				
AVCP TOKSOOK BAY AK02-B009-017	25				461,000	2,305,000				
AVCP TUNTUTUL IAK AK02-B009-029	25				461,000	2,305,000				
PAGE TOTALS:	95				1,751,800	8,759,000				

PROJECTS WITH EXISTING HUD FUNDING  
PAGE 5 OF 6

HOUSING AUTHORITY LOCATION & PROJECT	NO. UNITS	WATER & SEWER	ROADS	ELECT	TOTAL - SHDP	TOTAL -HUD	DEV. PROG APP. HUD	HOUSING CONST START	HOUSING %COMP, & COMP TARGET DATE	AFCH APP DCRA GRANT AWARD APP
AVCP UPPER KALSAG AK02-B009-043	13				239,720	1,198,600				
Bering Straights GOLOVIN AK02-B008-021	15					1,383,000				
Bering Straights SHISMAREF AK02-B008-022	16					1,475,200				
Bering Straights WHITE MOUNTAIN AK02-B008-018	16					1,475,200				
Interior Regional CHALKYITSIK AK02-B007-014	15	256,600	-0-	20,000	276,600	1,383,000	PROJECTED 04/30/82			00/00/00 00/00/00
PAGE TOTALS	75	256,600		20,000	516,320	6,915,000				

PROJECTS WITH EXISTING HUD FUNDING  
PAGE 6 OF 6

HOUSING AUTHORITY LOCATION & PROJECT	NO. UNITS	WATER & SEWER	ROADS	ELECT	TOTAL- SHDP	TOTAL -HUD	DEV. PROG APP. HUD	HOUSING CONST START	HOUSING %COMP, & COMP TARGET DATE	AECN APP DCRA GRANT AWARD APP
Interior Regional HOLY CROSS AK02B007-017	20	338,000	-0-	30,000	368,000	1,844,000	PROJECTED 03/31/82			00/00/00 00/00/00
Kodiak Island KODIAK, AK02-P013-11	48					4,425,600				
NANA KOTZEBUE AK02-P006-017	44	135,325	134,566	-0-	269,891	4,056,800				
North Pacific Rim EYAK AK02-B015-006	29				534,760	2,673,800				
PAGE TOTALS:	141	473,325	134,366	30,000	1,172,651	13,000,200				
GRAND TOTALS:	567				6,991,931	52,277,400				

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Sen. Mulcahy  
Sen. Stimson  
Sen. Sturgulewski

ALASKA STATE LEGISLATURE  
SENATE BANKING COMMITTEE  
POUGH V, JUNEAU 99811

Summary of Joint Meeting with House Banking Committee: AHFC 2/4/82

The following is an edited version of testimony received by members of the Senate Special Committee on Banking and the House Special Committee on Banking meeting jointly in the House Finance Committee room at 3:30 p.m. on Thursday, February 4, 1982. The tapes containing the complete testimony are available through Senator Rodey's office.

Present from the Senate committee were Rodey, Stimson, Mulcahy and Sturgulewski. From the House committee, Meekins, Buchholdt, Halford, Miller and Bettisworth were present.

IN ATTENDANCE

Meekins and Rodey opened the meeting and described the purpose to be an overview of Alaska Housing Finance Corporation (AHFC) to see "where we've been, where we're going, and what we have to do this session".

The first witness was Harry Goldbar, executive director of AHFC. He was accompanied by Mark Cameron, finance director for the corporation. They offered the following statistics for FY 81: AHFC committed \$750 million in mortgage purchase funds through the utilization of \$610 million in bond proceeds, and \$183 million in cash appropriations. Some funds carried over into this fiscal year.

FY 81

So far in FY 82, AHFC has purchased \$555 million in mortgages, and sold \$500 million in bonds, including \$300 million in taxable bonds and \$200 million in tax-exempt bonds. AHFC anticipates total mortgage purchases in this fiscal year of slightly in excess of \$900 million. In addition, AHFC has structured, but not yet sold, both a taxable and a tax-exempt bond issue - both the first of their kind for a housing finance agency - to support a market for second mortgages for purchase and home improvements as directed by the legislature last session.

FY 82

Demand for FY 83 is projected at \$1,062,000,000. This demand will be supported by subsidy funds in the amount of \$283 million, including \$223 million in FY 83 cash appropriations. The rest of the subsidy funds will be derived from the proceeds of some of the \$236 million in mortgage loans that were appropriated to AHFC in 1980, and on which the reversion was removed by the last legislature. Of the \$223 million, approximately \$90 million

FY 83

will be used to fund programs which are not supported by bond proceeds. That includes rural housing mortgage purchase program (\$35 million); mobile home loan purchase program (\$45 million); and the rural non-owner-occupied multifamily purchase program (\$10 million). All of these programs will be investments for the Home Ownership Fund.

Meekins asked why the \$236 million in mortgage loans had not been used up yet. Goldbar responded that the purpose of the appropriation of those mortgage loans, which was made in 1980, was to insure against the potential taxability of the \$460 million in taxable bonds issued under the shadow of the Ullman bill last year. Those issues covenanted against the use of those funds until Jan. 1, 1983.

1980  
APPROPRIATION

Meekins asked how much money was appropriated to AHFC last session. Cameron answered: \$265 million. It was noted that AHFC was anticipating doing about \$100 million more of lending for \$42 million less appropriation.

Rodey asked for a status report on the second mortgage program. Goldbar responded that AHFC had intended to sell bonds on January 20 for that purpose, both taxable and tax-exempt. The taxable issue is to be used for purchase and home improvement; the tax-exempt issue is for home improvement loans up to a maximum of \$15,000 per loan. AHFC had intended to begin the program Feb. 1, but bond counsel felt they needed additional regulations prior to implementation of the program. Therefore, AHFC is out to public hearing now, it is expected that the board will approve the new regulations at their next meeting on Feb. 17, and the second mortgage program will be implemented almost immediately thereafter.

SECOND MORTGAGE PROGRAM

Rodey asked about the possibility of providing financing for 3/4-plexes. Cameron responded that the corporation has previously provided a preliminary analysis (for a copy, contact Jim Kelly at 3717). At this time Rodey requested that further analysis be done by AHFC and provided to the committees, including a statement as to whether the proposed multi-plex financing should be limited to 3/4-plexes or up to 6-plexes.

MULTI-PLEX FINANCING

Meekins asked if the corporation was proposing any specific legislative changes. Goldbar responded that he has been working on some language for a form of subsidy recapture which ultimately could result in a revolving fund. AHFC is working with Ron Lehr of the governor's office in this regard.

SUBSIDY RECAPTURE

Meekins asked if any changes were being contemplated regarding the interest rate ratchet. Goldbar responded that the operation of the ratchet to date has resulted in a maximum subsidy of 705 basis points (7.05%) no matter what the cost of funds is. He admitted that the ratchet hasn't worked in as orderly a manner as we would have liked, but that that has been due to the chaotic activity in the bond market. He also said he expects that maximum spread to be reduced by year's end to about 5.5%. Further, if the ratchet is to be changed legislatively, he thinks we would

INTEREST RATE RATCHET

have to proceed towards a 3% spread by using a .5% spread per month, or some other predictable formula.

Halford asked if it is possible for AHFC to adopt some regulatory procedure to provide for an interest rate commitment at the time of commitment vs. the time of closing. Alternatively, he asked if some method could be developed to allow the ratchet effect to be implemented bi-annually or on some other time schedule, just so there could be some certainty in the market. Goldbar said he has had drafted a procedure which would provide for interest rate commitments, and that it would be presented to the AHFC board at their meeting of Feb. 17 for their approval and implementation.

INTEREST  
RATE  
COMMITMENT

Rodey asked about a legislative proposal that all loan criterion be put into regulation form (SB 609), and noted that he had some difficulty with it. Goldbar responded that if it means that the AHFC seller servicer guide would have to be in regulation form, then he believes it would make it "cumbersome to maintain a viable and expeditious turn-around in our prior approvals of mortgage purchases, and also our smooth relationship with the seller-servicers". He says the guide requires some interpretation, and that at present "it tends to be more liberal on the side of the borrower than it used to be". His concern is that adoption of SB 609 would "take away some of the flexibility and the ability to change our guidelines when we find that we've made a mistake or that conditions have changed."

SB 609

Mulcahy asked about the demand for the second mortgage purchase program, and to what use the loan proceeds could be put. Goldbar said the proceeds from the taxable bond sale will be used for second mortgages for purchase, and home improvement; from the tax-exempt bond sale for home improvements only, up to \$15,000. He also said the corporation has plenty of money for the program, even before going to the bond market. Cameron said funds appropriated for the SAM program totalled \$158 million at Dec. 31, 1981, still available.

SECOND  
MORTGAGE  
PROGRAM

Meekins asked for a breakdown on how the FY 83 mortgage demand of \$1,062,000,000 would be met. Cameron answered that AHFC anticipates four taxable issues for the first mortgage program - \$150 million, \$120 million, \$120 million, \$150 million - for a total of \$540 million. The second mortgage taxable program would entail three bond sales - two at \$50 million, and a third at \$25 million - for a total of \$125 million. The tax-exempt program for seconds will require two issues at \$20 million each. The tax-exempt first mortgage program anticipates two sales of \$70 million and \$75 million for a total of \$145 million. The grand total of all bond sales in FY 83 is \$850 million. The balance of the demand will be met by prepayments under other programs, and from the cash appropriation of FY 83.

FY 1983  
FINANCING  
SCHEDULE

Rodey asked about the Home Ownership Fund, the status and suggestions for changes. Goldbar responded that AHFC is in the process of restructuring the program right now. He said that the corporation has felt no pressure on the amount of funds available, and that the way it was originally structured by AHFC "it simply is not reaching out to as many potential purchasers as it could".

HOME OWNERSHIP FUND

Buchholdt asked about the status of loans for condominiums. Cameron responded that in FY 81, 960 condos were financed through the various AHFC programs, representing 12.53% of all types of dwelling units financed. For the first six months of FY 82, the comparable numbers are 1,099 condos, or 16.14%

CONDOMINIUMS

Meekins asked for an opinion on the often-suggested proposal that AHFC expand its regular program to include 3/4-plexes and that all rental financings beyond that be handled through Alaska Industrial Development Authority (AIDA) - both the suggestions being partial solutions to the rental crisis which has afflicted several Alaska cities. Goldbar responded that he believes that AHFC could accomodate the 3/4-plex program; as for the rest, he would defer to Commissioner Tom Williams. As to projected cost for a program for 3/4-plexes, assuming only new construction, 20% down payment, no refinancing, owner-occupancy and an estimated construction cost of \$50,000 per unit, total demand is estimated at \$30-50 million, with a subsidy of \$12-20 million.

MULTI-PLEX FINANCING

Sturgulewski asked about the merit of taking advantage of the provision in the Ullman bill which allows for the issuance of tax-exempt debt for the purpose of veterans' housing. Goldbar said it would reduce the amount of subsidy required, that AHFC estimates 30 percent of the demand is from veterans, that some other enabling legislation will be required, including a different definition of eligible veteran. Sturgulewski asked that AHFC provide the committee with further specifics regarding this matter.

VETS G.O. BONDS

Buchholdt mentioned the bill introduced in the House yesterday, HR 17, which relates to the question of discrimination, and asked Goldbar if he was aware of any discrimination in transactions affecting AHFC. Goldbar responded that AHFC is a secondary market, and doesn't come into direct contact with the borrowers. Nonetheless, he could not recall any instances of discrimination with any of the seller-servicers since he's been employed with the corporation.

HR 17

Bettisworth asked if AHFC has enough money to fund all requests at this time. Goldbar noted that AHFC does have enough money, but has requested a supplemental bond authorization for \$210 million in FY 82, not a supplemental appropriation. The request also includes bond authorization of \$850 million for FY 83.

SUPPLEMENTAL

The next witness was Commissioner Tom Williams who sits on the board of directors for AHFC, AIDA and the Permanent Fund, in addition to serving on the State Bond Committee. He was asked by Rodey for his opinions on the merit of backing tax-exempt housing bonds with the State's general obligation (SJR 39). Williams said he favored issuing the bonds in the name of a State instrumentality, like AHFC, with the State's G.O. behind it. He said he preferred to use AHFC as the issuing agency rather than the State for several reasons: (1) better market acceptance; (2) less direct impact on the State's other G.O. issues; (3) possibly better ratings and interest rates.

SJR 39

Upon questioning from Sturgulewski, Williams said that the bonds would probably sell in the range of 11 to 11.5 percent, and that AHFC's bonding capabilities would not be impaired by implementation of such a program. Regarding demand, he guessed that it would be a function of relative advantage of this program vs. the regular AHFC program.

VETS G.O. BONDS

Miller and Meekins asked about multi-plex financing. Williams said he supported local government efforts first, e.g. the effort underway in Anchorage at present. He also noted that condominium conversions exacerbate the rental crisis, and that there are movements to have AHFC approve upwards of 200 conversions, primarily in Anchorage. He supports efforts to cooperate with local governments to restrict conversions at times of a critical rental shortage, and that they use local powers to restrict rent gouging. He also estimated that a rental financing program through AIDA would cost upwards of \$100 million in the first year, that use of the tax-exempt financing has some difficulties in terms of generating sufficient revenues to cover debt service, and that, in his opinion, subsidies in this area would be inappropriate.

MULTI-PLEX FINANCING

Sturgulewski asked about the availability of additional security to facilitate the issuance of those tax-exempt bonds, for example illiquid assets held by Treasury. Williams replied there are some, and they do generate an income stream of roughly \$24 million per year.

Meekins asked if the Permanent Fund is going to be of any help in the housing market next year. Williams responded that the trustees have authorized the purchase of up to \$25 million in Alaska mortgages, and that as of Dec. 31, 1981, the Permanent Fund held \$8,269,241.95 worth of loans and mortgages. He noted that the fund is initiating a program of adjustable rate mortgages (ARM's) as a means of satisfying some of the local demand while maintaining the safety of the mortgage portfolio over time.

PERMANENT FUND

Meekins asked the commissioner of revenue his opinion on the suggestion that the State increase the subsidize portion of mortgage loans up from the present \$90,000. Williams responded that "over the long term, we need to wean ourselves away from AHFC, and perhaps leave it to deal with special areas of housing finance, the way it was designed originally. This \$90,000 subsidy cap is one market way of weaning people away from subsidized housing mortgages."

SUBSIDIES

The next witness was Win Germain, president of the Juneau Board of Realtors. He supported written testimony on behalf of the Alaska Association of Realtors (for a copy, contact Jim Kelly at 3717).

REALTORS' POSITION

Buchholdt commented at this time that she supports rent controls, at least when the rental units have been financed with low interest state loans.

RENT CONTROL

The next witness was Jim McConague, president of the Homebuilders Association of Juneau. He made some comments and advised that written testimony would be forthcoming.

HOMEBUILDERS

The next witness was Dick Dolman, testifying from Anchorage via teleconference and representing the Alaska Mortgage Bankers' Association. He offered 11 areas of concern: (1) make use of the Permanent Fund as a source of housing finance; (2) use more of the Permanent Fund in-state; (3) expand the board of directors of AHFC by adding additional public members and remove from the Executive Budget Act and the Administrative Procedures Act; (4) expand the subsidy base from \$90,000 to \$100,000; (5) adjust the interest rate ratchet so that it does not increase by more than .25% per calendar quarter; (6) put AHFC on a 18-24 month financing schedule; (7) support the bill establishing equity participations by private investors; (8) expand AHFC into 3/4-plexes; (9) do not pass HB 401 which would prohibit enforcement of due-on-sale; (10) increase the allowable delinquency rate to 2%; (11) do not pass SB 609, and do support Vets G.O. bonding.

MORTGAGE BANKERS

The last witness was Chuck Homan, also testifying from Anchorage, and also a mortgage banker. His main point was that the Permanent Fund should be used more in-state.

It was announced that there would be another meeting of the two banking committees on Feb. 25, the primary purpose of which meeting will be to discuss possible options for developing programs in AHFC and AIDA to deal with the rental shortage problem.

NEXT MEETING

CHILD CARE

AS 44.33

ALASKA STATE LEGISLATURE - SENATE



SENATOR RICHARD I. ELIASON  
P.O. BOX 143  
SITKA, ALASKA 99835  
POUCH V  
JUNEAU, ALASKA 99811

COMMITTEES  
FINANCE  
RESOURCES  
STATE AFFAIRS

April 8, 1982

M E M O R A N D U M

To: Senator Pat Rodey  
From: Senator Dick Eliason *Dick E*  
Re: Free Conference Committee on SB 666

In your deliberations on S.B. 666 relating to certain state loan programs, I would appreciate your consideration of the addition of the following language for loans for child care facilities:

Section ?? AS 44.33.255(c) is ammended to read:

(c) The duration for repayment of a loan may not exceed 20 (10) years.

Section ?? This Act takes effect immediately in accordance with AS 01.10.070(c).

Currently the child care facilities loans must be repaid in 10 years. Last year the Legislature raised the maximum dollar amount of these loans to \$50,000 but did not change the loan duration. In effect this makes it nearly impossible for most applicants to afford the larger loans as the monthly payments are too high.

The Division of Loans has stated that this proposed change would have a zero fiscal note. (See attached memo.)

cc: Senator Arliss Sturgulewski  
Senator Bob Mulcahy

BUCHHOLDT  
Alaska State Legislature  
House of Representatives  
Juneau, Alaska 99811

MEMORANDUM

TO: Russ Meekins  
Chair, House Loan Committee

FROM: Thelma Buchholdt *TJB*  
Member, House Loan Committee

SUBJ: Child Care Facility Revolving Loan Fund

DATE: 3/19/82

Since my last memo on this subject, it has been brought to my attention that there is support in the Senate to go ahead with one amendment to the Child Care Facility Revolving Loan Fund statute this year, instead of waiting for tabulation of responses to the outreach effort to be conducted by the Department of Commerce and Economic Development after this year's level of appropriation for the program is known. (See my last memo of 2/24/82) for more information on this outreach effort.) I suggest that the House Loan Committee go ahead and include this amendment in our authorization bill.

The amendment would allow loan recipients to pay back their loans over a period of 20 years instead of 10 years. This would not require any additional funding for the program. This change is supported by the Department. It would allow providers more flexibility in paying back their loans as many are hard pressed to make ends meet on small budgets each year. Allowing for this longer loan repayment term would allow more providers to benefit from the program and still maintain fiscally sound operations.

Language for such an amendment would be:

"Section 1. AS 44.33.255(c) is amended to read:

(c) The duration for repayment of a loan may not exceed 20 (10) years.

\* Sec. 2. The amendment made to AS 44.33.255(c) by sec. 1 of this Act applies only to loans made on or after the effective date of the Act.

\* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.070(c)."

cc: Senator Dick Eliason



Alaska State Legislature  
House of Representatives  
Juneau, Alaska 99811

MEMORANDUM

TO: Russ Meekins  
Chair, House Banking Committee

FROM: Thelma Buchholdt *TJB*  
Member, House Banking Committee

SUBJ: Child Care Facility Revolving Loan Fund

DATE: 2/24/82

During the House Banking Committee meeting last Thursday, February 11, you requested that I check into the Child Care Facility Revolving Loan Fund and make a recommendation to you for the appropriate level of funding for FY 83. Based on the information that I have collected, I would recommend that \$400,000 be appropriated for the fund for FY 83.

My staff discussed the program with the Deputy Director of the Division of Business Loans and Veterans Affairs in DCED, David Massey. Mr. Massey indicated that child care providers have not evidenced much interest in the program during the last few years. However, the Department has not contacted providers to let them know of the program's existence, or the fact that the legislature raised the loan limit to \$50,000 last year. The last contact with providers was in 1978 when DHSS sent a mailing out to providers along with applications for licensure explaining the program to them and that the legislature raised the loan limit to \$30,000 that year.

My staff conducted an informal telephone survey of providers statewide earlier this week. Of the 29 providers reached, 20 had never heard of the program. Of these 20, half indicated a desire to apply for a loan during the next two years. Although this survey was obviously not "scientific", 29 phone calls generated more interest in the program in one day than has apparently been generated in the last few years. The response from the providers polled demonstrates to me that there is a definite need for the program even though the Department's statistics would indicate that the need does not exist.

I have requested that Mr. Massey work with Yvonne Walker, the Deputy Director of the Division of Family and Youth Services in DHSS (which licenses child care centers and homes) to develop an updated mailing list of providers so that program information can be mailed to each

provider on an annual basis. The first mailing will be conducted at the end of session after the appropriation level is known. Providers will be told of the existence of the program, the terms available for a loan, how to apply, etc. Mr. Massey will tabulate responses, so that the legislature next year will have a clearer picture of unmet needs, and whether there are any additional problems that should be addressed. (For example, the loan limit may still be low, collateral requirements may be too stringent for some centers, etc.) Both Mr. Massey and Ms. Walker have responded that they will pursue this form of outreach.

The mailing, in addition to the recent informal survey, will generate sufficient applications to warrant the \$400,000 recommendation for funding this year. This figure represents a doubling of the Governor's request for the Program: \$200,000.

DIV. of HOUSING ASS'T.

AS. 44. 47

NON-CONFORMING HOUSING LOAN PROGRAM  
EXISTING PROGRAM

The program specifics have already been outlined for the Special Committee on Loans during the hearing on February 18. The Committee asked for further information on 2 points relating to direct lending and proposed amendments to allow lending on homesite and open to entry land.

The Committee wished to know the Department's procedures for insuring that the direct lending program does not conflict with the activities of private lending institutions. The legislative intent accompanying Chapter 115, SLA 81, which authorized direct lending for this program, indicated "that the Department of Community and Regional Affairs may originate loans in areas of the State where in the opinion of the Department financial institutions are not adequately providing extension of credit for housing or not making a good faith effort to do so" (Senate Journal, June 23, 1981).

The Department is preparing to implement direct lending in the next several weeks. Next week the Acting Director of the Housing Assistance Division intends to meet with representatives of private lending institutions to ascertain which communities are presently unserved by private institutions and hence, eligible for direct lending. In those areas where there may be some question, the Division intends to seek written proof that a private lender will not lend funds in the area in question.

The Committee also requested information on the issue of lending for homes on homesite and open to entry land. AS 38.08.060 (a)(2) requires a person to construct a "habitable, permanent single family dwelling on the homesite, which meets all applicable state and local regulations within 5 years of the date of issuance of the homesite entry permit". However, AS 44.47.420 (b) prohibits the Director of Housing Assistance from lending on land that lacks a "marketable title to real property". The Department feels that this language frustrates the general State policy of encouraging disposal of State land for individual and private use.

S.B. 579 proposes to set up a guarantee account in the Department of Revenue to guarantee loans for homes constructed in accordance with AS 38.08.060 (a)(2). It also authorizes the Director of Housing Assistance to purchase or participate in loans guaranteed under this program.

The Department supports the intent of the legislation, but points out that the goal of the legislation could also be

accomplished by amending restrictions contained in AS 44.47.420 to allow use of funds appropriated to the Non-Conforming housing loan fund for this purpose. Specifically AS 44.47.420 (b) could be amended by adding a new subsection (3) stating:

(3) by providing a letter of intent signed by an authorized representative of the Department of Natural Resources which shows that title to a homesite will be transferred from the State to the borrower if the borrower fulfills the requirements of AS 38.08.060.

Losses which occur pursuant to this amendment could be covered by the Restricted Title Loss Reserve Account created in AS 44.47.430. That section should be amended to include AS 44.47.420 (b)(2) or (b) (3) as eligible title for purposes of the fund.

The Department points out that the current program emphasizes owner-occupied housing and would continue to emphasize that type of housing if these amendments were enacted.

JAY S. HAMMOND, Governor

**DEPT. OF COMMUNITY & REGIONAL AFFAIRS**

OFFICE OF THE COMMISSIONER

POUCH B  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-4700

Position Paper on Senate Bill 579

SB 579 will expand the lending activities of the Housing Assistance Division to include housing loans for homes located on homesite and open to entry lands where clear title has not yet been acquired by the borrower.

In general the Department supports the intent of this legislation. The need for lending on these lands was clearly established during public hearings held by the Housing Assistance Division during the first quarter of 1981.

The Department would point out that the goal of this legislation could be accomplished by amending restrictions contained in AS 44.47.420 to allow use of funds appropriated to the nonconforming housing loan fund for home loans on homesite or open to entry lands. Specifically, AS 44.47.420(b) could be amended by adding a new subsection (3) stating:

(3) by providing a letter of intent signed by an authorized representative of the Department of Natural Resources which shows that title to the homesite will be transferred from the State to the borrower if the borrower fulfills the requirements of AS 38.08.060.

Losses which occur pursuant to this amendment could be covered by the Restricted Title Loss Reserve Account created in AS 44.47.430. A further minor amendment would be required for this purpose. Both of these changes would be enacted under Section 3 of SB 579.

The Department raises the question of access roads, electrical distribution lines and water/sewer systems related to homes constructed on homesite and open to entry lands. Many times these homes will be located on land which is unconnected to existing road or utility systems. The Department suggests that the Legislature may want to consider a supplemental loan for these purposes.

In order for the program to be successful, the Department of Natural Resources must assure that surveys of homesite or open to entry lands be conducted in a timely manner.

The Department would like to point out that any additional general fund appropriations required by enactment of SB 579 must be considered in the context of the Governor's program to control government spending and enact a Constitutional spending limit.

Introduced: 5/27/81  
Referred: Labor & Commerce and  
Finance

1 IN THE SENATE

BY RODEY, STIMSON, BENNETT,  
FAHRENKAMP, KERTTULA AND BRADLEY

2 SENATE BILL NO. 579

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to homesite habitable dwelling loan  
7 guarantees; and providing for an effective date."

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

9 \* Section 1. AS 38.08 is amended by adding a new section to read:

10 ARTICLE 2. HOMESITE HABITABLE DWELLING LOAN GUARANTEE ACCOUNT.

11 Sec. 38.08.210. HOMESITE HABITABLE DWELLING LOAN GUARANTEE  
12 ACCOUNT. (a) The homesite habitable dwelling loan guarantee account  
13 is established as a separate account in the general fund. The account  
14 consists of money appropriated or assets transferred by the legislature  
15 to the account. The commissioner of revenue shall administer the  
16 account, and may enter into agreements with financial institutions in  
17 the state to use the assets of the account to guarantee loans made by  
18 financial institutions to borrowers entering homesites under this  
19 chapter.

20 (b) Before a guarantee is made under this section

21 (1) the financial institution making the loan shall deter-  
22 mine, to the satisfaction of the commissioner of revenue, that the  
23 borrower is able to repay the loan;

24 (2) the borrower shall provide a letter of intent signed by  
25 an authorized representative of the Department of Natural Resources  
26 which shows that title to the homesite will be transferred from the  
27 state to the borrower if the borrower fulfills the requirements of  
28 AS 38.08.060.

29 (c) A loan guaranteed under this section

1 (1) must be for the construction and purchase of a habitable,  
2 permanent, single-family dwelling which meets the requirements of  
3 AS 38.08.060(a)(2) and regulations adopted by the Department of Natural  
4 Resources relating to AS 38.08.060(a)(2);

5 (2) may not exceed the greater of

6 (A) 90 percent of the appraised value of the dwelling  
7 being financed with guaranteed loan proceeds; or

8 (B) an amount equal to the greater of the maximum  
9 principal amount of mortgage loans for single-family dwellings  
10 which may be purchased by the Alaska Housing Finance Corporation  
11 or the division of housing assistance in the Department of Com-  
12 munity and Regional Affairs;

13 (3) shall be in a form and contain terms and provisions  
14 satisfactory to the commissioner of revenue;

15 (4) shall be secured by collateral, including the borrower's  
16 homesite entry permit, evidenced by a mortgage or other security  
17 instrument, sufficient, as determined by the commissioner of revenue,  
18 to secure repayment of the loan;

19 (5) may not be for a term longer than 30 years, but the  
20 construction phase of the loan may not be longer than two years.

21 (d) During the construction phase of a loan guaranteed under this  
22 section, the guarantee extends only to the principal balance of the  
23 loan. After the construction phase of the loan, the guarantee extends  
24 both to the principal balance and accrued interest on the loan.

25 (e) The commissioner of revenue may not guarantee a loan under  
26 this section if the balance of the homesite habitable dwelling loan  
27 guarantee account is less than 10 percent of the total unpaid balance  
28 of outstanding loans guaranteed under this section.

29 (f) A guarantee made under this section extends to a successor of

1 a financial institution which makes the loan, including another finan-  
2 cial institution, the Alaska Housing Finance Corporation, or the divi-  
3 sion of housing assistance, Department of Community and Regional  
4 Affairs.

5 (g) A loan guarantee made under this section terminates when the  
6 loan is repaid or when the borrower receives his patent to the homesite  
7 property under AS 38.08.060, whichever occurs first.

8 (h) The commissioner of revenue may adopt regulations in accor-  
9 dance with the Administrative Procedure Act (AS 44.62) to implement  
10 this section.

11 (i) In this section

12 (1) "account" means the homesite habitable dwelling loan  
13 guarantee account;

14 (2) "construction phase" means the period of time during  
15 which a homesite habitable dwelling is under construction;

16 (3) "financial institution" means a bank, savings and loan  
17 association, or credit union authorized to do business in the state.

18 \* Sec. 2. AS 18.56.090 is amended by adding a new paragraph to read:

19 (28) purchase loans guaranteed under AS 38.08.210.

20 \* Sec. 3. AS 44.47 is amended by adding a new section to read:

21 Sec. 44.47.515. HOMESITE HABITABLE DWELLING LOANS. Notwithstand-  
22 ing the provisions of AS 44.47.380 - 44.47.510 the director may use  
23 money in the nonconforming housing loan fund to purchase or participate  
24 in the purchasing of loans guaranteed under AS 38.08.210.

25 \* Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-

26 070(1)

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. SB 579 of May 27, 1981  
 Title An Act Relating to Homesite Habitable Dwelling Loan Guarantees  
 Requested by Senate Labor and Commerce Committee Date 12/14/81

II. FISCAL DETAIL  
 Agency Affected Community and Regional Affairs  
 Program Category Affected Economic Development  
 BRU, Program, or Subprogram(s) Affected Housing Assistance Programs  
 (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			63.8			
200 TRAVEL			18.0			
300 CONTRACTUAL			20.4			
400 COMMODITIES			2.4			
500 EQUIPMENT			3.6			
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						

TOTAL

FUNDING (Thousands of Dollars)

GENERAL FUND			108.2			
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME			2			
PART TIME						
TEMPORARY						

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

This analysis is based on a guaranteed mortgage fund administered by the Department of Revenue with the actual mortgage purchase funds available from monies allocated directly to the Housing Assistance Division for either direct loans originated by the division or loans purchased from private lenders.

It is estimated that 90% of the loan requests will be for original loans for initial new construction and 10% will be for completion of housing units where construction had started but was stopped due to lack of money to complete the houses. Based on the response received while holding public

IV. DATE 12/14/81 PREPARED BY Jack Snee  
 AGENCY Community and Regional Affairs  
 PHONE (907) 271-4535  
 Original Legislative Finance  
 cc. Budget and Management  
 Prime Sponsor (First Legislator Named)

hearings on the Housing Assistance regulations, January through March 1981, it is anticipated that requests for approximately 150 to 180 new construction loans and 30 to 50 rehabilitation or completion loans could be anticipated. These loans would range between \$30,000 and \$149,000.

This demand will increase the funding level need by the Division by approximately \$12 million.

The request for two full time positions is based on establishing a field office in Southeast consisting of one Loan Officer II and one Clerk Typist III. The need for this office is based on numerous requests from this area and the anticipated high number of loan requests for homesite and open to entry lands.

This program will have both a social and economic impact by providing additional housing units and private additional construction work throughout the State.

The anticipated costs for a Southeast office are as follows:

Personnel Services

Clerk Typist III	Range 8	\$16,716	
Loan Examiner III	Range 17	\$29,460	
Related fringe benefits and salary increases		<u>\$17,635</u>	\$63,811

Travel

To 18 Southeast communities 3 times annually	\$15,300	
5 trips to Anchorage headquarters	<u>\$ 2,700</u>	\$18,000

Contractual Services

Communication	\$ 3,700	
Printing & Advertising	3,000	
Equipment Maintenance	900	
Equipment Rental		
WANG	2,400	
Other	2,000	
Rent	5,400	
Other fees and services	<u>3,000</u>	\$20,400
<u>Commodities</u>		\$ 2,400

Equipment

2 desks	\$ 800	
2 chairs	250	
2 bookcases	215	
2 file cabinets	400	
3 conference chairs	350	
2 calculators	500	
Other misc. equipment	<u>1,000</u>	\$ 3,565

Total \$108,176

A I I A

AS 44.88



ALASKA STATE LEGISLATURE  
SENATE BANKING COMMITTEE  
POUGH V, JUNEAU 99811

Summary of Joint Meeting with House Special Committee on Loans

Multi-family Rental Housing and Interstate Banking

March 13, 1982

The following is an edited version of testimony received by members of the Senate Special Committee on Banking and the House Special Committee on Loans meeting jointly in the conference room of the Anchorage Legislative Information Office at 10:00 a.m. on Saturday, March 13, 1982. The tapes containing the complete testimony are available through Senator Rodey's office.

Present from the Senate committee were Rodey, Stimson and Sturgulewski. From the House committee, Buchholdt and Halford were present. Rep. Randy Phillips was also present, as were about 25 members of the public.

Rodey opened the meeting and described its purpose to be to hear testimony from Anchorage constituents regarding possible legislative changes to present banking statutes and loan programs.

The first witness to testify was Doug Elliott, executive director of the Coalition for Economic Justice, and a member of the organizing committee of the Neighborhood Housing Service in Spenard. He praised the report prepared by the House Research Agency which was made available at the hearing (Research Request 81-205 - Rental Housing Problems: Options for Consideration). He suggested that increased availability of rental units would "go a long way toward restoring some equilibrium to the marketplace, and putting the landlord and the tenant on more equal footing". He also suggested that if the state or the municipality were to provide low-interest loans to assist in the construction of those rental units then certain restrictions would be in order. For example: (1) prohibit condo conversions for a certain period of time; (2) ensure that the savings realized by the builder on the low-interest loans be passed on to the renter. He also suggested that the concept of the NHS - a partnership of the private and public sectors, the financial industry and the community residents - is an admirable approach, and one he hopes helps improve the housing stock in Anchorage. Finally, he said he supports cooperative housing.

Next to testify was Breen Gaughan on behalf of the building industry. First, he thanked the committees for addressing the problems of availability or lack of availability of multi-family housing. His remarks were extensive, but included the following specific recommendations: (1) restrict the "rogers ratchet" so that it be more stabilized over a six month period; (2) implement a "buydown

program" to enable the borrower to qualify for a larger mortgage by shifting some of the front-end costs to later years; (3) make more rental units available and you will alleviate many of the problems of affordability. He provided the members with copies of national position papers provided by the National Association of Homebuilders regarding possible changes in federal law which would assist the building industry.

Laurie Terrell, a member of the Anchorage Tenants' Union, the Coalition for Economic Justice, and the Mayor's Task Force on Rental Housing, was the next to testify. Her major points were as follow: (1) there is ineffective enforcement of the Landlord-Tenant Act; (2) rents in Anchorage are rising at a rapid rate; for example, the monthly rent at Richardson Vista recently went up \$100; (3) programs for curtailment of domestic violence should not be cut; (4) many of the renters she deals with pay upwards of 50 percent of their income on rent; (5) the provision of additional rental units is the best solution to the present rental crisis, though other solutions are needed too; for example, a rent review board such as Anchorage had in 1975; (6) if the state provides a multi-family program, it should be regulated to restrict outrageous profits for builders and landlords; (7) monitor all state loan programs for abuses; (8) regulate against condo conversions; (9) pass a law so that families with children are not discriminated against by landlords; (10) contact HUD and advise them to adjust their local determinations of what constitutes "fair market rents"; and (11) review the recent court decision in California which prohibits discrimination against families with children.

Rhodi Kavella, a realtor and a member of the Mayor's Task Force on Rental Housing, testified next. She suggested that owner-occupancy not be considered mandatory for duplexes, tri-plexes and four-plexes; that AHFC be encouraged to be innovative in its financing options; that the state establish a revolving program for AHFC; and that in her opinion, condo conversions are good because they allow the investor to get out, and conversions are cheaper than new construction.

Mary Afsan, a contractor, was the next to testify. She commented that (1) the state should increase construction dollars if the goal is jobs for low-income persons; (2) persons who receive state loans should be required to make that public information; (3) the state should exercise more control over lenders by selectively making available state deposits and/or by withdrawing seller-servicer status to those lenders who discriminate against borrowers; (4) carefully review any proposed mergers or buyouts of financial institutions; (5) reinstitute direct lending; (6) cause the discrimination by Alaska banks against women and minorities to cease; and (7) ask who really benefits from the state loan programs - is it the wealthiest? the lenders? the major contractors?

Jim Hackett, executive vice-president with the United Bank of Alaska and chairman of the legislative committee of the Alaska Bankers Association, stated the position of the association to be supportive of the proposed legislation to allow interstate banking. The reasons for the support he stated were: (1) improved technology would result; (2) increased services.

Willie Ratcliff with the Alaska Minority Business Task Force testified next. He pointed out that Baltimore has instituted a cooperative housing program which has been very successful. He urged the committee members to review that program, and consider implementing such a program in Alaska. He also stated that if the state is going to provide a subsidy for multi-family, he would support the subsidy going to the renter.

Gordon Glaser, a member of the Anchorage Tenants' Union was the next to testify. His main point was that when free enterprise doesn't function properly - as when the vacancy rate drops below 5 percent - then a rent review board would be beneficial.

Angie Dugick, development manager for Quadrant Development, was next. She thanked the committee for appearing in Anchorage and complimented the staff for the materials. She gave an overview of circumstances over the past five years which have brought us to where we are today. After this, she explained that Quadrant is aware of about 2,000 condo units that are under planning for construction this summer; about 55 percent of them are targeted at the \$80,000 and under price range, and most of the rest are under \$110,000. She said she is also seeing about 1,100 or more single family and zero lot line sites being planned - these are Anchorage numbers. She also testified that the multi-family bond sale planned by Anchorage would create about 800 rental units "which is certainly less than what will probably be needed this summer". Regarding the HOF program in AHFC, she said that it competes against landlords because homeowners under the HOF sometimes pay less than renters. She estimated that present rents average about 75 cents/sq.ft., and that will have to increase to about \$1/sq. ft. in order to give some kind of a reasonable return to new developers. She spoke against rent control. She spoke in favor of expanding AHFC to include owner-occupied three and four plexes because of the beneficial impacts it would have both on small builders and on owners under the new tax laws. She cautioned that cost of a new four-plex would be at least \$200,000, and would require rents in excess of \$800 to meet debt service at present interest rates. One deterrent to use of this new program will be the inability of the owner to find a source of refinancing in the future. Finally, she spoke in favor of the Anchorage Comprehensive Plan, primarily because it will provide more land for multi-family units.

The last person to testify was Robert Kubik, chairman of the board of the Quadrant Company. He stated that he has been responsible for building over 1,400 buildings in Anchorage, including development of about 1,000 lots, 9 PUD's, 3 shopping centers. He currently has under development lands equivalent to 2-3,000 units, and substantially more in inventory. He said Quadrant is trying to build 500 rental units this season, and he has researched the proposed Anchorage program and concluded that the rates that appear likely to keep it from working unless the builder has at least \$6,000 equity per unit invested in the project and already owns the land. He predicted it could work at the range of 9.5-10.5 percent interest. He estimated that in order for a developer to even break even on rental construction, the rents would have to be at least \$1.00/sq.ft. - which translates into a rent of \$600-650 for a small one-bedroom, two bedroom units; \$700-800; and three bedrooms for greater than \$900. He testified about the financing

he has arranged for a 200 unit apartment project and stated that one plan has a call at 30 months, and another at 60 months, so if there were a hint of no condo conversions allowable, he would have to drop the project. He said that if the 13 percent bond rate that the Municipality is planning could be dropped to 10.5 percent, that equates to \$100 per month lower rent. He also estimated that 1,000 new apartments in Anchorage will represent 7 percent of the total apartment units increase. He stated his support for the HOF program as the best way to get people to move out of the rental units and into home ownership, thus freeing up more rental units. The same holds true for condo conversions. In addition, he suggested dropping the interest rate on the HOF program to 4 percent, requiring no home ownership for the previous three years (for targeting), and increasing the maximum price from \$80,000 to \$100,000. This last would help particularly in the area of three bedroom units for families. He urged the legislature to slow down on appropriations for road construction, as according to him, the costs have gone up fast as a result of a scarcity of materials and men. He supported equity participation legislation. Lastly, he supported interstate banking.



ALASKA STATE LEGISLATURE  
SENATE BANKING COMMITTEE  
POUGH V, JUNEAU 99811

Summary of Joint Meeting with House Committee on Loans:

Multi-Family Rental Housing

February 25, 1982

The following is an edited version of testimony received by members of the Senate Special Committee on Banking and the House Special Committee on Loans meeting jointly in the Governor's Conference Room at 3:30 p.m. on Thursday, February 25, 1982. The tapes containing the complete testimony are available through Senator Rodey's office.

Present from the Senate committee were Rodey, Stimson, Mulcahy and Sturgulewski. From the House committee, Buchholdt and Halford were present.

Rodey opened the meeting and described its purpose as informational, i.e. the committees were interested in hearing status reports from all the parties involved in developing plans for multi-family rental housing financing. He then distributed a handout from Alaska Housing Finance Corporation (AHFC) relating to (1) their new policy on interest rate commitments; (2) the AHFC schedule of financings for the next 18 months; and (3) proposed language to implement 3/4-plex financing and G.O. bonds for veterans housing.

Jim Kelly, aide to the Senate committee then gave an update on the Anchorage multi-family bond project, including the fact that the underwriters for the proposed issue would be Lehman Brothers, and that the issue is planned for no later than April 30. Further information on this can be had from Dave Rose 274-7366.

At this time, Tom Williams began his testimony on behalf of the Alaska Industrial Development Authority (AIDA). He is the chairman of their board, and commissioner of Revenue. He was accompanied by Buz Hoffman, executive director of AIDA. He made available to the members of the committees a document prepared by Lehman Brothers entitled "A Strategy for Tax-Exempt Financing of Multi-Family Rental Housing Development Projects in Alaska" dated Feb. 16, 1982. He contrasted this to the Anchorage project by pointing out that this would be a statewide effort. According to Williams, the basic problem in accessing the tax-exempt market for multi-family rental financing is the Ullman bill, passed two years ago by Congress. That act requires that 20 percent of the units in a given project be reserved for persons of low- or moderate-income. In addition, there are further

restrictions as to what portion of the income of those families can be used for rents. So, in effect, the legislation limits the amount of income that can be gained from the 20 percent of the units that are reserved for low- and moderate-income people. In order for the interest to be covered on the tax-exempt bonds, it is necessary to raise the rents on the other units. The difficulty is that bond holders are concerned about the ability of the owners to cover debt service, especially in the event of high vacancy rates. The more risk there is, the more will be demanded in interest rate premiums. The strategy then, addresses the question of providing security to the bond holders so that they will be assured of timely and complete payments. The first source is the revenues to be garnered from the rental of the units. Backstopping that income stream will be some form of credit guarantee by a reputable financial institution.

Williams then described each of the three proposed strategies outlined in the appendix of the Lehman Brothers' report. The first, Chart 1, uses a national bank which itself has a AA credit rating or better on its own. Basically, this program would use this credit rating as the basis for the credit rating on the bonds. Naturally, there would be a payment to the national bank in exchange for the use of its credit pledge. The way it would work is that AIDA would sell bonds in the tax-exempt market. The bond proceeds would be placed with the bond trustee, as is always the case. Then, that trustee would make a loan to the national bank, the one with the AA rating, and that institution promises to repay the loan on time in the amounts required to meet the debt service. The trustee, of course, repays the bond holders. Now, in order to get the money from the national institution into the marketplace in Alaska for actual loans for multi-family housing, what happens is this: The national institution acts as the "master lender", and provides 90 percent of the money that gets loaned for the rental housing. That money comes from the bond proceeds. The other 10 percent comes from our local financial institutions. The local lender provides the 10 percent at his cost of funds. The two rates get combined, and the blended rate is what is loaned out to the developer. He then builds it (the above loan is the permanent loan, and assumes a construction loan entirely financed by the local lenders), leases it, rents it and the rents that come in go to the developer, are paid into the local lending institution which acts as the seller/servicer for the loan and acts as the credit underwriter for the loan. The local lender then remits 90 percent back to the master lender. If all works right, the master lender does not use any of its money to cover the debt service. But, if there is a problem, then the master lender is obligated to make good the shortfall. The master lender will then work with the local lender to discover ways to make up that shortfall. This is one way to finance apartments.

Sturqulewski then asked a question about the possibility and the advisability of using some of the illiquid assets held by Treasury in its portfolio to "sweeten the pot". In addition, she asked about other resources within AIDA which could also be pledged to secure bonds. Williams responded by describing Charts 2 and 3.

According to Williams, Charts 2 and 3 represent variations on the plan just described, and incorporate additional security features. In either scenario, AIDA would use the cash flow from the illiquid loan portfolio now held by Treasury (about \$300 million at present) to insure repayment of the bonds. The cash flow would only be drawn upon if the revenues from the individual projects fell short - for example, due to high vacancies in the future. In Chart 2 the portfolio replaces the national institution as the basis for the credit rating. Otherwise, the plan is identical. In Chart 3, the portfolio supplements the national institution, and the national institution pledges its letter of credit as an additional source of security. Otherwise, the plan is identical. Which of the three plans should be chosen is really a function of cost-efficiency and market acceptance.

Rodey asked what, if any, legislative cost would be required to implement any of the three plans. Williams responded that in the short run, the cost is effectively zero, because the cash flow from the illiquid assets (loan portfolio) does not represent money that can be spent now anyway. For the long run, it would depend whether the the illiquid assets were permanently appropriated to AIDA, or would revert at the maturity of the bonds to the General Fund. That is a legislative decision.

Rodey asked about a statement on page 2-2: "Such innovations could include low-rate loans, delayed amortization loans, or equity participations," and asked for detail. Hoffman responded that AIDA is not recommending subsidizing multi-family rental units; that delayed amortization loans are similar to deep-discount bonds where you borrow x number of dollars today and not pay back for a certain numbers of years, but then pay back all principal and interest accrued; and that equity participations are presently against Alaska law, but that if they were not, then they could be used to lower the amount of funds that would have to be borrowed and paid back (the debt service). He mentioned also that if it were the legislature's desire, AIDA or ASHA could purchase the 20 percent of the projects reserved for low- and moderate-income persons as an equity participation, thereby making projects feasible at interest rates which would otherwise be prohibitive.

In response to a question from Rodey, Williams stated that today's interest rates for these kinds of loans would be very close to 13.5 percent (actually the rate to the developer).

Mulcahy asked whether any of these plans are close to being implemented. Williams responded that Anchorage's plan is essentially plan 1 of Lehman Brothers, and is going forward.

Buchholdt asked about the 20 percent portion, and about any plan for rental assistance for low- and moderate-income persons. Williams responded that he doesn't have a plan for direct rental assistance. Kelly mentioned that Rep. Miller and Sen. Rodey have had House Research look into this, and that a research report should be forthcoming in a couple of weeks.

Next to testify was John Annand, Housing Director for the City and Borough of Juneau. He proceeded to detail the Juneau rental housing shortage, and local efforts to alleviate that shortage. His testimony is attached as Attachment #1.

Sterling Gallagher, representing Nuveen & Co., then presented testimony about a proposed method of financing multi-family rental housing units that he has developed under contract with the Alaska State Housing Authority (ASHA). The plan is attached as Attachment # 2. John Curtis, executive director of ASHA followed with a description of the Section 8 program, and explained how it might be used in conjunction with the proposed financing plan. He estimated that HUD, through ASHA, could make available Section 8 rent subsidies to about 200 tenants of the low- or moderate-income units constructed under any of the proposed financing plans. He also mentioned that ASHA is not using all the subsidy money it has available now because of the shortage of rental units that qualify. On questioning from Mulcahy, Curtis stated that ASHA has commitments on those rent subsidies for a period of only 4.5 years.

The meeting was adjourned at 5 p.m.

Addendum: One week later, on March 4th, a staff work session was conducted on multi-family rental financing, and another document, Attachment #3, was presented for consideration by the legislature. It was prepared at the committee's request by Buz Hoffman.

- Minutes prepared by Jim Kelly, Admin. Ass't.

ALTERNATIVE TECH

AS 45. 88

NorthHeat Wood Stoves & Energy Products, Inc.  
1306 Chugach Way  
Anchorage, Alaska 99504

April 11, 1982

Pat-

I am writing to you about conference-committee deliberations on SB 666--specifically the House amendment (to AS 45.88.500) that would remove most wood, coal or multi-fuel heating appliances from eligibility for the State's energy loan programs. I urge you to delete or modify this amendment.

I am part-owner of a wood-stove retail store in Anchorage. Obviously, this program helps our business. However, we had a growing operation before the loan program was in place, and will continue to if it is removed. Unlike some energy audit/supply businesses, that exist solely because of the State's loan programs, ours is certainly not dependent on it. The point is, because this loan program applies to wood-heating appliances, many average Alaskans can easily free themselves from high heating bills and reduce fossil-fuel consumption--at a low cost to the State (these being loans, not grants).

I think there are four main arguments for eliminating loans for wood-burning appliances. I will list these, and give my responses after each.

Argument #1: This program doesn't encourage energy efficiency. (PARTLY CORRECT)

a.) Fireplaces should be removed from eligibility. They are terribly inefficient, actually causing an increase in conventional fuel consumption while operating. (They suck huge volumes of heated air out of the house.) Glass doors, fans, etc., only increase efficiency slightly, and frequently increase installation costs considerably. Fireplaces are nice to look at, period.

b.) Fireplace inserts should be removed from eligibility. While slightly more efficient than fireplaces, most are simply dangerous--the cause of many fires each year. (This can be corroborated by the State Fire Marshall.) Many units have had their Underwriters' Laboratory approvals revoked for this reason. (Inserts transmit too much heat into the walls, and not enough into the house, to be safe and effective.)

c.) Wood-burning stoves, when properly constructed, can be very efficient, and should be retained in the State loan program. They make efficient use of a renewable resource (wood), and therefore can transfer a significant fraction of Alaska's end-use energy away from inflationary and increasingly scarce fossil fuels. (Residential space heating is a major use of energy, and a significant cash drain, for many Alaskans.) Gun-fired oil burners, and gas appliances, operate at about 15% efficiency at best. Although independent testing data is scarce, good wood stoves can operate at 76-80% efficiency. (As much as I'd like to see it happen, making only high quality/efficiency stoves eligible for loan would probably be very difficult.)

Argument #2: This program costs the State too much. (WRONG)

a.) The real (opportunity) cost is quite low, perhaps 15%, as the principle is returned to the State by the loans. If the 5% interest charge covers handling costs, the only loss is that that would be available from other investment. (The Legislature has frequently decided that benefitting Alaskans was more important than getting the greatest return on the State's dollar.)

b.) This is an excellent, simple program for the average Alaskan. We receive many delighted comments in our store: people are pleased that "ordinary folks" can receive the front money for an investment that many recognize is needed, but that some cannot afford--and the required paperwork is remarkably light. By providing a simple way to amortize an initial high investment cheaply, this program allows many residents to unhook themselves from escalating heating costs.

c.) If too much money really is going into the program, reduce the loan ceiling. \$2,000 is ample to purchase and install a good wood stove for any home. (Wood-fired or multi-fuel boilers/furnaces can cost considerably more.)

d.) If the Legislature really is concerned about wasteful use of State money, I have to suggest that you look at some of the big drains first--especially when some of them benefit largely the well-to-do. Cheap mortgages for four-plexes, and subsidies for non-cost-effective energy projects make much better targets for cost-cutting than do programs like this, which helps many ordinary Alaskans, at minimal cost.

Argument #3: These appliances cause air pollution (MOSTLY CORRECT)

a.) This can be a problem locally, and does need to be controlled. (Of course, car exhaust is a far worse problem, needing more attention.) I think that DEC is the proper agency to handle air pollution in the few areas where wood stoves are serious contributors.

b.) A good wood-stove loan program will subsidize a trade-off: reduced fossil-fuel consumption for slightly increased air pollution. It is wise to encourage the use of clean-burning wood stoves, and better ones are becoming available. However, speaking as one who sells them, has studied them, and has used a very good catalytic combustor, I don't feel that they are the way to go:

- i.) they're brand-new technology, and quite expensive;
- ii.) their life-span is unknown, as yet (manufacturer provides no warranty);
- iii.) while catalysts can operate very well, they have definite limitations. If air-flow is wrong, or if operating temperatures fall below minimums (as happens during all-night burns), they don't work;
- iv.) catalysts may turn out to be a major advance in efficiency; they aren't that yet, in spite of publicity.

Argument #4: The program is being abused. (PARTLY CORRECT)

a.) "Don't throw out the baby with the bath water;"

b.) Main problem areas seem to be: (1) people keep money obtained to buy a wood stove, and invest it, etc.; (2) loan requests may be "padded," or be used more for remodeling than saving energy;

Some suggested remedies (perhaps best accomplished in loan regulations, rather than by legislation):

i.) return to the earlier system of dual payees (applicant and vendor) on loan checks;

ii.) require confirmation-of-purchase form from vendor when sale is completed, wherein vendor certifies that the listed materials purchased with loan funds are the minimum necessary for proper installation of the appliance. (Random-sample review would indicate if certain vendors were abusing the program; these could be excluded from further loan sales. Retailers and installers should have a great interest in keeping things honest.)

To summarize: I feel that a very strong case can be made for retaining wood-burning stoves, and at least wood-fired central heating systems, in the State's energy loan programs. Multi-fuel systems may need to be treated differently (loan for 50% of price?), but still represent a potential great fuel and dollar savings for Alaskans. Modifications may need to be made in the mechanics of the program, as outlined above. It is perfectly reasonable to exclude fireplaces and fireplace inserts from the loan program: their efficiency and safety are, in general, so poor that the public interest would be well-served by discouraging their use.

I appreciate your taking the time to consider these comments. I would be happy to provide further information if you wish any. (My local telephone contact is 586-2345.)

Sincerely yours,



Paul Lowe

Enclosures

SUPPLEMENT: Air Pollution and Wood-Burning Appliances

I have enclosed three papers regarding wood-stove technology and performance, as applied to air pollution and efficiency. Quite frankly, some of this material needs to be taken with a grain of salt--it is trade-magazine promotion. However, there are some significant conclusions, supported by independently-obtained data.

I feel that the important point is that, while there are major improvements being made in controlling emissions from wood-burning appliances, some of them are more show than substance. The most promising direction for new technologies is in increased efficiencies, which reduce emissions by simply using qualitatively better combustion methods.

Two examples of this--and I offer them only as examples, not as a sales pitch--are (1) the Jøtul 201, described here, which utilizes much-improved secondary-air and -combustion; and (2) the water-jacketed boiler ("Jetstream," etc.), which uses rapid, high-temperature combustion and long-term heat storage in water. The Jetstream is perhaps the most efficient wood-burning appliance manufactured today. (Materials cost alone for one unit, including heat storage, is several thousand dollars.)

Finally, as the attached information indicates, there is considerable variation among "efficient" wood stoves in terms of emissions. In particular, stoves controlled by bimetallic-type thermostats frequently are worse offenders than those with manual draft controls. (Combustion is more oxygen-starved with thermostats, which leads to less-complete combustion, and greater air pollution.)

# TELEGRAM

ALASCOM, INC.  
PHONE: 286-6442  
SHEL U, AK 99802

02200 NL ANCHORAGE AK 302 04-08 1045A AST

PMS SEN PATRICK RODEY 1013

JUNEAU AK

WE COLLECTIVELY, HAVE ONLY RECENTLY BECOME AWARE OF LEGISLATIVE INTENTIONS TO ELIMINATE QUOTE WOOD, COAL, OR MULTI-FUEL STOVES: OR A FIREPLACE OR FIREPLACE INSERT UNQUOTE, FROM THE STATE LOAN PROGRAM. WE REFER TO HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL NO 666 (FINANCE) AM H. THE BILL AMENDS AS 45.88.500 BY SPECIFICALLY EXEMPTING THESE WOODBURNING APPLIANCES FROM THE LOAN PROGRAM. ALASKANS HAVE REALIZED ENORMOUS BENEFITS FROM THE LOAN PROGRAM, ENABLING THEM TO CONVERT FROM FOSSIL FUELS TO USING WOOD AND/OR COAL WHICH ARE AVAILABLE IN LARGE QUANTITIES AND REASONABLY PRICED, OFTEN FREE. THE ELIMINATION OF THESE WOODBURNING APPLICANCES FROM THE LOAN PROGRAM WILL VIRTUALLY ELIMINATE AN OPPORTUNITY TO ACHIEVE ENERGY SAVINGS FOR MANY WHO NEED THE CONVERSION THE MOST. WE RESPECTFULLY URGE YOU TO USE WHATEVER INFLUENCE YOU HAVE AT YOUR DISPOSAL, TO RETAIN THESE WOODBURNING APPLIANCES IN THE ENERGY LOAN PROGRAM.

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CY TO: SEN RODEY

SEN STURGULEWSKI

SEN MULCAHY

HOUSE MEMBERS

Original sponsor: Rules/Governor

Offered: 4/1/82

Referred: Rules

Funding Information

General Fund	\$205,400,000
Other Funds	9,986,100
	<u>\$215,386,100</u>

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 322 (Finance) am H

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making appropriations for various state loan  
7 and grant programs; and providing for an effective  
8 date."

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

10 \* Section 1. The sum of \$45,000,000 is appropriated from the general fund  
11 to the Alaska Housing Finance Corporation (AS 18.56) for mobil home loans.

12 \* Sec. 2. The sum of \$36,000,000 is appropriated from the general fund to  
13 the Department of Community and Regional Affairs for housing loans.

14 \* Sec. 3. The sum of \$10,000,000 is appropriated from the general fund to  
15 the Department of Community and Regional Affairs for senior citizens housing.

16 \* Sec. 4. The sum of \$10,000,000 is appropriated from the general fund to  
17 the agricultural revolving loan fund (AS 03.10.040) in the Department of  
18 Natural Resources.

19 \* Sec. 5. The sum of \$10,000,000 is appropriat. ' from the general fund to  
20 the Department of Commerce and Economic Development for loans under the  
21 Commercial Fishing Loan Act (AS 16.10.300 - 16.10.370).

22 \* Sec. 6. The sum of \$17,000,000 is appropriated from the general fund to  
23 the Department of Commerce and Economic Development for the fisheries enhance-  
24 ment loan program (AS 16.10.500).

25 \* Sec. 7. The sum of \$400,000 is appropriated from the general fund to  
26 the child care facility revolving loan fund (AS 44.33.240) in the Department  
27 of Commerce and Economic Development.

28 \* Sec. 8. The sum of \$8,500,000 is appropriated from the general fund to  
29 the Department of Commerce and Economic Development for loans for alternative