

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672

7710 SENATE STATE AFFAIRS

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1 affairs; and

2 **(F) one shall be a member of an organization involved with special**
3 needs housing.

4 * Sec. 79. AS 18.56.030(b) is amended to read:

5 (b) If a member described in (a)(1) or (2) of this section is unable to attend a meeting
6 of the board or of a committee of the board, the member may by an instrument in writing filed
7 with the board, designate a deputy or assistant to act in the member's place at the meeting. For
8 all purposes of this chapter, the designee is a member of the board at the meeting.

9 * Sec. 80. AS 18.56.030 is amended by adding a new subsection to read:

10 (f) The governor shall appoint the public members under (a)(3) of this section to give
11 the board of directors a reasonable geographic balance among regions of the state.

12 * Sec. 81. AS 18.56.050 is amended by adding new subsections to read:

13 (b) The board may establish an executive committee or other committee of its members
14 and delegate to the executive committee or other committee the powers and duties it considers
15 appropriate.

16 (c) The board may establish advisory committees for any aspect of its activities.

17 * Sec. 82. AS 18.56.084 is amended to read:

18 Sec. 18.56.084. INTERNATIONAL BORROWING. For the purpose of obtaining access
19 to international capital markets to borrow money for the special mortgage loan purchase program
20 (AS 18.56.098), as an addition to the powers of the corporation under AS 18.56.090, the
21 corporation may (1) establish or cause to be established, subsidiary corporations incorporated in
22 the state or in another state, or under the laws of a foreign jurisdiction; (2) invest in corporations
23 established under this section; (3) issue bonds and borrow money for investments in corporations
24 established under this section; (4) borrow from corporations established under this section; (5)
25 guarantee the obligations of corporations established under this section; or (6) enter into
26 agreements with corporations established under this section or with other persons. In exercising
27 a power under this section, the corporation may not subject its assets to risk of loss through
28 foreign currency exchange. A guarantee under this section constitutes a bond of the corporation
29 as defined in AS 18.56.390 [AS 18.56.900].

30 * Sec. 83. AS 18.56.098(f)(4) is amended to read:

31 (4) "residence" means

- 1 (A) an owner-occupied, single-family residence, including a mobile home;
 2 [OR]
 3 (B) an owner-occupied duplex, triplex, or fourplex; or
 4 (C) the multiple dwelling of a person who qualifies as a veteran under
 5 AS 18.56.101.

6 * Sec. 84. AS 18.56.200 is amended by adding a new subsection to read:

7 (e) The corporation shall include in its annual report under (b) of this section a report
 8 of its activities under

9 (1) AS 18.55.010 - 18.55.290 (Housing Project Assistance Act);

10 (2) AS 18.55.300 - 18.55.470 (programs of moderate income and rental housing);

11 and

12 (3) AS 18.55.480 - 18.55.960 (Slum Clearance and Redevelopment Act).

13 * Sec. 85. AS 18.56.210(a) is amended to read:

14 (a) If the board of directors determines that it is in the best interest of the corporation,
 15 the corporation may take appropriate action under this section to stabilize the market price of and
 16 demand for residential housing in the state. To accomplish the purposes of this section, the
 17 corporation may

18 (1) make and execute necessary agreements and conveyances under which a
 19 borrower may exchange residential housing securing a mortgage loan owned, held, or sold by the
 20 corporation for other residential housing owned by the corporation;

21 (2) repurchase a mortgage loan sold or pledged by the corporation for the purpose
 22 of exercising a power conferred by this section;

23 (3) for the purpose of qualifying residential housing situated in a condominium
 24 project for the best available financing for mortgage loans ~~to~~ make and execute agreements and
 25 contracts necessary to encourage all owners who occupy ~~in~~ a condominium project that is
 26 not eligible for financing under this chapter to exchange their ownership interest for a
 27 condominium unit owned by the corporation in another project;

28 (4) make and execute appropriate agreements with insurers, investors, and
 29 guarantors concerning the temporary removal of residential housing owned by the corporation
 30 from the resale market;

31 (5) convert residential housing owned by the corporation that is designed and

1 constructed for owner occupancy to another beneficial use;

2 (6) make bulk sales of property owned by the corporation under procedures and
3 terms the corporation determines are in the best interests of the corporation;

4 (7) after giving due consideration to the interests of competing individual sellers
5 of residential housing, provide financing under terms established by the board to promote the sale
6 of residential housing owned by the corporation;

7 (8) invest funds of the corporation in the removal and disposal of substandard
8 publicly owned residential housing if the board of directors determines that the investment is
9 prudent, properly secured, and in the long-term best interests of the corporation;

10 (9) create subsidiary entities to implement a power conferred by this section and
11 to provide insurance under AS 18.56.093 and 18.56.095;

12 (10) purchase loans from the housing assistance loan fund (AS 18.56.420)
13 [(AS 44.47.380)] if and only if:

14 (A) the payments of principal and interest on the loans are deposited in
15 a separate fund of the corporation to be used for the purposes, and subject to the
16 standards and criteria, of former AS 44.47.360 - 44.47.560 as those statutes provided on
17 June 10, 1988; and

18 (B) the corporation has established a source of mortgage insurance for new
19 loans subject to the provisions of AS 18.56.400 - 18.56.600 [AS 44.47.360 - 44.47.560];
20 and

21 (11) take other actions necessary, convenient, or desirable to carry out the powers
22 granted in this subsection.

23 * Sec. 86. AS 18.56 is amended by adding new sections to read:

24 Sec. 18.56.390. DEFINITIONS FOR AS 18.56.010 - 18.56.390. In AS 18.56.010 -
25 18.56.390, unless the context clearly indicates a different meaning,

26 (1) "adjustable rate mortgage loan" means a mortgage loan with respect to which
27 the interest rate varies or is expected to vary from time to time by reference to an index or
28 formula or other reference point;

29 (2) "bond" or "obligation" means a bond, bond anticipation note, or other note of
30 the corporation authorized to be issued by the corporation under this chapter, or a mortgage
31 participation certificate issued with respect to mortgages of the corporation;

1 (3) "construction loan" means a construction loan for land development or
2 residential housing that is secured by a federally insured or guaranteed mortgage or that is
3 insured or guaranteed by the United States or an instrumentality of the United States, or for
4 which there is a commitment by the United States or an instrumentality of the United States to
5 insure or guarantee such a loan, or a construction loan for land development or residential
6 housing which land development or residential housing will be secured by a mortgage loan;

7 (4) "development costs" means the costs approved by the corporation as
8 appropriate expenditures that may be incurred by sponsors, builders, and developers of residential
9 housing, before commitment and initial advance of the proceeds of a construction loan or of a
10 mortgage loan, including but not limited to

11 (A) payments for options to purchase properties on the proposed
12 residential housing site, deposits on contracts of purchase, or, with prior approval of the
13 corporation, payments for the purchase of the properties;

14 (B) legal and organizational expenses, including payments of attorney fees,
15 project manager, clerical, and other staff salaries, office rent, and other incidental
16 expenses;

17 (C) payment of fees for preliminary feasibility studies and advances for
18 planning, engineering, and architectural work;

19 (D) expenses for tenant surveys and market analyses; and

20 (E) necessary application and other fees;

21 (5) "governmental agency" means any department, division, public agency,
22 political subdivision, or other public instrumentality of the state or the federal government;

23 (6) "housing development fund" means the housing development fund created by
24 AS 18.56.100;

25 (7) "land development" means the process of acquiring land primarily for
26 residential housing construction for persons of lower and moderate income and making, installing,
27 or constructing nonresidential housing improvements, including water, sewer, and other utilities,
28 roads, streets, curbs, gutters, sidewalks, storm drainage facilities, and other installations or works,
29 whether on or off the site, that the corporation considers necessary or desirable to prepare the
30 land primarily for residential housing construction;

31 (8) "mortgage" or "mortgage loan" means a mortgage loan for residential housing

1 insured or guaranteed by the United States or an instrumentality of the United States or for which
2 there is a commitment by the United States or an instrumentality of the United States to insure
3 or guarantee such a mortgage, or if not so insured or guaranteed or if there is no such
4 commitment, that is secured upon such terms and conditions as the corporation considers
5 necessary or practicable to insure all repayments;

6 (9) "persons of lower and moderate income" means a person or persons
7 considered by the corporation to require assistance available under this chapter on account of
8 insufficient or inadequate personal or family income or otherwise limited personal financial
9 resources, taking into consideration, without limitation, such factors as

10 (A) the amount of the total income of the persons available for housing
11 needs;

12 (B) the size of the family;

13 (C) the cost and condition of housing facilities available;

14 (D) standards established for various federal programs determining
15 eligibility based on income of the persons; and

16 (E) the ability of the persons to compete successfully in the normal
17 housing market and to pay the amounts at which private enterprise is providing decent,
18 safe, and sanitary housing;

19 (10) "remote, underdeveloped, or blighted areas" means areas considered by the
20 corporation to require assistance available under this chapter on account of insufficient
21 availability of the residential housing necessary to promote, develop, or maintain the economic
22 growth or potential of the area, taking into consideration, without limitation, the following:

23 (A) the population, resources, and environment of the area;

24 (B) the present availability and condition of residential housing in and near
25 the area;

26 (C) the cost of construction and rehabilitation of residential housing in the
27 area;

28 (D) the availability of other federal or state sponsored programs to
29 facilitate the development of residential housing in the area; and

30 (E) the ability of residents of the area to finance the purchase of
31 residential housing or to rent or lease residential housing at rates comparable to those in

1 effect in other areas of the state;

2 (11) "residential housing" means a specific work or improvement undertaken
3 primarily to provide dwelling accommodations without limitation as to form of lawful occupancy,
4 whether rental, under contract, fee ownership, cooperative housing, condominium, mobile home,
5 or other lawful form of ownership, including the acquisition, construction, or rehabilitation of
6 land, buildings, and improvements to them, and other nonhousing facilities as may be incidental
7 or appurtenant to the land or buildings;

8 (12) "sponsors" means individuals, public and private corporations, associations,
9 partnerships or other entities, whether or not operated for profit; and consumer housing
10 cooperatives, associations, partnerships, or other entities organized under law for the primary
11 purpose of providing housing to individuals and families of lower and moderate income; it
12 includes organizations engaged in the production, origination, and development of residential
13 housing units intended to qualify for financial assistance under 42 U.S.C. 1437f (sec. 8, Housing
14 Act of 1937), as amended.

15 ARTICLE 2. HOUSING ASSISTANCE.

16 Sec. 18.56.400. POWERS OF CORPORATION RELATED TO HOUSING
17 ASSISTANCE. The board may

18 (1) adopt regulations in accordance with AS 18.56.088 to implement
19 AS 18.56.400 - 18.56.600;

20 (2) make and execute agreements, contracts, and other instruments necessary or
21 convenient in the exercise of the powers and functions granted under AS 18.56.400 - 18.56.600;

22 (3) purchase or participate in the purchase of nonconforming and rural housing
23 mortgage loans in accordance with AS 18.56.400 - 18.56.600;

24 (4) purchase or participate in the purchase of loans for building materials for
25 nonconforming and rural housing in accordance with AS 18.56.400 - 18.56.600;

26 (5) procure insurance against loss in connection with the corporation's functions
27 under AS 18.56.400 - 18.56.600;

28 (6) acquire real or personal property, or an interest in real or personal property,
29 by purchase, transfer, or foreclosure, when the acquisition is necessary or appropriate to protect
30 a loan in which the corporation has an interest; sell, transfer and convey that property to a buyer,
31 and, if the sale, transfer or conveyance cannot be effected with reasonable promptness or at a

1 reasonable price, rent or lease the property to a tenant pending the sale, transfer or conveyance;
2 (7) do all acts necessary, convenient or desirable to carry out the powers expressly
3 granted or necessarily implied in AS 18.56.400 - 18.56.600;

4 (8) originate and service direct loans made to qualified buyers in accordance with
5 AS 18.56.400 - 18.56.600.

6 Sec. 18.56.410. ALASKA ENERGY EFFICIENT HOME GRANT FUND. (a) There
7 is established in the corporation the Alaska energy efficient home grant fund consisting of money
8 appropriated to it by the legislature. The corporation shall administer the Alaska energy efficient
9 home grant fund under the provisions of this section.

10 (b) The corporation may grant funds from the Alaska energy efficient home grant fund
11 to agencies of the state or federal government, individuals, or businesses that retrofit existing
12 single family dwellings or build new single family dwellings that meet criteria adopted by the
13 corporation.

14 (c) The corporation shall adopt guidelines and procedures for the fund after consultation
15 with the board of directors of the Alaska Craftsman Home Program.

16 Sec. 18.56.420. HOUSING ASSISTANCE LOAN FUND. (a) There is created in the
17 corporation, as a revolving loan fund, the housing assistance loan fund consisting of money
18 appropriated to it by the legislature and repayments of principal and interest on loans made or
19 purchased from the assets of the fund. The corporation shall administer the housing assistance
20 loan fund in accordance with AS 18.56.400 - 18.56.600 and shall use the money in the housing
21 assistance loan fund to originate, purchase, or participate in the purchase of

22 (1) nonconforming and rural housing mortgage loans;

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

24 (3) loans made for renovations or improvements to nonconforming and rural
25 housing;

26 (4) loans made for the construction of owner-occupied nonconforming and rural
27 housing other than loans to builders or contractors or loans that compensate an owner for the
28 owner's labor or services in constructing the owner's own housing.

29 (b) Money in the fund may be used by the legislature to make appropriations for costs
30 of administering the housing assistance program.

31 Sec. 18.56.430. HOME OWNERSHIP ASSISTANCE FUND. (a) There is created in

1 the corporation the home ownership assistance fund consisting of money appropriated to it by
2 the legislature. Money in the fund shall be used solely to assist persons of lower and moderate
3 income to purchase or construct single-family homes financed under AS 18.56.400 - 18.56.600
4 by providing a subsidy to those persons.

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

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

9 (d) The corporation shall adopt regulations that establish maximum income-to-loan
10 payment ratios for persons who apply for a subsidy under this section.

11 (e) In this section, "persons of lower and moderate income" means individuals considered
12 by the corporation to require assistance under this section because of inadequate income or other
13 limited personal financial resources, taking into consideration

14 (1) the amount of total income available for housing needs;

15 (2) the size of the family;

16 (3) the cost and condition of available housing;

17 (4) standards established in various federal programs for determining eligibility
18 based on income;

19 (5) the ability to enter the private housing market and to pay market amounts for
20 decent, safe, and sanitary housing; and

21 (6) other factors considered relevant by the corporation.

22 **Sec. 18.56.440. LIMITATIONS ON USE OF HOUSING ASSISTANCE LOAN FUND.**

23 The corporation may not use the money in the housing assistance loan fund to

24 (1) originate a direct loan or purchase or participate in the purchase of a
25 nonconforming or rural housing mortgage loan that exceeds the limitations on mortgage loans
26 purchased by the Federal National Mortgage Association as to principal amount or loan-to-value
27 ratio;

28 (2) originate a direct loan or purchase or participate in the purchase of a loan
29 made for building materials for nonconforming or rural housing

30 (A) that exceeds \$45,000 or exceeds

31 (i) 80 percent of the appraised value of the work completed on the

1 nonconforming or rural housing for which the loan is made if the nonconforming
2 or rural housing is pledged as collateral for the loan; or

3 (ii) 90 percent of the value of other property that is pledged as
4 security for the loan and that is satisfactory to the corporation as collateral;

5 (B) unless the terms of the loan agreement require inspections and
6 certifications, as required by regulations of the corporation, at the expense of the
7 borrower; and

8 (C) unless the period of time allowed for repayment of the loan is equal
9 to or less than 15 years;

10 (3) originate direct loans or purchase or participate in the purchase of a
11 nonconforming or rural housing mortgage loan that is secured by real property the marketable
12 title to which is shown in accordance with AS 18.56.480(b)(2) if the total amount of outstanding
13 nonconforming and rural housing mortgage loans held by the corporation exceeds 10 times the
14 amount of money in the restricted title loss reserve account established by AS 18.56.490;

15 (4) originate a direct loan for nonconforming or rural housing or purchase or
16 participate in the purchase of a nonconforming or rural housing mortgage loan, other than a loan
17 for the repair, remodeling, rehabilitation, or expansion of an existing owner-occupied residence,
18 if the borrower has an outstanding housing loan made under a state loan program, other than a
19 loan for nonowner-occupied housing under AS 18.56.580, that bears interest at a rate that was
20 less than the prevailing market interest rate for similar housing loans at the time the loan was
21 made;

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

26 (6) originate, purchase, or participate in a loan to a person who has a past due
27 child support obligation established by court order or by the child support enforcement division
28 under AS 25.27.160 - 25.27.220 at the time of application.

29 Sec. 18.56.450. OPERATING LOSS RESERVE ACCOUNT. (a) There is established
30 an operating loss reserve account for the purpose of meeting legal expenses incurred through the
31 foreclosure of properties acquired by the corporation under AS 18.56.400(6) and making repairs

1 to these properties so that they may be sold to new buyers.

2 (b) The operating reserve loss account consists of money appropriated by the legislature.
3 To the extent that money is paid out of the operating loss reserve account for the purposes stated
4 in this section, this money shall be replaced with money received as interest on loans authorized
5 by AS 18.56.400 - 18.56.600.

6 Sec. 18.56.460. SECURITY FOR LOANS. (a) The corporation shall adopt regulations
7 in accordance with AS 18.56.088 establishing acceptable security for loans originated or
8 purchased in whole or in part under AS 18.56.420.

9 (b) A person may pledge as security for the repayment of a loan originated or purchased
10 in whole or in part under AS 18.56.420 a preference right that person holds to receive title to
11 land the person occupies as a primary place of residence, primary place of business, subsistence
12 campsite, or as headquarters for reindeer husbandry. The preference right must be conveyed to
13 the person by the Native corporation to which the land was granted under 43 U.S.C. 1613
14 (Alaska Native Claims Settlement Act) before it may be pledged as security under this
15 subsection. The corporation shall prescribe procedures and standard forms for establishing,
16 pledging, and appraising the value of a preference right held by a person to secure the repayment
17 of a loan originated or purchased in whole or in part under AS 18.56.420.

18 Sec. 18.56.470. INTEREST ON LOANS. (a) The interest rate on a mortgage loan
19 originated or purchased in whole or in part under AS 18.56.420 for nonconforming housing that
20 is not rural housing is one-quarter percent more than the interest rate, as determined under
21 AS 18.56.098(g)(1) - (4), on a mortgage loan purchased under AS 18.56.098(a) from the proceeds
22 of the most recent applicable issue of taxable bonds before the origination or purchase of the
23 mortgage loan originated or purchased under AS 18.56.420.

24 (b) The interest rate on a mortgage loan originated or purchased in whole or in part under
25 AS 18.56.420 for rural housing is one percent less than the interest rate, as determined under
26 AS 18.56.098(g)(1) - (4), on a mortgage loan purchased under AS 18.56.098(a) from the proceeds
27 of the most recent applicable issue of taxable bonds before the origination or purchase of the
28 mortgage loan originated or purchased under AS 18.56.420.

29 Sec. 18.56.480. TITLE. (a) Before the corporation originates or purchases a
30 nonconforming or rural housing mortgage loan in whole or in part, the corporation may require
31 a borrower to show marketable title to real property offered as security for the loan to be

1 purchased.

2 (b) A borrower may show marketable title to real property for the purposes of (a) of this
3 section

4 (1) by purchasing title insurance from a title insurance company authorized to do
5 business in the state; or

6 (2) by delivering to the corporation a copy of a letter of intent signed by an
7 authorized representative of the United States Department of the Interior that shows the transfer
8 of title to the property from the United States government to the borrower if

9 (A) the borrower is an Alaska Native; and

10 (B) title to the property was originally transferred from the United States
11 government, directly or indirectly, to the borrower under federal law.

12 (c) For the purposes of this section, a deed which federal law prohibits or limits the
13 power to transfer or encumber and which would otherwise constitute marketable title to real
14 property is considered marketable title to real property if the United States Bureau of Indian
15 Affairs or another appropriate federal agency waives immunity under the federal law from
16 foreclosure or other alienation of the real property.

17 Sec. 18.56.490. RESTRICTED TITLE LOSS RESERVE ACCOUNT. (a) There is
18 established in the corporation the restricted title loss reserve account. The restricted title loss
19 reserve account consists of money appropriated to it by the legislature and shall be administered
20 by the corporation.

21 (b) The corporation may withdraw money from the restricted title loss reserve account
22 in an amount equal to the loss to the corporation on a nonconforming or rural housing mortgage
23 loan originated or purchased in whole or in part by the corporation if marketable title to the real
24 property used to secure the loan was shown in accordance with AS 18.56.480(b)(2). Money
25 withdrawn from the restricted title loss reserve account under this section shall be deposited in
26 the housing assistance loan fund.

27 Sec. 18.56.500. FIRE INSURANCE. Before purchasing or participating in the purchase
28 of a nonconforming or rural housing mortgage loan, the corporation may require the borrower
29 to agree to purchase and maintain fire insurance for the real property for which the loan is made
30 in an amount not less than the outstanding principal balance of the loan.

31 Sec. 18.56.510. LOAN ORIGINATION AND SERVICING. (a) Before purchasing or

1 participating in the purchase of a nonconforming or a rural housing mortgage loan, the
2 corporation shall enter into a loan servicing agreement with the private financial institution from
3 which the loan is to be purchased.

4 (b) The corporation may execute service agreements with private lending institutions or
5 with regional native housing authorities established under AS 18.55.996 to service loans
6 originated by the corporation or loans originated under AS 18.55.997.

7 (c) Under the servicing agreement, the private financial institution or the regional native
8 housing authority shall administer the loan and may charge the corporation a negotiated
9 origination or servicing fee on the division's share of the loan. When appropriate, the private
10 financial institution or the regional native housing authority may also charge the borrower a
11 reasonable originator fee not to exceed one percent.

12 Sec. 18.56.520. APPRAISALS. Before originating or purchasing or participating in the
13 purchase of a nonconforming or rural housing mortgage loan, the corporation may have or may
14 require the borrower to have an appraisal made of the fair market value of the real property,
15 including structures on the real property, for which the loan is made. In conducting an appraisal
16 under this section, the appraiser shall give full value to insulation and other features of
17 construction in structures on the real property that add to the energy efficiency of the structures.

18 Sec. 18.56.530. ENERGY AUDIT EXEMPTION. In making loans under AS 18.56.400 -
19 18.56.600, the corporation is exempt from the requirements of AS 46.11.050(b).

20 Sec. 18.56.540. TOLL-FREE TELEPHONE NUMBER. For the purposes of
21 administration of AS 18.56.400 - 18.56.600, the corporation shall arrange for and maintain a
22 toll-free telephone number for the corporation so that private financial institutions and their
23 borrowers may contact the corporation from any location in the state by telephone without a toll
24 charge.

25 Sec. 18.56.550. FIELD OFFICES; CONTRACT SERVICES; ASSISTANCE TO
26 OTHERS. (a) The corporation may establish field offices under AS 18.56.400 - 18.56.600, may
27 hire one or more lending officers, and may contract for the services of

28 (1) real property appraisers who are familiar with rural construction; and

29 (2) engineers who are familiar with engineering problems in arctic and subarctic
30 regions.

31 (b) The personnel described in (a) of this section may make visits to the regions

1 established under AS 18.56.570(a) to provide preconstruction and post-construction inspections
2 of real property for which loans are originated or purchased by the corporation in whole or in
3 part under AS 18.56.420 and to provide assistance to private financial institutions and their
4 borrowers in the regions. Authority for final approval of loans may not be exercised by the
5 personnel described in this section.

6 Sec. 18.56.560. DEMONSTRATION PROJECTS AND INFORMATION. The
7 corporation may enter into agreements with public and private agencies to provide demonstration
8 projects and information concerning housing construction in each of the regions established under
9 AS 18.56.570(a).

10 Sec. 18.56.570. REGIONAL ALLOCATION. (a) The corporation, by regulations
11 adopted in accordance with AS 18.56.088, shall establish and may amend the boundaries of
12 reasonably compact and contiguous regions in the state.

13 (b) Unless otherwise required by an appropriation, the corporation shall allocate the
14 money in the housing assistance loan fund among the regions established under (a) of this section
15 for the purpose of originating or purchasing each type of loan described in AS 18.56.420. In
16 making an allocation under this subsection, the corporation shall consider the past and potential
17 lending activity of private financial institutions in the region as well as the need for loans in the
18 region. The corporation may reallocate the money among the regions as the corporation
19 considers necessary.

20 Sec. 18.56.580. LOANS FOR NONOWNER OCCUPIED HOUSING. (a) In addition
21 to the powers authorized by AS 18.56.400, the corporation may adopt regulations under
22 AS 18.56.088 allowing the use of money in the housing assistance loan fund to make loans for
23 the purchase or development of nonowner occupied housing in rural areas of the state.

24 (b) The rate of interest on a loan authorized by this section may not exceed 1 1/2
25 percent a year.

26 (c) The principal amount of loans made for nonowner occupied housing under this
27 section may not exceed 20 percent of the total principal amount of loans made for nonconforming
28 and rural housing under AS 18.56.400 - 18.56.600.

29 (d) In this section

30 (1) "development" means the construction of a new residence or the repair,
31 remodeling, rehabilitation, or expansion of an existing residence;

1 (2) "nonowner occupied housing" means a single-family residence or a
2 multi-family residence having up to eight dwelling units, that is not nonconforming housing, and
3 is not occupied by the owner; the corporation may modify this definition if it determines that
4 there is a special need for nonowner occupied housing and that a change in the definition is
5 necessary to enable the corporation to meet that need.

6 Sec. 18.56.590. BIENNIAL REPORT. To further ensure effective budgetary decision
7 making by the legislature, the corporation shall present a complete accounting of the housing
8 assistance revolving fund to the legislature every two years by January 10. The accounting must
9 consist of an audit by an independent outside auditor for each year covered by the accounting.
10 The accounting must include a full description of all mortgage loan interest and principal
11 repayments and program receipts for purposes of programs under AS 18.56.400 - 18.56.600,
12 including mortgage loan commitment fees, received by or accrued to the corporation during the
13 two preceding fiscal years, and all income earned on assets held by the corporation for purposes
14 of programs under AS 18.56.400 - 18.56.600 during that period.

15 Sec. 18.56.600. DEFINITIONS. In AS 18.56.400 - 18.56.600,

16 (1) "housing" means owner-occupied, single-family housing and owner-occupied
17 duplexes;

18 (2) "nonconforming housing" means housing that does not conform to minimum
19 building standards under any state or federal program that provides loans for housing purchases;

20 (3) "rural" means

21 (A) a community in the second, third, or fourth judicial district of the state
22 with a population of 4,500 or less that is not connected by road or rail to
23 Anchorage or Fairbanks; or

24 (B) a community in the first judicial district of the state with a population
25 of 4,500 or less;

26 (4) "rural housing" means housing whether or not it is nonconforming housing
27 that is located in a rural area of the state.

28 ARTICLE 3. LOW COST AND LOW INCOME MULTIPLE FAMILY
29 HOUSING DEVELOPMENT FUND.

30 Sec. 18.56.650. LOW COST AND LOW INCOME MULTIPLE FAMILY HOUSING
31 DEVELOPMENT. (a) There is created in the corporation a low cost and low income multiple

1 family housing development fund. Subject to appropriation the corporation shall make grants to
2 municipalities or public or private nonprofit corporations designated as tax exempt under 26
3 U.S.C. 501(c)(3) and (4) (Internal Revenue Code of 1954) for the purpose of developing low
4 cost, low income multiple family housing.

5 (b) Application for a grant under (a) of this section shall be in the form prescribed by
6 the corporation. The application

7 (1) shall demonstrate the need for low cost, low income multiple family housing
8 in the area to be served, the feasibility of the proposed project; and

9 (2) must include an adequate management plan that shall demonstrate the ability
10 of the eligible recipient to sustain the proposed project.

11 (c) A low cost and low income multiple family housing project developed under this
12 section

13 (1) shall be prepared in accordance with facility procurement policies developed
14 by the Department of Transportation and Public Facilities under AS 35.10.160 - 35.10.200; and

15 (2) is a public facility under AS 35.10.160 - 35.10.200.

16 (d) The corporation shall adopt regulations to carry out the purposes of this section.

17 (e) In this section "low cost and low income multiple family housing"

18 (1) means a specific work or improvement undertaken primarily to provide
19 multiple family dwelling accommodations for low income persons;

20 (2) includes the acquisition, construction, or rehabilitation of land, buildings,
21 improvements, and other nonhousing facilities that are incidental or appurtenant to the housing.

22 ARTICLE 4. SENIOR HOUSING OFFICE.

23 Sec. 18.56.700. SENIOR HOUSING OFFICE. (a) There is established in the
24 corporation a senior housing office. The office shall promote a comprehensive response to the
25 needs of senior citizens for adequate, accessible, secure, and affordable housing in the state. In
26 order to fulfill this purpose, the office may

27 (1) study the needs of senior citizens in the state for housing to meet their needs;

28 (2) seek financial assistance from appropriate sources for the development of
29 housing alternatives for senior citizens;

30 (3) administer the senior housing loan program established under AS 18.56.700 -
31 18.56.799;

1 (4) cooperate and coordinate with other public and private agencies to respond
2 to the housing needs of senior citizens;

3 (5) offer public education programs to increase the awareness of alternatives to
4 large residential facilities for senior citizens;

5 (6) provide information to senior citizens to help them understand their financial
6 alternatives related to homes they might already own and to help them coordinate with other
7 senior citizens in finding housing alternatives, including information and coordination on home
8 equity conversion and home sharing; and

9 (7) disseminate information to construction contractors to educate them about
10 remodeling projects that would meet the needs of many senior citizens for accessible and secure
11 housing.

12 (b) In order to avoid duplication of efforts and to benefit from the commission's
13 expertise, the office shall consult with the Older Alaskans Commission in the performance of the
14 office's duties under AS 18.56.700 - 18.56.799 so that the housing needs of senior citizens can
15 be met most efficiently and effectively.

16 Sec. 18.56.710. SENIOR HOUSING REVOLVING FUND. (a) The senior housing
17 revolving fund is established. The revolving fund consists of appropriations made to it by the
18 legislature, the proceeds of bonds sold under AS 18.56.790 as they are deposited into it by the
19 corporation for specific projects, and money or other assets transferred to the revolving fund by
20 the corporation. The corporation may pledge amounts deposited in the revolving fund for bonds
21 issued under AS 18.56.790 and used by the corporation for making, purchasing, or participating
22 in

23 (1) senior housing mortgage loans;

24 (2) loans made for building materials for senior housing;

25 (3) loans made for renovation or improvement of or for senior housing, including
26 loans for renovation or improvement of congregate or individual residences; and

27 (4) loans made for the construction of senior housing.

28 (b) For each loan proposed to be made under AS 18.56.700 - 18.56.799, the corporation
29 shall determine the financial feasibility of the project for which the loan would be used and the
30 extent to which the project would meet senior housing needs in the area for which it is proposed.

31 Sec. 18.56.720. INTEREST RATE. The interest rate on loans made under

1 AS 18.56.700 - 18.56.799 that are funded by a bond issue under AS 18.56.790 is equal to the
2 cost of funds of that bond issue plus

3 (1) two percentage points for a construction loan;

4 (2) one-half of one percentage point for a permanent loan.

5 Sec. 18.56.730. CONDITIONS ON LOANS. (a) The corporation shall adopt regulations
6 under AS 18.56.088(a) and (b) establishing acceptable security for loans originated or purchased
7 in whole or in part under AS 18.56.700 - 18.56.799.

8 (b) The corporation

9 (1) may condition a loan under AS 18.56.700 - 18.56.799 on an agreement by the
10 borrower to maintain the financed project as senior housing for a time period specified by the
11 corporation; and

12 (2) shall establish by regulation the criteria it will use for specifying time periods
13 under (1) of this subsection and for determining under what circumstances the time periods can
14 be decreased after the loan is made.

15 Sec. 18.56.740. FIRE INSURANCE. Before purchasing or participating in the purchase
16 of a senior housing mortgage loan, the corporation shall require the borrower to agree to purchase
17 and maintain fire insurance for the real property for which the loan is made in an amount not less
18 than the outstanding principal balance of the loan.

19 Sec. 18.56.750. LOAN ORIGINATION AND SERVICING. (a) Before purchasing or
20 participating in the purchase of a senior housing loan, the corporation shall enter into a loan
21 servicing agreement with the private financial institution from which the loan is to be purchased.

22 (b) The corporation may execute service agreements with private lending institutions or
23 with regional native housing authorities established under AS 18.55.996 to service loans
24 originated by the office.

25 (c) Under the servicing agreement, the private financial institution or the regional native
26 housing authority shall administer the loan and may charge the corporation a negotiated
27 origination or servicing fee on the office's share of the loan. When appropriate, the private
28 financial institution or the regional native housing authority may also charge the borrower a
29 reasonable origination fee not to exceed one percent.

30 Sec. 18.56.760. APPRAISALS. Before originating or purchasing or participating in the
31 purchase of a senior housing mortgage loan, the corporation may have or may require the

1 borrower to have an appraisal made of the fair market value of the real property, including
2 structures on the real property, for which the loan is made. In conducting an appraisal under this
3 section, the appraiser shall give full value to insulation and other features of construction in
4 structures on the real property that add to the energy efficiency of the structures.

5 Sec. 18.56.770. TOLL-FREE TELEPHONE NUMBER. The corporation shall arrange
6 for and maintain a toll-free telephone number for senior housing purposes so that private financial
7 institutions and their borrowers may contact the office from any location in the state by telephone
8 without a toll charge.

9 Sec. 18.56.780. CONTRACTING FOR SERVICES. The corporation may contract for
10 the services of persons who will assist the office in performing its duties under AS 18.56.700 -
11 18.56.799.

12 Sec. 18.56.790. BONDS FOR SENIOR HOUSING. (a) Under the procedures of this
13 chapter, the corporation may issue bonds in a total amount not exceeding \$30,000,000 to fund
14 senior housing loans made under AS 18.56.700 - 18.56.799 that are approved by the corporation
15 under (b) of this section.

16 (b) Before issuing its bonds under this section, the corporation shall compile a list of
17 approved senior housing projects that it has determined are financially feasible and meet housing
18 needs for senior citizens as required under AS 18.56.710(b).

19 (c) The proceeds of bonds issued under this section for approved projects shall be
20 deposited in the senior housing revolving fund administered by the senior housing office under
21 AS 18.56.700 - 18.56.799 on a schedule determined by the corporation.

22 (d) There is established in the corporation a senior housing bond account. The account
23 consists of proceeds of bonds issued under this section, money appropriated to the account,
24 repayments of principal the corporation collects for a loan made under AS 18.56.700 - 18.56.799
25 that was funded by bonds issued under this section, and the corporation's right, title, and interest
26 in property financed through a loan made under AS 18.56.700 - 18.56.799 that was funded by
27 bonds issued under this section. The corporation may pledge assets in the account and in the
28 senior housing revolving fund for the payment of bonds issued under this section and may use
29 money in the account for payment of the bonds.

30 (e) In this section, "bond" has the meaning given in AS 18.56.390.

31 Sec. 18.56.799. DEFINITIONS. In AS 18.56.700 - 18.56.799,

1 (1) "office" means the senior housing office established under AS 18.56.700;

2 (2) "senior housing"

3 (A) means construction or improvement undertaken primarily to provide
4 dwelling accommodations for persons 60 years of age or older, including conventional
5 housing, housing for frail elderly, group homes, congregate housing, residential horizontal
6 property regimes organized under AS 34.07, residential cooperatives organized under
7 AS 10.15 or AS 34.08, residential condominiums organized under AS 34.08, and other
8 housing that meets special needs of the elderly;

9 (B) includes acquisition, construction, or rehabilitation of land, buildings,
10 improvements, and other nonhousing facilities that are incidental or appurtenant to the
11 housing described in (A) of this paragraph.

12 **ARTICLE 5. SENIOR CITIZENS HOUSING DEVELOPMENT FUND.**

13 **Sec. 18.56.800. DECLARATION OF PURPOSE.** There exists in the state a serious
14 shortage of decent, safe and sanitary residential housing available at low or moderate prices or
15 rentals to persons 60 years of age or older. There also exists in the state organizations whose
16 purposes are to provide the kinds of housing needed to alleviate this shortage. Development
17 work to provide such housing involves substantial expense that is often beyond the resources of
18 the organizations.

19 **Sec. 18.56.810. SENIOR CITIZENS HOUSING DEVELOPMENT.** (a) There is created
20 in the corporation a senior citizens housing development fund. Subject to direct appropriation
21 or through proceeds of a bond issue, the corporation shall make grants to municipalities or public
22 or private nonprofit corporations designated as tax exempt under 26 U.S.C. 501(c)(3) and (4)
23 (Internal Revenue Code of 1954) for the purpose of developing senior citizen housing. A grant
24 from the proceeds of a bond issue may be made only to municipalities.

25 (b) Application for a grant under (a) of this section shall be in the form prescribed by
26 the corporation. The application

27 (1) shall demonstrate the need for senior citizen housing in the area to be served
28 and the feasibility of the proposed project; and

29 (2) must include an adequate management plan that shall demonstrate the ability
30 of the eligible recipient to sustain the proposed project.

31 (c) A senior citizen housing project developed under this section

1 (1) shall be prepared in accordance with facility procurement policies developed
2 by the Department of Transportation and Public Facilities under AS 35.10.160 - 35.10.200; and
3 (2) is a public facility under AS 35.10.160 - 35.10.200.

4 (d) The corporation shall adopt regulations to carry out the purposes of this section. The
5 provisions of AS 18.56.088(a) and (b) apply to regulations adopted under this section.

6 (e) In this section, "senior citizen housing" has the meaning given "senior housing" in
7 AS 18.56.799.

8 * Sec. 87. AS 18.56 is amended by adding a new section to read:

9 ARTICLE 6. ENERGY CONSERVATION.

10 Sec. 18.56.850. HOME ENERGY CONSERVATION AND WEATHERIZATION
11 PROGRAM. (a) The corporation shall plan, study, implement, and assist programs for home
12 energy conservation and weatherization.

13 (b) In the development of a home energy conservation or weatherization program under
14 (a) of this section, the corporation may not consider the value of Alaska longevity bonus
15 payments under AS 47.45 or permanent fund dividends under AS 43.23 in determining whether
16 a person meets income guidelines established under AS 18.56.088 and (a) of this section for a
17 state or, to the extent permitted by federal law, a federal energy conservation or weatherization
18 program.

19 * Sec. 88. AS 18.56.900 is repealed and reenacted to read:

20 Sec. 18.56.900. DEFINITIONS. In this chapter,

21 (1) "board" means the board of directors of the corporation;

22 (2) "corporation" means the Alaska Housing Finance Corporation created by this
23 chapter.

24 * Sec. 89. AS 09.25.115(g) is amended to read:

25 (g) Each public agency shall establish the fees for the electronic services and products
26 provided under this section. The Telecommunications Information Council may cancel the fees
27 established by a public agency in the executive branch, except the fees of [INCLUDING THE
28 ALASKA STATE HOUSING AUTHORITY, BUT NOT INCLUDING] the University of Alaska
29 and the Alaska Railroad Corporation, if the council determines that the fees are unreasonably
30 high.

31 * Sec. 90. AS 09.25.123(a) is amended to read:

1 (a) The Telecommunications Information Council shall supervise and adopt regulations
2 for the operation and implementation of AS 09.25.110 - 09.25.140 by public agencies in the
3 executive branch, except [INCLUDING THE ALASKA STATE HOUSING AUTHORITY, BUT
4 NOT INCLUDING] the Alaska Railroad Corporation.

5 * Sec. 91. AS 09.25.220(5) is amended to read:

6 (5) "public agency" means a political subdivision, department, institution, board,
7 commission, division, authority, public corporation, council, committee, or other instrumentality
8 of the state or a municipality; "public agency" includes the University of Alaska [, THE
9 ALASKA STATE HOUSING AUTHORITY,] and the Alaska Railroad Corporation;

10 * Sec. 92. AS 09.38.015(c) is amended to read:

11 (c) Property of the state, a general law or home rule municipality, and of [THE
12 ALASKA STATE HOUSING AUTHORITY,] the Alaska Municipal Bond Bank Authority [,] or
13 another [OTHER] state public corporation is exempt.

14 * Sec. 93. AS 18.60.545(6) is amended to read:

15 (6) "state agency" or "agency of the state"

16 (A) means a state department or agency, whether in the legislative,
17 judicial, or executive branch;

18 (B) [, INCLUDING SUCH ENTITIES AS THE ALASKA STATE
19 HOUSING AUTHORITY; "STATE AGENCY" OR "AGENCY OF THE STATE"] does
20 not include the University of Alaska, a municipality, or an agency of a municipality.

21 * Sec. 94. AS 26.15.010(a) is amended to read:

22 (a) Except for administration of housing loans by the Alaska Housing Finance
23 Corporation under AS 18.56.098 and 18.56.101, the [THE] Department of Commerce and
24 Economic Development shall administer the laws and regulations relating to the veterans' loan
25 program, adopt new regulations, and recommend legislation.

26 * Sec. 95. AS 26.15.010(d) is amended to read:

27 (d) Under regulations of the department, the department may enter into contracts with
28 insurance companies for mortgage insurance coverage on veteran loans to protect the state's
29 interest in real property that secures a business loan made under AS 26.15.040(a)(3).

30 * Sec. 96. AS 26.15.040(a) is amended to read:

31 (a) The commissioner of commerce and economic development may, under regulations

1 and policies, make the following loans:

2 (1) Personal loans may be made for educational, domestic, [REMOTE AREA
3 FAMILY HOUSING] and other personal purposes, not exceeding \$10,000. The loans
4 shall be secured by acceptable collateral when available but if not available the
5 commissioner may make loans on the basis of good character. The rate of interest may
6 not exceed nine and one-half per cent a year on the unpaid balance.

7 (2) [REPEALED]

8 (3) Business loans not exceeding \$125,000 may be made to acquire, finance or
9 refinance or equip businesses, including mining and fishing but not including farming, if the loan
10 applicant has had three or more years of general business experience. The loans shall be secured
11 by acceptable collateral and may not exceed 75 percent of the appraised value of the collateral
12 offered as security. The rate of interest may not exceed nine and one-half per cent a year on the
13 unpaid balance.

14 [(4) MULTIPLE DWELLING LOANS NOT EXCEEDING \$110,000 MAY BE
15 MADE TO PURCHASE, REMODEL, REPAIR, BUILD, FURNISH, REFINANCE OR EQUIP
16 MULTIPLE DWELLINGS. THE LOANS SHALL BE SECURED BY ACCEPTABLE
17 COLLATERAL AND MAY NOT EXCEED 75 PER CENT OF THE APPRAISED VALUE OF
18 THE COLLATERAL OFFERED AS SECURITY. THE RATE OF INTEREST MAY NOT
19 EXCEED NINE AND ONE-HALF PER CENT A YEAR ON THE UNPAID BALANCE.]

20 * Sec. 97. AS 26.15.040(c) is amended to read:

21 (c) Loans authorized by former (a)(2) of this section or (a)(3) [AND (4)] of this section
22 may not be made unless the commissioner of commerce and economic development is satisfied
23 that money at a comparable rate of interest is not available to the applicant from private lending
24 institutions on a guaranteed basis as set out in (b) of this section. An applicant is eligible for
25 more than one type of loan, but the total may not exceed \$125,000 at any one time.

26 * Sec. 98. AS 26.15.040(e) is amended to read:

27 (e) If a loan made under (a)(3) of this section is assigned by the borrower or if the real
28 property that secures a loan made under former (a)(2) [OR UNDER (a)(4)] of this section is
29 transferred by the borrower, the commissioner of commerce and economic development shall
30 allow the assignee or transferee to assume the outstanding indebtedness on the loan unless the
31 commissioner determines in writing that the credit of the assignee or transferee is not satisfactory

1 to assure repayment of the loan. The assignee or transferee may assume the outstanding
2 indebtedness on the loan at the existing interest rate on the loan.

3 * Sec. 99. AS 29.45.050(l) is amended to read:

4 (l) A municipality may by ordinance exempt from taxation an interest, other than record
5 ownership, in real property of an individual residing in the property if the property has been
6 developed, improved, or acquired with federal funds for low-income housing and is owned or
7 managed as low-income housing by the Alaska Housing Finance Corporation under
8 AS 18.55.100 - 18.55.960 [ALASKA STATE HOUSING AUTHORITY] or by a regional
9 housing authority formed under AS 18.55.996. However, the corporation may make payments
10 to the municipality or political subdivision for improvements, services, and facilities
11 furnished by it for the benefit of a housing project, and this subsection [THIS SECTION]
12 does not prohibit a municipality from receiving those payments or any payments in lieu of taxes
13 authorized under federal law.

14 * Sec. 100. AS 34.60.135 is amended to read:

15 Sec. 34.60.135. PLANNING LOANS FOR ADDITIONAL HOUSING. In addition to
16 the other programs authorized by this chapter, the Alaska Housing Finance Corporation [A
17 STATE AGENCY] may make loans in order to encourage and facilitate the construction or
18 rehabilitation of housing to meet the needs of displaced persons. These loans are a part of the
19 federally assisted project cost and may be made to nonprofit, limited dividend, or cooperative
20 organizations, or to public bodies. The loans may be made only for necessary and reasonable
21 expenses, before construction, for planning and obtaining federally insured mortgage financing
22 for the rehabilitation or construction of housing for displaced persons. The loans may not exceed
23 80 percent of the reasonable costs expected to be incurred in planning, and in obtaining financing
24 for housing for displaced persons. Reasonable costs include but are not limited to costs for
25 preliminary surveys and analysis of market needs, preliminary architectural fees, site acquisition,
26 application and mortgage commitment fees, and construction loan fees and discounts. Loans to
27 an organization established for profit shall bear interest at a market rate established by the Alaska
28 Housing Finance Corporation [STATE AGENCY]. All other loans shall be without interest.
29 The Alaska Housing Finance Corporation [STATE AGENCY] shall require repayment of loans
30 made under this section [,] under terms and conditions that it may prescribe [ESTABLISHED
31 BY THE STATE AGENCY]. Repayment shall be made upon completion of the project or

1 sooner, and except in the case of a loan to an organization established for profit, the Alaska
2 Housing Finance Corporation [STATE AGENCY] may cancel any part or all of a loan if the
3 corporation determines [FOLLOWING A DETERMINATION BY THE STATE AGENCY] that
4 a permanent loan to finance the rehabilitation or construction of the housing cannot be obtained
5 in an amount adequate for repayment of the loan.

6 * **Sec. 101.** AS 34.60.137 is amended to read:

7 Sec. 34.60.137. HOUSING REPLACEMENT ASSISTANCE AS LAST RESORT. If a
8 federal aided program or project cannot proceed to actual construction because comparable
9 replacement sale or rental housing is not available, and the state agency determines that housing
10 cannot otherwise be made available, the agency may take, or may request the Alaska Housing
11 Finance Corporation to take, action necessary or appropriate to provide the housing either by
12 use of funds authorized for the project or by use of money available to the corporation.

13 * **Sec. 102.** AS 35.05.040 is amended to read:

14 Sec. 35.05.040. POWERS OF DEPARTMENT. The department may

- 15 (1) acquire property;
- 16 (2) exercise the power of eminent domain;
- 17 (3) take immediate possession of real property, or any interest in it under a
18 declaration of taking or by other lawful means;
- 19 (4) acquire rights-of-way for present or future use;
- 20 (5) dispose of excess property or property rights;
- 21 (6) accept and dispose of federal funds or property available for public works
22 construction, maintenance, or equipment;
- 23 (7) enter into contracts or agreements relating to public works with the federal
24 government and political subdivisions, and also enter into contracts with a foreign government
25 if approved by the federal government;
- 26 (8) exercise any other power necessary to carry out the purpose of this title;
- 27 (9) lease or grant land or any interest in land to the Alaska Housing Finance
28 Corporation for a purpose set out in AS 18.55.100 - 18.55.960 [ALASKA STATE HOUSING
29 AUTHORITY] on terms and conditions prescribed by the department;
- 30 (10) procure directly materials, labor and contractual services for planning,
31 designing and constructing public facilities of the state.

1 * **Sec. 103.** AS 36.30.015(f) is amended to read:

2 (f) The board of directors of the Alaska Housing Finance Corporation, notwithstanding
3 AS 18.56.088, [AND THE BOARD OF DIRECTORS OF THE ALASKA STATE HOUSING
4 AUTHORITY] shall adopt regulations under the Administrative Procedure Act (AS 44.62) to
5 govern the procurement of supplies, services, professional services, and construction for it [THE
6 RESPECTIVE PUBLIC CORPORATIONS]. The regulations must

7 (1) reflect competitive bidding principles and provide vendors reasonable and
8 equitable opportunities to participate in the procurement process; and

9 (2) include procurement methods to meet emergency and extraordinary
10 circumstances.

11 * **Sec. 104.** AS 36.30.050(c) is amended to read:

12 (c) The lists may be used by the chief procurement officer or an agency when issuing
13 invitations to bid or requests for proposals under this chapter. The lists may be used by the
14 legislative council, the court system, [THE ALASKA STATE HOUSING AUTHORITY,] and
15 the Alaska Railroad Corporation.

16 * **Sec. 105.** AS 36.30.735(b) is amended to read:

17 (b) In this section, "state agency"

18 (A) means a state department or agency, whether in the legislative,
19 judicial, or executive branch;

20 (B) does not include [, INCLUDING SUCH ENTITIES AS THE
21 ALASKA STATE HOUSING AUTHORITY, BUT NOT INCLUDING] the University
22 of Alaska, a municipality, or an agency of a municipality [OR THE ALASKA STATE
23 HOUSING AUTHORITY].

24 * **Sec. 106.** AS 36.30.990(1) is amended to read:

25 (1) "agency"

26 (A) means a department, institution, board, commission, division,
27 authority, public corporation, the Alaska Pioneers' Home, or other administrative unit of
28 the executive branch of state government;

29 (B) does not include

30 (i) the University of Alaska;

31 (ii) [THE ALASKA STATE HOUSING AUTHORITY;

- 1 (iii)] the Alaska Railroad Corporation;
2 (iii) [(iv)] the Alaska Housing Finance Corporation;
3 (iv) [(v)] a regional Native housing authority created under
4 AS 18.55.996, or a regional electrical authority created under AS 18.57.020;
5 (v) [(vi)] the Alaska Aerospace Development Corporation;

6 * Sec. 107. AS 37.05.146 is amended to read:

7 Sec. 37.05.146. DEFINITION OF PROGRAM RECEIPTS. In AS 37.05.142 - 37.05.146
8 and AS 37.07.080, "program receipts" means fees, charges, income earned on assets, and other
9 state money received by a state agency in connection with the performance of its functions; all
10 program receipts except the following are general fund program receipts:

11 (1) federal receipts;

12 (2) University of Alaska receipts (AS 14.40.491);

13 (3) individual, foundation, or corporation gifts, grants, or bequests that by their
14 terms are restricted to a specific purpose;

15 (4) receipts of the following funds:

16 (A) highway working capital fund (AS 44.68.210);

17 (B) correctional industries fund (AS 33.32.020);

18 (C) loan funds;

19 (D) international airports revenue fund (AS 37.15.430);

20 (E) funds managed by the Alaska Aerospace Development Corporation
21 (AS 14.40.821), [THE ALASKA STATE HOUSING AUTHORITY (AS 18.55.020),] the
22 Alaska Housing Finance Corporation (AS 18.56.020), the Alaska Railroad Corporation
23 (AS 42.40.010), the Municipal Bond Bank Authority (AS 44.85.020), or the Alaska
24 Industrial Development and Export Authority (AS 44.88.020);

25 (F) fish and game fund (AS 16.05.100);

26 (G) school fund (AS 43.50.140);

27 (H) training and building fund (AS 23.20.130);

28 (I) retirement funds (AS 14.25, AS 22.25, AS 26.05.222, AS 39.35, and
29 former AS 39.37);

30 (J) permanent fund (art. IX, sec. 15, Alaska Constitution);

31 (K) public school trust fund (AS 37.14.110);

- 1 (L) second injury fund (AS 23.30.040);
2 (M) fishermen's fund (AS 23.35.060);
3 (N) FICA administration fund (AS 39.30.050);
4 (O) mental health trust fund (AS 37.14.031).

5 * Sec. 108. AS 39.05.060(a) is amended to read:

6 (a) Each member of the following shall be a citizen of the United States:

- 7 (1) Local Boundary Commission;
8 (2) Alcoholic Beverage Control Board;
9 (3) Employment Security Advisory Council;
10 (4) [ALASKA STATE HOUSING AUTHORITY];
11 (5) Board of Fisheries;
12 (5) [(6) REPEALED,
13 (7) REPEALED,
14 (8) REPEALED,
15 (9)] the Governor's Commission on the Involvement of Young People in
16 Government;
17 (6) [(10)] Board of Game.

18 * Sec. 109. AS 39.50.200(a)(4) is amended to read:

- 19 (4) "instrumentality of the state" means a state department or agency, whether in
20 the legislative, judicial, or executive branch, including [SUCH ENTITIES AS] the University of
21 Alaska [AND THE ALASKA STATE HOUSING AUTHORITY];

22 * Sec. 110. AS 44.21.230(a)(9) is amended to read:

- 23 (9) give assistance, on request, to the senior housing office in the Alaska Housing
24 Finance Corporation [DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS] in
25 administration of the senior housing loan program under AS 18.56.710 - 18.56.799
26 [AS 44.47.587 - 44.47.609] and in the performance of the office's other duties under
27 AS 18.56.700 [AS 44.47.585]; and

28 * Sec. 111. AS 44.21.240(6) is amended to read:

- 29 (6) "senior citizen housing" has the meaning given "senior housing" in
30 AS 18.56.799 [AS 44.47.620(e)].

31 * Sec. 112. AS 44.88.070 is amended by adding a new paragraph to read:

1 (7) provide for the financing, construction, and acquisition of public buildings for
2 lease to the state.

3 * Sec. 113. AS 44.88.080 is amended by adding a new paragraph to read:

4 (26) arrange or contract for the financing, design, construction, and acquisition
5 of public buildings for lease to the state under AS 44.88.090 - 44.88.150.

6 * Sec. 114. AS 44.88 is amended by adding a new section to read:

7 Sec. 44.88.082. MEMBERS OR EMPLOYEES PROHIBITED FROM ACQUIRING
8 INTEREST IN PUBLIC BUILDING PROJECTS. A member or employee of the authority may
9 not acquire an interest, direct or indirect, in a public building, or in property or a contract for
10 materials or services included or planned to be included in a public building. If a member or
11 employee owns or controls an interest, the member or employee shall immediately disclose the
12 interest in writing to the authority. ~~Failure to make disclosure constitutes misconduct in office.~~

13 * Sec. 115. AS 44.88 is amended by adding a new section to article 2 to read:

14 Sec. 44.88.087. PUBLIC BUILDING PROJECTS TO BE APPROVED BY THE
15 LEGISLATURE. The authority shall submit a proposed public building to the legislature for
16 review. The authority may proceed with the public building only if the building is approved by
17 law. An appropriation does not constitute approval by law for purposes of this section.

18 * Sec. 116. AS 44.88.090(a) is amended to read:

19 (a) The authority may borrow money and may issue bonds, including but not limited to
20 bonds on which the principal and interest are payable

21 (1) exclusively from the income and receipts or other money derived from the
22 project or development project financed with the proceeds of the bonds or derived from the
23 exporter or exporting transaction financed, guaranteed, or insured with the proceeds of the bonds;

24 (2) exclusively from the income and receipts or other money derived from
25 designated projects or development projects or other sources whether or not they are financed,
26 insured, or guaranteed in whole or in part with the proceeds of the bonds; [OR]

27 (3) from its income and receipts or other assets generally, or a designated part or
28 parts of them; or

29 (4) exclusively from rents collected on public buildings.

30 * Sec. 117. AS 44.88.090 is amended by adding a new subsection to read:

31 (j) The recitation of a bond or note that it has been issued in the financing of a public

1 building under this chapter is conclusive as to the issuance of the bond or note and the character
2 of the project in a challenge of the validity of the bond or note or the security for it.

3 * Sec. 118. AS 44.88 is amended by adding new sections to read:

4 Sec. 44.88.132. ADDITIONAL POWERS TO SECURE BONDS OR OBLIGATIONS
5 UNDER LEASES. In connection with the issuance of bonds or the incurring of obligations
6 under leases and in order to secure the payment of bonds or lease obligations for a public
7 building project, the authority, in addition to its other powers, may

8 (1) pledge all or a part of its gross or net rents, fees, or revenue to which its right
9 exists or may exist;

10 (2) mortgage all or a part of its real or personal property, owned or later acquired;

11 (3) covenant against pledging all or a part of its rents, fees, and revenue, or
12 against mortgaging all or a part of its real or personal property, to which its right or title exists
13 or may come into existence or against permitting or suffering any lien on the revenue or
14 property;

15 (4) covenant with respect to limitations on its right to sell, lease, or otherwise
16 dispose of a public building or a part of a public building;

17 (5) covenant as to what other, or additional debts or obligations may be incurred
18 by it;

19 (6) covenant as to the bonds to be issued and as to the issuance of the bonds in
20 escrow or otherwise, and as to the use and disposition of the proceeds of bonds;

21 (7) provide for the replacement of lost, destroyed, or mutilated bonds;

22 (8) covenant against extending the time for the payment of its bonds or interest
23 on the bonds;

24 (9) redeem the bonds, and covenant for their redemption and to provide the terms
25 and conditions of redemption;

26 (10) covenant subject to the limitations contained in this chapter as to the rents
27 and fees to be charged in the operation of a public building, the amount to be raised each year
28 or other period of time by rents, fees, and other revenue, and as to the use and disposition of this
29 revenue;

30 (11) create or authorize the creation of special funds for money held for
31 construction or operating costs, debt service, reserves, or other purposes, and covenant as to the

1 use and disposition of this money;

2 (12) prescribe the procedure by which the terms of a contract with bondholders
3 may be amended or abrogated, the amount of bonds the holders of which must consent to them
4 and the manner in which the consent may be given;

5 (13) covenant as to the rights, liabilities, powers, and duties arising upon the
6 breach by it of a covenant, condition, or obligation, and covenant and prescribe as to events of
7 default and terms and conditions upon which any or all of its bonds or obligations shall become
8 or may be declared due before maturity, and covenant as to the terms and conditions upon which
9 this declaration and its consequences may be waived;

10 (14) vest in a trustee or trustees or the holders of bonds or a specified proportion
11 of them, the right to enforce the payment of the bonds or covenants securing or relating to the
12 bonds;

13 (15) vest in one or more trustees the right, in the event of a default by the
14 authority, to take possession of a public building or a part of it, and so long as the authority
15 continues in default to retain possession and to use, operate, and manage the public building, and
16 to collect the rents and revenue from the public building, and to dispose of the money according
17 to the agreement between the authority and the trustees;

18 (16) provide for the powers and duties of the trustees, and limit the liability of
19 the trustees; and

20 (17) provide the terms and conditions upon which the trustee or trustees or the
21 holders of bonds, or portions of bonds, may enforce a covenant or right securing or relating to
22 the bonds.

23 **Sec. 44.88.134. POWER OF AUTHORITY TO CONFER UPON OBLIGEE RIGHT TO**
24 **BRING ACTION OR PROCEEDING.** In conjunction with its financing of a public building
25 project, ~~the~~ authority may by resolution, trust indenture, mortgage, lease, or other contract confer
26 upon an obligee holding or representing a specified amount in bonds, or holding a lease, the right
27 upon a default as defined in the resolution or instrument by suit, action, or proceeding

28 (1) to have possession of a public building or part of one surrendered to the
29 obligee, with possession retained by the obligee as long as the authority continues in default;

30 (2) to obtain the appointment of a receiver of a public building or part of one and
31 its rents and profits, who may enter, take possession, and for the duration of the default operate

1 and maintain it, collect and receive all fees, rents, revenue, or other charges thereafter arising,
2 and keep the money in a separate account or accounts to be applied in accordance with the
3 obligations of the authority as the court directs;

4 (3) to require the authority and its members to account as if they were the trustees
5 of an express trust.

6 Sec. 44.88.136. POWER OF AUTHORITY TO OBTAIN FEDERAL AID AND
7 COOPERATION. In aid of a public building, the authority may borrow or may accept
8 contributions, grants, or other financial assistance from the federal government, and for this
9 purpose may comply with conditions and enter into the mortgages, trust indentures, leases, or
10 agreements that are necessary, convenient, or desirable in order to obtain financial aid or
11 cooperation from the federal government in the undertaking, construction, maintenance, or
12 operation of the public building.

13 * Sec. 119. AS 44.88.140(a) is amended to read:

14 (a) Except as provided in AS 29.45.030(a)(1), the real and personal property of the
15 authority and its assets, income, and receipts are declared to be the property of a political
16 subdivision of the state and, together with a public building designed, constructed, and
17 acquired under this chapter, a [ANY] project or development project financed under
18 AS 44.88.155 - 44.88.159 or 44.88.172 - 44.88.177, and a leasehold interest created in a project
19 or development project financed under AS 44.88.155 - 44.88.159 or 44.88.172 - 44.88.177,
20 devoted to an essential public and governmental function and purpose, and the property, assets,
21 income, receipts, project, development project, and leasehold interests shall be exempt from all
22 taxes and special assessments of the state or a political subdivision of the state, including, without
23 limitation, all boroughs, cities, municipalities, school districts, public utility districts, and other
24 taxing units. All bonds of the authority are declared to be issued by a political subdivision of the
25 state and for an essential public and governmental purpose and to be a public instrumentality, and
26 the bonds, interest on them, the income from them and the transfer of the bonds, and all
27 assets, income, and receipts pledged to pay or secure the payments of the bonds, or interest on
28 them, shall at all times be exempt from taxation by or under the authority of the state, except for
29 inheritance and estate taxes and taxes on transfers by or in contemplation of death. Nothing in
30 this section affects or limits an exemption from license fees, property taxes, or excise, income
31 or any other taxes, provided under any other law, nor does it create a tax exemption with respect

1 to the interest of any business enterprise or other person, other than the authority, in any property,
2 assets, income, receipts, project, development project, or lease whether or not financed under this
3 chapter. By January 10 of each year, the authority shall submit to the governor and the
4 legislature a report describing the nature and extent of the tax exemption of the property, assets,
5 income, receipts, project, development project, and leasehold interests of the authority under this
6 section.

7 * Sec. 120. AS 44.88.140 is amended by adding a new subsection to read:

8 (d) Instead of taxes, the authority may make payments to a municipality for
9 improvements, services, and facilities furnished by it for the benefit of a public building
10 constructed under this chapter.

11 * Sec. 121. AS 44.88.900 is amended by adding a new paragraph to read:

12 (15) "public building" means a publicly-owned structure leased to the state for
13 a government, public, or educational use.

14 * Sec. 122. AS 44.99.020 is amended to read:

15 Sec. 44.99.020. USE OF PAPER. A state agency shall use both sides of paper when
16 feasible. In this section, "state agency" means a department, institution, board, commission,
17 division, authority, public corporation, or other administrative unit of the executive, legislative,
18 or judicial branch of state government, including the University of Alaska, [THE ALASKA
19 STATE HOUSING AUTHORITY,] the Alaska Railroad Corporation, and legislative committees.

20 * Sec. 123. AS 44.99.350(3) is amended to read:

21 (3) "state agency"

22 (A) means a department, institution, board, commission, division,
23 authority, public corporation, committee, or other administrative unit of the executive,
24 judicial, or legislative branch of state government, including the University of Alaska;

25 (B) does not include [AND THE ALASKA STATE HOUSING
26 AUTHORITY, BUT NOT INCLUDING] the Alaska Railroad Corporation.

27 * Sec. 124. AS 44.99.400 is amended to read:

28 Sec. 44.99.400. COPYRIGHTS. A state agency may hold the copyright for software
29 created by the agency or developed by a private contractor for an agency, and may enforce its
30 rights to protect the copyright. In this section, "state agency" means a department, institution,
31 board, commission, division, authority, public corporation, committee, or other administrative unit

1 of the executive, judicial, or legislative branch of state government, including the University of
2 Alaska, [THE ALASKA STATE HOUSING AUTHORITY,] the Alaska Aerospace Development
3 Corporation, and the Alaska Railroad Corporation.

4 * Sec. 125. AS 46.07.030(b) is amended to read:

5 (b) The location of a facility constructed under this chapter shall be determined by the
6 commissioner after consultation with the governing body of the village in which the facility is
7 located, as well as with appropriate public agencies[, INCLUDING BUT NOT LIMITED TO
8 THE ALASKA STATE HOUSING AUTHORITY]. The aim of the consultation is to achieve
9 maximum coordination in public development plans and activities affecting the community in
10 which the facility is to serve.

11 * Sec. 126. AS 18.55.020, 18.55.030, 18.55.050, 18.55.070, 18.55.100(d), 18.55.140, 18.55.288(3),
12 18.55.430, 18.55.640, 18.55.950(2), AS 18.56.083, 18.56.210(a)(10), AS 39.50.200(b)(12),
13 AS 44.47.050(a)(18), 44.47.050(b), 44.47.370, 44.47.378, 44.47.380, 44.47.382, 44.47.390, 44.47.395,
14 44.47.400, 44.47.410, 44.47.420, 44.47.430, 44.47.440, 44.47.460, 44.47.470, 44.47.475, 44.47.480,
15 44.47.490, 44.47.500, 44.47.510, 44.47.520, 44.47.530, 44.47.560, 44.47.585, 44.47.587, 44.47.589,
16 44.47.591, 44.47.593, 44.47.595, 44.47.597, 44.47.599, 44.47.601, 44.47.603, 44.47.609, 44.47.610,
17 44.47.620, 44.47.630, 44.47.635, and AS 44.99.200(b)(5) are repealed.

18 * Sec. 127. TRANSITIONAL PROVISIONS RELATING TO MERGER OF ALASKA STATE
19 HOUSING AUTHORITY. (a) All contracts, rights, liabilities, bonds, notes, or other obligations of the
20 Alaska State Housing Authority created by or under a law amended or repealed by this Act and in effect
21 on the effective date of this Act, remain in effect notwithstanding this Act's taking effect, with all
22 contracts, rights, liabilities, bonds, notes, or other obligations of the Alaska State Housing Authority
23 becoming contracts, rights, liabilities, bonds, notes, and other obligations of the Alaska Housing Finance
24 Corporation with the same limitations and provisions as under a contract, right, liability, bond, note, or
25 other obligation of the former Alaska State Housing Authority.

26 (b) All records, equipment, appropriations, and other property of the Alaska State Housing
27 Authority shall be transferred to the Alaska Housing Finance Corporation to implement the provisions
28 of this Act.

29 (c) Employees of the Alaska State Housing Authority become employees of the Alaska Housing
30 Finance Corporation on the effective date of this Act.

31 * Sec. 128. TRANSITIONAL PROVISIONS RELATING TO TRANSFER OF HOUSING

1 PROGRAMS FROM THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS. (a) All
2 contracts, rights, liabilities, bonds, notes, or other obligations of the Department of Community and
3 Regional Affairs under former AS 44.47.370 - 44.47.560 and 44.47.635 created by or under a law
4 amended or repealed by this Act and in effect on the effective date of this Act, remain in effect
5 notwithstanding this Act's taking effect, with all contracts, rights, liabilities, bonds, notes, or other
6 obligations of the Department of Community and Regional Affairs incurred under former AS 44.47.370 -
7 44.47.560 and 44.47.635 becoming contracts, rights, liabilities, bonds, notes, and other obligations of the
8 Alaska Housing Finance Corporation.

9 (b) All records, equipment, appropriations, and other property of the Department of Community
10 and Regional Affairs held under former AS 44.47.370 - 44.47.560 and 44.47.635 shall be transferred to
11 the Alaska Housing Finance Corporation to implement the provisions of this Act.

12 (c) Employees of the Department of Community and Regional Affairs responsible for
13 administration of the programs set out in former AS 44.47.370 - 44.47.560 and 44.47.635 become
14 employees of the Alaska Housing Finance Corporation on the effective date of this Act.

15 * Sec. 129. TRANSITIONAL PROVISIONS RELATING TO TRANSFER OF SENIOR CITIZEN
16 HOUSING PROGRAMS FROM THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS.

17 (a) All contracts, rights, liabilities, bonds, notes, or other obligations of the Department of Community
18 and Regional Affairs under former AS 44.47.585 - 44.47.620 created by or under a law amended or
19 repealed by this Act and in effect on the effective date of this Act, remain in effect notwithstanding this
20 Act's taking effect, with all contracts, rights, liabilities, bonds, notes, or other obligations of the
21 Department of Community and Regional Affairs incurred under former AS 44.47.585 - 44.47.620
22 becoming contracts, rights, liabilities, bonds, notes, and other obligations of the Alaska Housing Finance
23 Corporation.

24 (b) All records, equipment, appropriations, and other property of the Department of Community
25 and Regional Affairs secured under former AS 44.47.585 - 44.47.620 shall be transferred to the Alaska
26 Housing Finance Corporation to implement the provisions of this Act.

27 (c) Employees of the Department of Community and Regional Affairs responsible for
28 administration of the programs set out in former AS 44.47.585 - 44.47.620 become employees of the
29 Alaska Housing Finance Corporation on the effective date of this Act.

30 (d) All bonds issued under former AS 18.56.083 and in effect on the effective date of this Act
31 remain in effect notwithstanding this Act's taking effect.

1 * **Sec. 130. TRANSITIONAL PROVISIONS RELATING TO TRANSFER OF HOME ENERGY**
2 **CONSERVATION AND WEATHERIZATION PROGRAMS FROM THE DEPARTMENT OF**
3 **COMMUNITY AND REGIONAL AFFAIRS.** (a) All contracts, rights, liabilities, bonds, notes, or other
4 obligations of the Department of Community and Regional Affairs under AS 44.47.050(a)(18) and
5 44.47.050(b) created by or under a law repealed by sec. 126 of this Act and in effect on the effective
6 date of this Act, remain in effect notwithstanding this Act's taking effect, with all contracts, rights,
7 liabilities, bonds, notes, or other obligations of the Department of Community and Regional Affairs
8 incurred under AS 44.47.050(a)(18) and 44.47.050(b) becoming contracts, rights, liabilities, bonds, notes,
9 and other obligations of the Alaska Housing Finance Corporation.

10 (b) All records, equipment, appropriations, and other property of the Department of Community
11 and Regional Affairs secured under AS 44.47.050(a)(18) and 44.47.050(b) shall be transferred to the
12 Alaska Housing Finance Corporation to implement the provisions of secs. 87 and 126 of this Act.

13 (c) Employees of the Department of Community and Regional Affairs responsible for
14 administration of the home energy conservation and weatherization programs set out in
15 AS 44.47.050(a)(18) and 44.47.050(b), repealed by sec. 126 of this Act, become employees of the Alaska
16 Housing Finance Corporation on the effective date of this Act.

17 * **Sec. 131. TRANSITIONAL PROVISIONS RELATING TO TERMINATION OF THE**
18 **AUTHORITY TO MAKE RESIDENTIAL LOANS TO VETERANS UNDER THE VETERANS' LOAN**
19 **PROGRAM ADMINISTERED BY THE DEPARTMENT OF COMMERCE AND ECONOMIC**
20 **DEVELOPMENT.** (a) All contracts, rights, liabilities, bonds, notes, or other obligations of the
21 Department of Commerce and Economic Development for residential loans under AS 26.15 created by
22 or under a law amended by secs. 76, 77, 83, and 94 - 98 of this Act and in effect on the effective date
23 of this Act, remain in effect notwithstanding this Act's taking effect, with all contracts, rights, liabilities,
24 bonds, notes, or other obligations of the Department of Commerce and Economic Development incurred
25 for residential loans under AS 26.15 becoming contracts, rights, liabilities, bonds, notes, and other
26 obligations of the Alaska Housing Finance Corporation.

27 (b) All records, equipment, appropriations, and other property of the Department of Commerce
28 and Economic Development for residential loans secured under AS 26.15 shall be transferred to the
29 Alaska Housing Finance Corporation to implement the provisions of secs. 76, 77, 83, and 94 - 98 of this
30 Act.

31 (c) Employees of the Department of Commerce and Economic Development responsible for

1 administration of the residential loan elements of the veterans' loan program set out in AS 26.15 become
2 employees of the Alaska Housing Finance Corporation on the effective date of this Act.

3 * Sec. 132. TRANSITIONAL PROVISION: EXPANSION OF MEMBERSHIP OF ALASKA
4 HOUSING FINANCE CORPORATION BOARD OF DIRECTORS. (a) Notwithstanding
5 AS 18.56.030(a)(3)(C) - (F), added by sec. 78 of this Act, the public members of the board of directors
6 of the Alaska Housing Finance Corporation who are serving on the effective date of this Act continue
7 to serve their unexpired terms. Thereafter, the governor shall fill vacancies on the board of directors
8 among the public members under the provisions of AS 18.56.030(a)(3)(C) - (F), as amended by sec. 78
9 of this Act, and AS 18.56.030(f), added by sec. 80 of this Act.

10 (b) Notwithstanding AS 18.56.030(c), of the public members first appointed to fill the two
11 additional seats on the board of directors authorized by AS 18.56.030(a)(3), amended by sec. 78 of this
12 Act, one shall be appointed for a term of one year and one shall be appointed for a term of two years.
13 The governor shall specify the length of the term of each member.

14 * Sec. 133. REVISOR OF STATUTES TO REVISE REFERENCES. In each of the following, the
15 revisor of statutes shall delete references to "authority" and insert in place of each deletion a reference
16 to "corporation": AS 18.55.320(a), 18.55.410, 18.55.470(2) and (3), 18.55.510(c), 18.55.530(b), (c), (f),
17 and (h), 18.55.540(c), and (d), 18.55.570(c), (d), and (f), 18.55.610, 18.55.630(b), 18.55.650; 18.55.720,
18 18.55.770, 18.55.790, 18.55.800, 18.55.810, 18.55.830, 18.55.840, 18.55.850, 18.55.870,
19 18.55.880, 18.55.890, 18.55.900, 18.55.932(a), (b), (c), (e), and (f), 18.55.934(a), and 18.55.950(4), (10),
20 and (14).

21 * Sec. 134. This Act takes effect July 1, 1992.

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

MUNICIPAL & REGIONAL ASSISTANCE DIVISION

333 W. 4TH AVENUE, SUITE 220
ANCHORAGE, ALASKA 99501-2341
PHONE: (907) 269-4500

P.O. BOX 348
BETHEL, ALASKA 99559-0348
PHONE: (907) 543-3475

P.O. BOX 295
DILLINGHAM, ALASKA 99576-0295
PHONE: (907) 842-5135

1001 NOBLE ST., SUITE 430
FAIRBANKS, ALASKA 99701-4948
PHONE: (907) 452-7126

P.O. BOX 112100
JUNEAU, ALASKA 99811-2100
PHONE: (907) 465-4750

710 MILL BAY RD.
KODIAK, ALASKA 99615-6340
PHONE: (907) 486-5736

P.O. BOX 350
KOTZEBUE, ALASKA 99752-0350
PHONE: (907) 442-3696

P.O. BOX 41
NOME, ALASKA 99762-0041
PHONE: (907) 443-5457

April 22, 1992

The Honorable Pat Rodey
Alaska State Legislature
State Capitol Building, Rm. 113
Juneau, Alaska 99811

Dear Senator Rodey:

Your office asked for information about the number of employees of the Department of Community and Regional Affairs effected by HB 152 who would be eligible for early retirement under the early retirement legislation currently before the legislature. Six people would be effected: one Range 10, one Range 12, two people at Range 17, and two people at Range 18. We do not have information at this time on the cost to the state for them to take early retirement.

Sincerely,

Sandra J. Wicks
Deputy Director



Official Business

Alaska State Legislature

State Capitol
Juneau, AK 99801-1182

New Composition of Board of Directors as of 4/23/92

- * Commissioner of Revenue
- * Commissioner of Community & Regional Affairs

Plus:

Seven public members appointed by the Governor including:

- * 1 member who represents the financial community or who is a licensed real estate broker
- * 1 member representing the interests of regional housing authorities
- * 1 member who is a rural resident of the state
- * 1 member representing persons with special housing needs or who is a representative of low income interests or senior citizens
- * 1 member who is a representative of the residential energy efficient homebuilding and weatherization interests in the state
- * 2 public members -

STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

MUNICIPAL & REGIONAL ASSISTANCE DIVISION

- | | | | |
|--|---|---|---|
| <input type="checkbox"/> 333 W. 4TH AVENUE, SUITE 220
ANCHORAGE, ALASKA 99501-2341
PHONE: (907) 269-4500 | <input type="checkbox"/> P.O. BOX 348
BETHEL, ALASKA 99559-0348
PHONE: (907) 543-3475 | <input type="checkbox"/> P.O. BOX 295
DILLINGHAM, ALASKA 99576-0295
PHONE: (907) 842-5135 | <input type="checkbox"/> 1001 NOBLE ST., SUITE 430
FAIRBANKS, ALASKA 99701-4948
PHONE: (907) 452-7126 |
| <input checked="" type="checkbox"/> P.O. BOX 112100
JUNEAU, ALASKA 99811-2100
PHONE: (907) 465-4750 | <input type="checkbox"/> 710 MILL BAY RD.
KODIAK, ALASKA 99615-6340
PHONE: (907) 486-5736 | <input type="checkbox"/> P.O. BOX 350
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PHONE: (907) 442-3696 | <input type="checkbox"/> P.O. BOX 41
NOME, ALASKA 99762-0041
PHONE: (907) 443-5457 |

April 21, 1992

The Honorable Pat Rodey
Alaska State Legislature
State Capitol Building, Rm. 113
Juneau, Alaska 99811

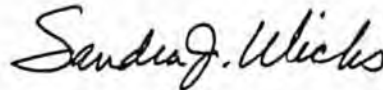
RE: HB 152 - Housing Merger Bill

Dear Senator Rodey:

Attached to this letter is information requested by Senator Duncan at the last hearing on the housing merger legislation about the types and locations of the jobs that will be transferred to Alaska Housing Finance Corporation from this department if HB 152 becomes law.

I am in the process of obtaining the information requested about who among the 41 employees effected by the merger would be eligible for early retirement. I hope to have that information for you before the continued hearing on April 22.

Sincerely,



Sandra J. Wicks
Deputy Director

Attachment

FY93 GOV AMENDED

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

LOCATION SUMMARY

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



U.S. Department of Housing and Urban Development

Anchorage Office, Region X
222 West 8th Avenue, #64
Anchorage, Alaska 99513-7537

April 17, 1992

Senator Pat Rodey
Chair, Senate State Affairs Committee
State Capitol
Juneau, AK 99801-1182

Dear Senator Rodey:

In response to your request, raised during the committee hearing on HB-152 held April 13, 1992, be advised that the U.S. Department of Housing and Urban Development has no legal objections to the bill as proposed (workdraft dated 4/8/92).

Accordingly, assuming that version of the bill passes, we will consider the Alaska Housing Finance Corporation as a public housing authority and, to the extent it is eligible, provide funding.

Sincerely,

A handwritten signature in cursive script that reads "Arlene L. Patton".

Arlene L. Patton
Manager

WOHLFORTH, ARGETSINGER, JOHNSON & BRECHT

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

600 WEST 5TH AVENUE, SUITE 600

ANCHORAGE, ALASKA 99501

PETER ARGETSINGER
JULIUS J. BRECHT
CYNTHIA L. CARTLEDGE
ROBERT M. JOHNSON
BARBARA E. KISSNER
THOMAS F. KLINKNER
ANDREW M. LERO
BRADLEY E. MEYER
JAMES A. SARAFIN
KENNETH E. VASSAR
ERIC E. WOHLFORTH

TELEPHONE
(907) 276-4401

TELECOPY
(907) 276-8083

MEMORANDUM

TO: Eric Myers
Office of Representative Brown
State of Alaska
Alaska House of Representatives

FROM: Eric E. Wohlforth

DATE: April 15, 1992

Please find attached reference to the requirement that for a residence to be eligible for tax-exempt financing no more than 15 percent of the usable area may be used in a trade or business.

gmt
Attachment

mathematical error (but not an erroneous legal opinion). See Temp. Reg. § 6a.103A-2(c)(2) and examples thereunder.

2. Mortgage Eligibility Requirements

a. **Residence Requirements.** In order for an issue to meet these requirements, Section 143(c) requires each mortgage financed to provide a "single-family residence" which can reasonably be expected to be used as the mortgagor's principal residence within a reasonable time after the financing is provided, and which is located within the boundaries of the jurisdiction of the issuer. See Temp. Reg. § 6a.103A-2(d).

i. **Residence.** In addition to real property, a residence includes stock in cooperative housing corporations and mobile homes if they are permanently affixed to real property, but does not include other personal property (appliances, etc.) which is not a fixture under local law. See PLRs 8416061, 8212056. In Revenue Procedure 86-3 the Treasury announced it will not issue an advance ruling regarding whether bonds issued to provide owner-occupied mobile homes not permanently affixed to real property are tax-exempt.

ii. **Single-Family Residence.** Section 143(k)(7) and Temp. Reg. section 6a.103A-1(b)(6) define a single-family residence to include two to four family residences if one unit is occupied by the owner and if the units were first used as residences at least five years before the mortgage was executed. Section 103A was amended by TEFRA to provide that dwelling units in a cooperative housing corporation as defined in Section 216(b)(1) of the Code should be treated as owner-occupied residences. See PLR 8506028. However, Section 143(k)(8) and (9) permits an election to be treated as a residential rental property under Section 142(d).

iii. **Principal Residence.** Whether a residence is used as a principal residence depends on all the facts and circumstances. The reasonable expectation requirement may normally be satisfied by the execution of an affidavit by the mortgagor to the effect that he intends to use the residence as his principal residence within 60 days after execution of the mortgage. The 1980 Act legislative history indicates that the term principal residence has the same meaning as it does for purposes of Section 1034 of the Code. The temporary regulations require that the residence

(other than the non occupied residences in the case of two, three, and four-family units) not be used primarily in a trade or business nor used as an investment property or a recreational home. A residence will be used primarily in a trade or business if more than 15% of its usable area will be so used. See Temp. Reg. § 6a.103A-2(d).

b. **First-Time Homebuyer Requirement.** Section 143(d) requires that at least 95 percent of "net proceeds" (i.e., bond proceeds minus amounts deposited in a reasonably required reserve fund) must be loaned to mortgagors who have not had any present interest in a principal residence within 3 years prior to the date the mortgage is executed (the so-called "first-time homebuyer" requirement). Note that in the case of multiple mortgagors, e.g., husband and wife who own the property jointly and are both liable on the note and mortgage, the three-year requirement applies to each of them. However, a mortgagor who does not have a present ownership interest in the property, e.g., a father co-signing a note and mortgage for a child, need not satisfy the three-year requirement. Rev. Proc. 82-16 establishes procedures for verifying satisfaction of the three-year requirement through use of income tax return information.

Old Section 103A (as amended by TEFRA) required 90 percent of "lendable proceeds" to satisfy the "first-time homebuyer" rule. Lendable proceeds excluded costs of issuance, mortgages in targeted areas and home improvement and rehabilitation loans. Prior to TEFRA, every mortgagor had to be a "first-time homebuyer." That strict provision was only tempered by the "good faith" rule in old Section 103A(c)(2)(B) in cases where mortgagors misrepresented their status. The less restrictive requirement of only having to lend 90 percent of "lendable proceeds" to first-time homebuyers increased the pool of mortgagors and offered greater leeway in avoiding taxable bonds. The new 95% rule is not as strict as the original 100% rule but leaves little room for error, particularly if costs of issuance use up part of the remaining 5%. Nevertheless, issuers may rely on mortgagor tax returns as an exercise of good faith under Section 143(a)(2)(B).

c. **Purchase Price Requirement.** Section 143(e) provides that the "acquisition cost" of each residence must not exceed 90 percent of the "average area purchase price" applicable to such residence, or 110 percent of such price for targeted area residences. This provision of the 1986 Act reverses the liberalizing provisions of

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

☐ 150 THIRD STREET
JUNEAU, ALASKA 99801-1291
PHONE: (907) 465-4700

☐ 949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 563-1073

March 11, 1992

The Honorable Eileen MacLean
Co-Chair, House Finance Committee
House of Representatives
Room 507, State Capitol
P.O. Box V
Juneau, AK 99811

Dear Representative MacLean:

This is in response to questions asked during the joint House and Senate Community and Regional Affairs Subcommittee meeting on Tuesday, March 3, 1992. If you need additional information please contact Remond Henderson, Director of Administrative Services, at 465-4708.

- 1) What is the purpose of the 34.2 transfer from the grants line to the contractual line in the Energy Conservation component?

This transfer is strictly correcting a technical fiscal problem that has evolved over the definition of a grant versus a contract. A total of 34.2 in the grants line item has been identified more appropriately as contractual costs which need to be reflected in the component's base. This funding will be used specifically to cover a professional services contract, through the Energy Library, for a survey of home heating costs.

- 2) What is the purpose of the 120.0 grants transfer from the Statewide Service Delivery component to the State Employment and Training component?

The Department is being asked by the Department of Labor (DOL) to budget for RSA's to cover a statistical review of the STEP program by DOL, and employment assistance services to STEP program participants by DOL. The RSA's are appropriately being budgeted for within the State Employment and Training (STEP) component, but contributions are being planned for and budgeted from each of the Service Delivery Areas. The Statewide Service Delivery component represents the Statewide Service Delivery Area, and as such is contributing 120.0.

- 3) How many people are budgeted within the Housing Program and where are they located?

The Housing Loan Administration component includes ²⁴~~25~~ full-time positions funded 100% by House Loan Funds. The Senior Housing Development component includes 2 full-time positions funded 100% by interagency funds from Alaska Housing Finance Corporation. Attached is an organizational chart which shows the location of these positions.

Other operating budget components also include support positions funded in part by Housing Loan Funds by means of Reimbursable Services Agreements: Administrative Services (three positions--two in Juneau and one in Anchorage), Statewide Service Delivery (three positions--one in Nome and two in Fairbanks), and Community Development Assistance (one position in Anchorage).

- 4) What is the reason for the substantial decrease in the grants line of the Energy Conservation component, between FY91 Actual and FY92 Authorized?

The FY91 actual amount of 851.5 includes an unbudgeted reimbursable services agreement (RSA) with the Department of Health and Social Services for the Low Income Residential Energy Conservation program (LIHEAP). The FY92 authorized amount of 134.2 does not include that program, although about 700.0 is now being planned for LIHEAP. Therefore, an unbudgeted agreement will be processed for current year, and again in FY93 for a similar amount. The agencies have agreed to budget for LIHEAP for FY94, since it will be ongoing.

Sincerely,

Remond Henderson for

Edgar Blatchford
Commissioner

Attachment

cc: Senator Al Adams
Remond Henderson, Director, DAS
Robert Brean, Director, RDD

Revision Date: April 13, 1992
 Title: An Act Relating to Powers and Functions of Alaska Housing Finance Corporation
 Sponsor: S State Affairs

Department Affected: CR & A
 BRU: Employment Training/Rural Dev.
 Component: Housing Loan Administration

Requestor: S. State Affairs

COMPONENT SERIAL NO. 0697

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	(1474.4)	0	0	0	0	0
TRAVEL	(190.9)	0	0	0	0	0
CONTRACTUAL	(1274.9)	0	0	0	0	0
SUPPLIES	(15.0)	0	0	0	0	0
EQUIPMENT	(10.0)	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	(2965.2)	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING: (THOUSANDS OF DOLLARS)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE: 1064 <i>Housing</i>	(2965.2)	0	0	0	0	0
TOTAL <i>Receipts</i>	(2965.2)	0	0	0	0	0

POSITIONS:

FULL-TIME	(24)	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact:

ANALYSIS: (Attach a separate page if necessary.)
 Programs, responsibilities, staff and functions as outlined in legislation of this component are being transferred to AHFC. This fiscal note represents the transfer from the DCRA FY 93 Operating Budget.

Prepared By: Robert L. Brean *RLB* 4-10-92
 Division: Rural Development

Phone: (907)259-4607
 Date: April 10, 1992

Approved by Commissioner: *CR, Peters*
 Agency: Community and Regional Affairs

Date: 4-13-92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Leg. Office & Impacted Agency(ies).
 Rev 10/91

Revision Date: April 13, 1992
 Title: An Act Relating to Powers and Functions of Alaska Housing Finance Corporation
 Sponsor: S State Affairs

Department Affected: CR & A
 BRU: Employment Training/Rural Dev.
 Component: Senior Housing Development

Requestor: S. State Affairs

COMPONENT SERIAL NO. 14115

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	(107.6)	0	0	0	0	0
TRAVEL	(20.0)	0	0	0	0	0
CONTRACTUAL	(11.8)	0	0	0	0	0
SUPPLIES	(3.0)	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	(142.4)	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING: (THOUSANDS OF DOLLARS)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE: 1007 <i>AHFC</i>	(142.4)	0	0	0	0	0
TOTAL <i>S/L</i>	(142.4)	0	0	0	0	0

POSITIONS:

FULL-TIME	(2)	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact:

ANALYSIS: (Attach a separate page if necessary.)
 Programs, responsibilities, staff and functions as outlined in legislation of this component are being transferred to AHFC. This fiscal note represents the transfer from the DCRA FY 93 Operating Budget.

Prepared By: Robert L. Brea *Robert L. B* Phone: (907)259-4607
 Division: Rural Development *4-10-92* Date: April 10, 1992

Approved by Commissioner: *Commissioner* Date: 4-15-92
 Agency: Community and Regional Affairs

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Leg. Office & Impacted Agency(ies).
 Rev 10/91

*3/13/92
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PERSONNEL SERVICES EXPENDITURES DETAIL REPORT
 DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS SCENARIO 1
 COMMUNITY HOUSING LOAN ADMINISTRATION 1997 FUNDAMENTAL TRAINING 200 - 02

PCN	JOB CLASS TITLE	F	LOC	V	ES	RATE	300	PRET	ANN	TOTL
213001	DIVISION DIRECTOR	F	004	02	000	04977	12.00	0	22441	40718
213002	DEP DIR HOUSING ASSIST	F	004	03	257	3647	12.00	0	22497	40763
213003	SECRETARY I	F	004	03	104	1466	12.00	0	13803	40311
213004	PROJECT COORD	F	004	03	167	4211	12.00	0	17762	40773
213005	LOAN EXAMINER II	F	004	03	170	4259	12.00	0	18380	41239
213006	FIELD OFFICE ASSISTANT	F	004	03	100	2674	12.00	0	13010	37720
213007	LOAN EXAMINER II	F	004	03	170	4600	12.00	0	16374	41239
213008	CLERK TYPIST III	F	004	03	281	2370	12.00	0	12157	35314
213009	LOAN EXAMINER II	F	004	03	177	3316	12.00	0	13734	37720
213011	LOAN EXAMINER II	F	004	03	170	4795	12.00	0	20400	41239
213012	LOAN EXAMINER III	F	004	03	150	4418	12.00	0	17300	41239
213013	LOAN EXAMINER III	F	004	03	192	4164	12.00	0	18506	40311
213014	LOAN EXAMINER III	F	004	03	080	1920	12.00	0	10727	35314
213015	CLERK TYPIST III	F	004	03	080	1877	12.00	0	10919	34111
213016	CLERK TYPIST III	F	004	03	080	1877	12.00	0	10919	34111
213017	LOAN EXAMINER II	F	004	03	170	4021	12.00	0	17575	37720

MONTHLY RATE IS BASE RATE. OTHER AMOUNTS INCLUDE 5.57000 % COLA IF APPLICABLE
 019-1 STATUS: AVAILABLE ACROSS: READY REL COL: PROTECTED

R201DETR 03/10/82 PERSONAL SERVICES EXPENDITURES DETAIL REPORT PAGE:

DEPARTMENT OF HOUSING, IT & REGIONAL AFFAIRS SCENARIO :

COMP: HOUSING LOAN ADMINISTRATION DRG. EMPLOYEES TRAINING. BUREAU OF

PCN	JOB CLASS TITLE	1	2	3	4	5	6	7	8	9	10
		1	2	3	4	5	6	7	8	9	10
213017	ACCOUNTING TECH III	F	ESA	08	100	0141	12.00	0	10885	10885	10885
213020	LOAN CLOSER II	F	ESA	08	100	0100	12.00	0	10885	10885	10885
213021	LOAN MANAGER	F	ESA	08	100	0100	12.00	0	10885	10885	10885
213022	ADMIN ASST - <i>GAT</i>	F	ESA	08	100	0100	12.00	0	10885	10885	10885
213023	CLERK TYPIST III <i>D. Comber</i>	F	ESA	08	100	1952	12.00	0	11157	11157	11157
213025	LOAN EXAMINER II	F	ASA	08	172	3258	12.00	0	15475	15475	15475
213083	CLERK TYPIST III	F	ASA	08	080	2749	12.00	0	10745	10745	10745
213088	ACCOUNTING CLERK III	F	ESA	08	100	2207	12.00	0	10211	10211	10211
213098	LOAN EXAMINER I	F	ESA	08	155	2630	12.00	0	14265	14265	14265
213104	ACCOUNTING TECH I	F	ESA	08	100	0015	12.00	0	10361	10361	10361

MONTHLY RATE IS BASE RATE. OTHER AMOUNTS INCLUDE 3.57000 % DOLA IF APPLICABLE

FIDIDETR 03/10/92 PERSONAL SERVICES EXPENDITURES DETAIL REPORT PAGE: 1
 DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS SCENARIO 1
 COMP: HOUSING LOAN ADMINISTRATION BRD: EMPLOYMENT, TRAINING, RURAL DE

PCN	JOB CLASS TITLE	T	S	MATH	NOB	PREM	A	T	
		S	LOC	J	R&E	RATE	DOB	PA	SENEE

COLLUM TOTALS:	PREMIUM PAY	SENESITE	PERSONAL SER
	8	483,942	1,458,112

FULL TIME POSITIONS	15	TOTAL PERSONAL SERVICES	1,458,112
PART TIME & SEASONAL	5	PLUS LUMP SUM PREMIUM PAY	0
NON PERM. POSITIONS	2	SUB-TOTAL	1,458,112
OTHER.....	2	MINUS 2.00000 % VAC. ADJUSTMENT	29,760

TOTAL POSITIONS:	24 24	PERSONAL SERVICES, LINE 103	1,458,352
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MONTHLY RATE IS BASE RATE. OTHER AMOUNTS INCLUDE 3.57000 % COLA IF APPLICABLE

REG12ETR 03/10/92 PERSONAL SERVICES EXPENDITURES DETAIL REPORT PAGE:
 DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS SCENARIO

COMP: SENIOR HOUSING DEVELOPMENT BRD EMPLOY/TRAIN/RURAL DEVELOPMENT

PCN	JOB CLASS TITLE	T	S	MONTH	RATE	3DE	PREM	BENEF	TOTAL
213095	LOAN EXAMINER III	7	224	05	197	4100	12.00	0	1057
213097	CLERK TYPIST III	7	224	05	260	1977	12.00	0	1075

COLUMN TOTALS: PREMIUM PAY 0 BENEFITS 29.792 PERSONAL SERV. 106,410

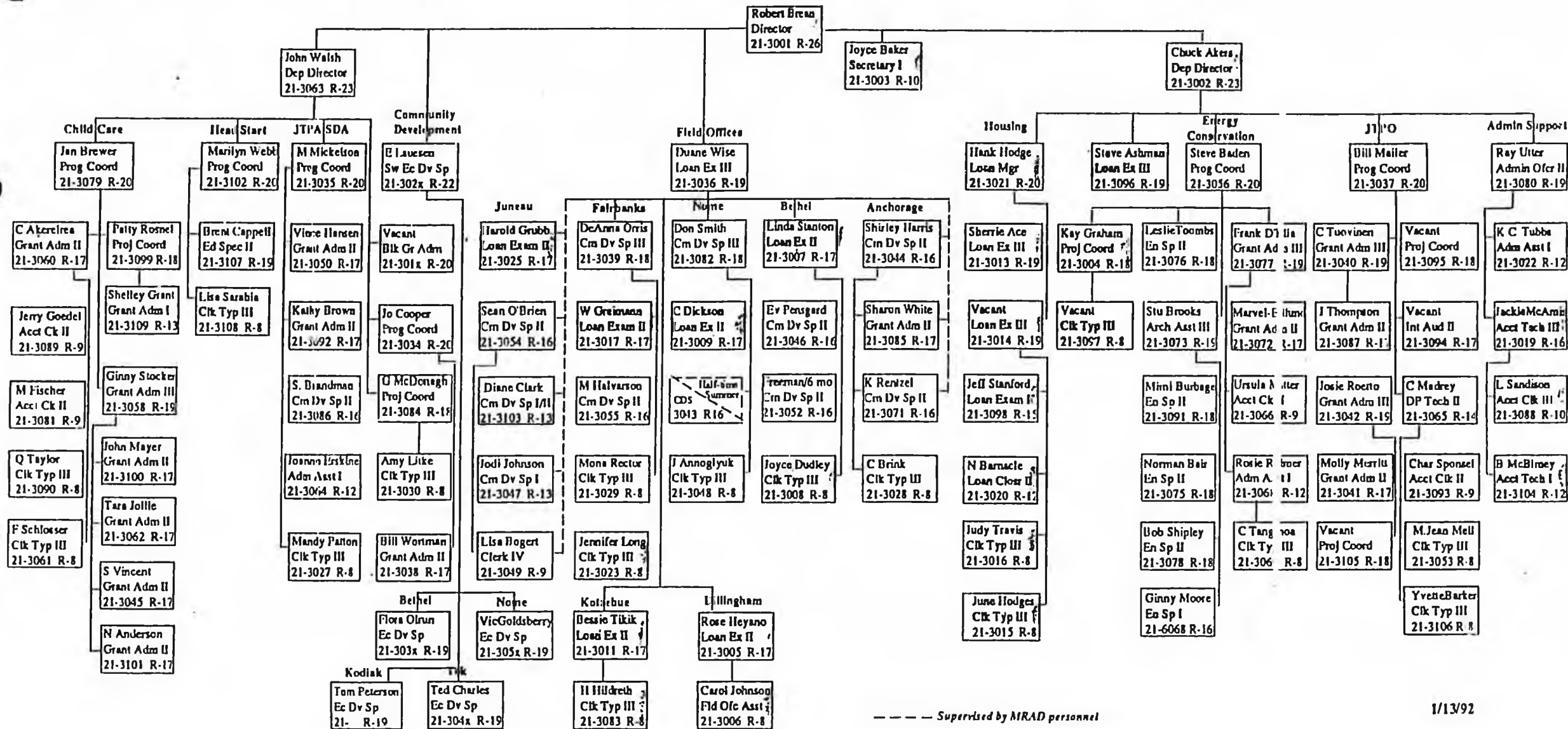
FULL TIME POSITIONS	2	TOTAL PERSONAL SERVICES	106,410
PART TIME & SEASONAL	0	PLUS LUMP SUM PREMIUM PAY	0
NON PERM. POSITIONS	0	SUB-TOTAL	106,410
OTHER.....	0	MINUS 0.00000 % VAC. ADJUSTMENT	0
=====		=====	
TOTAL POSITIONS:	2	PERSONAL SERVICES, LINE 100	106,410

MONTHLY RATE IS BASE RATE. OTHER AMOUNTS INCLUDE 3.57265 % COLA IF APPLICABLE

HOUSING LOAN ADMINISTRATION (25 FT Positions)
 SENIOR HOUSING (2 FT Positions)

Admin. Svcs.: Acct Tech II; Accountant II; Accountant III
 Statewide Svc. Del.: Clerk IV;
 CDS III; CT III
 Comm. Dev. Assistance: Statewide EDS

ALASKA DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
 RURAL DEVELOPMENT DIVISION



--- Supervised by MRAD personnel

1/13/92

Alaska State Housing Authority
624 W. International Airport Rd.
P.O. Box 230329
Anchorage, Alaska 99503

Telephone (907) 567-2813
FAX (907) 786-6218

Alaska State Housing Authority Program Overview

The Alaska State Housing Authority (ASHA) was created in 1945 to provide safe, sanitary, and affordable housing for low-income families, elderly, handicapped, and disabled Alaskans. Primarily funded through the U.S. Department of Housing and Urban Development (HUD), ASHA provides housing throughout Alaska.

ASHA also serves as a catalyst to promote self sufficiency among public housing residents. Its comprehensive approach includes child care programs and scholarships for its clients, the formation of self-governing tenant councils, home ownership programs, and job-training programs.

To qualify for ASHA-assisted housing, an applicant must qualify either as a family; or as an individual by being 62 years of age, or disabled or handicapped. Eligibility for admission is also determined by the family income limits as established by HUD for the area of residence.

The specific housing programs available are Conventional Low Rent, Section 8 New Construction, Section 8 Certificates and Vouchers, Turnkey III, Mutual Help, and Section 8 Additional Assistance. The total number of units currently administered is 4,099 with a total population of nearly 10,000.

These programs are operated with rent paid by the residents and federal housing program subsidies. State funds are not received for program delivery, but have been received in the past for the construction of new units.

The total number of families statewide on waiting lists is 5,625. This figure may include some duplication of families on more than one waiting list.

Section 8 Existing

The Section 8 program combines a unique blend of private-sector cooperation, government subsidies, and self-sufficiency on the part of the participant. It is our most popular and successful public housing activity. The Section 8 Existing program differs from other programs in that the local private rental market is the provider of the dwelling units. This program is available in ten locations: Anchorage, Fairbanks, Juneau, Kenai/Soldotna, Homer, Ketchikan, Sitka, Valdez, Petersburg, and Matanuska/Susitna. The program has a statewide capacity to assist 1,866 families in the certificate program and 561 families in the voucher program. Currently a total of 5,540 people are served by this program.

The qualifying family or individual is issued a certificate or voucher and must locate a suitable dwelling unit in the private sector. The selected dwelling unit is then inspected by ASHA staff to verify that it meets HUD's Housing Quality Standards.

There are two significant differences between the Section 8 certificate and voucher programs. Under the certificate program, the landlord agrees to accept a maximum rent determined by HUD as the Fair Market Rent for the community. Under the voucher program, the participant may locate a unit renting for more than the Fair Market Rent and agrees to personally pay the difference. This allows more participants to locate homes in a tight housing market, but can also cause them to pay more than 30 percent of their income toward rent. Another difference is that with the voucher, the participant may move, even to another state.

Conventional Low Rent

ASHA owns, manages, and maintains 1,204 units in the Conventional Low Rent program. There are 335 elderly units and 869 family units located across the state. Currently, a total of 3,132 people live in these units.

Funding sources for the Conventional Low Rent programs are from the rents paid by the participants and operating subsidies received from HUD. Residents in a Low Rent dwelling unit contribute 30 percent of their adjusted gross income toward rent.

Construction expenditures for units within this program have been provided by long-term notes and bonds paid by HUD. In the 1980s, the State of Alaska also contributed to construction of Low Rent units.

Section 8 New Construction

Four Alaska communities have projects known as Section 8 New Construction: Golden Towers, Fairbanks; Sunset View, Cordova; Glacier View, Seward; and Chugach View, Anchorage. These properties have a total of 260 units built exclusively for occupancy by the elderly. Additionally, in Anchorage there is a family complex consisting of 17 dwelling units known as Plamigan Park. These complexes remain fully occupied, with waiting lists of eligible applicants seeking to move in. A total of 451 people are currently served by this program.

The Section 8 New Construction properties were originally financed through notes payable to the State of Alaska. Rents are subsidized by HUD and used in payment of remaining obligations on the structures. Residents in these complexes contribute 30 percent of their adjusted gross income toward rent.

Turnkey III

Families selected to participate in the Turnkey III program must be low income. This special program, operated only in rural Alaska, makes provision for a low income family that is selected to sign a lease/purchase option contract. This contract provides that the

family may have an opportunity to purchase a home at the development cost and provide their own maintenance in addition to all utilities. Participants contribute a maximum of 30 percent of their income as rental payments, with a small portion set aside for reserve accounts which may be applied at the time of purchase as a credit to the amortized balance. At the present time, 78 of the 85 participants located in Bethel and Nome have completed the purchase of their homes.

Mutual Help

Mutual Help is a remote housing program operated as a lease/purchase option in ten Alaskan locations. Of the 200 units originally constructed, 107 have been sold. Mutual Help residents of Ambler, Goodnews Bay, Holy Cross, Kaltay, Wainwright, Kwethluk, Manokotak, Mekoryuk, New Stuyahok and Unalakleet may convert from renters to owners upon retirement of the administrative fees due on their individual account or rental management. Development debt in these locations is paid in full.

Section 8 Additional Assistance

The only program of Section 8 Additional Assistance operated by ASHA is located in Wrangell, where there are 33 family units, serving 80 people. This program is operated under criteria similar to that of Low Rent and Section 8 New Construction programs. A distinction is made in accounting for long term indebtedness of the original construction expenditures.

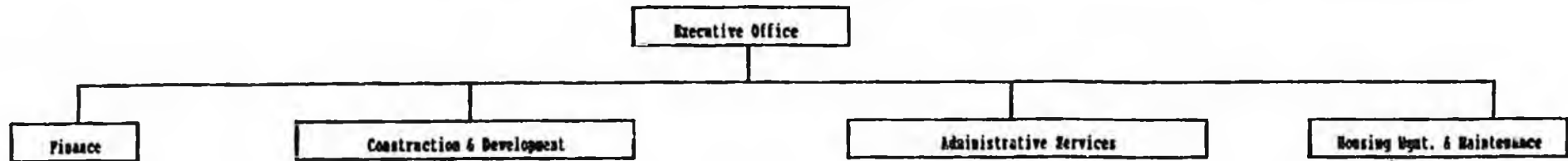
The families pay 30 percent of their adjusted gross income toward the rent. Additional rent is subsidized by the federal government to cover some program operating expenses.

Other

ASHA owns and operates the Alpine Terrace Apartment complex in Anchorage. This 48-unit complex has six project-based Section 8 certificates.

Alaska State Housing Authority

Functions by Department



EXECUTIVE OFFICE (7 administrative employees)

Implements and interprets the policies, provides in-house coordination and support in developing new and ongoing programs in harmony with HUD's goals; and maintains and encourages political partnerships at local, state, and federal levels

Executive

- Operates the Agency
- Implements and interprets policy
- Program oversight
- Political partnerships
- Administrative support to the Board of Directors
- Legislative advocacy

Legal

- Counsel to Board and Agency
- Legal review and research
- Legal operations of evictions and collections

Communications/Public Relations

- Contact for media, media events
- Writes/coordinates Annual Report
- Writes/coordinates Agency newsletter
- Press releases
- Clearinghouse for news clippings
- Legislative contact & clearinghouse
- WordPerfect & E-Mail training for Agency

FINANCE (12 administrative employees)

Maintains accounting and financial reporting for 163 various federal and nonfederal funds and projects in accordance with GASB, GAAP, and HUD guidelines associated with Special Revenue, Enterprise, General, Pined Asset Group, and Proprietary, etc., funds. Provides administrative and financial support services to the ASHA departments and program beneficiaries.

- Program Accounting
- Accounts Payable
- Accounts Receivable
- Payroll - Union and non-union
- Invests funds
- Highly specialized federal and non-federal financial reporting
- Coordinates financial and management audits, and responses to any findings
- Maintains mortgage and bond financial files

CONSTRUCTION AND DEVELOPMENT (10 administrative employees)

Oversees all modernization and new construction capital projects; develops new programs, and secures funding for the agency.

- Maintains day-to-day contact with local HUD office personnel, providing information as required by HUD regulations for construction and modernization functions
- Project management services for modernization and new construction capital projects
- Identifies and abates hazardous materials in Agency-owned properties

Fund/Program Development

- Viability reviews of proposed projects
- Researches and designs new programs
- Coordinates program development among departments and other agencies
- Locates and secures funding sources for Agency projects
- Coordinates and writes funding applications
- Prepares information for funding applications to HUD

Policy Analysis

- Policy analysis
- General research program administration
- Administers Low-Income Housing Tax Credit Program
- Clearinghouse for Resolution Trust and Federal Home Loan Bank properties

04/15/92 10:28

ACTIVE CONSTRUCTION AND MODERNIZATION PROJECTS - LOW RENT			
	Total Budget	Remaining Funds	% Complete
Comprehensive Improvement Assistance Program (CIAP)			
Geneva Woods, Phase I (Juneau)	\$578,054	\$2,134	99%
Geneva Woods, Phase II	508,279	34,904	99%
Geneva Woods, Phase III	1,256,000	1,245,791	9%
Park View Security Entrance (Anchorage)	187,520	178,370	90%
Birch Park Demolition (Fairbanks)	1,301,630	240,437	90%
Loussac Manor (Anchorage)	2,339,195	2,315,428	9%
Sea View Terrace (Ketchikan)	204,960	187,344	45%
Handicap Accessibility of ASHA Community Buildings (statewide)	246,456	61,317	95%
	\$6,622,094	\$4,265,725	
Major Reconstruction of Obsolete Public Housing (OROP)			
Bethel Heights Reconstruction	\$4,510,324	\$1,402,235	80%
Development			
Chugach View	\$11,363,636	\$453,980	95%
Fairbanks Affordable Rental Housing	8,540,000	8,041,344	25%
Willow Park Replacement Acquisition	13,830,000	4,790,458	75%
	\$22,370,000	\$13,285,782	
GRAND TOTAL	\$33,502,418	\$18,953,742	

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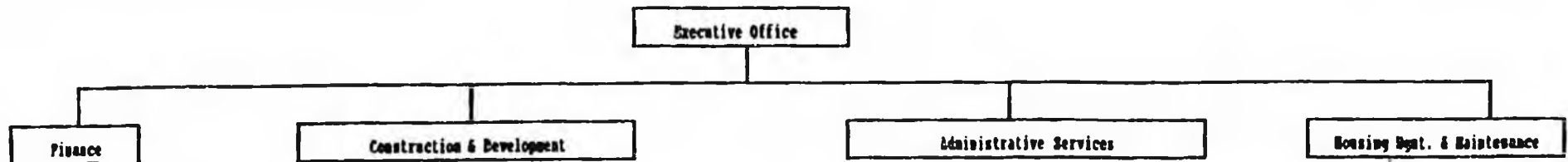
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CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

Alaska State Housing Authority

Functions by Department



EXECUTIVE OFFICE (7 administrative employees)

Implements and interprets the policies, provides in-house coordination and support in developing new and ongoing programs in harmony with HUD's goals; and maintains and encourages political partnerships at local, state, and federal levels

Executive

- Operates the Agency
- Implements and interprets policy
- Program oversight
- Political partnerships
- Administrative support to the Board of Directors
- Legislative advocacy

Legal

- Counsel to Board and Agency
- Legal review and research
- Legal operations of evictions and collections

Communications/Public Relations

- Contact for media, media events
- Writes/coordinates Annual Report
- Writes/coordinates Agency newsletter
- Press releases
- Clearinghouse for news clippings
- Legislative contact & clearinghouse
- WordPerfect & E-Mail training for Agency

FINANCE (12 administrative employees)

Maintains accounting and financial reporting for 16) various federal and nonfederal funds and projects in accordance with GASB, GAAP, and HUD guidelines associated with Special Revenue, Enterprise, General, Pined Asset Group, and Proprietary, etc., funds. Provides administrative and financial support services to the ASHA departments and program beneficiaries.

- Program Accounting
- Accounts Payable
- Accounts Receivable
- Payroll - Union and non-union
- Invests funds
- Highly specialized federal and non-federal) financial reporting
- Coordinates financial and management audits, and responses to any findings
- Maintains mortgage and bond financial files

CONSTRUCTION AND DEVELOPMENT (10 administrative employees)

Oversees all modernization and new construction capital projects; develops new programs, and secures funding for the agency.

- Maintains day-to-day contact with local HUD office personnel, providing information as required by HUD regulations for construction and modernization functions
- Project management services for modernization and new construction capital projects
- Identifies and abates hazardous materials in Agency-owned properties

Fund/Program Development

- Viability reviews of proposed projects
- Researches and designs new programs
- Coordinates program development among departments and other agencies
- Locates and secures funding sources for Agency projects
- Coordinates and writes funding applications
- Prepares information for funding applications to HUD

Policy Analysis

- Policy analysis
- General research program administration
- Administers Low-Income Housing Tax Credit Program
- Clearinghouse for Resolution Trust and Federal Home Loan Bank properties

Alaska State Housing Authority

- 2 -

Functions by Department

ADMINISTRATIVE SERVICES (17 administrative employees)

Provides service and support on issues related to development, implementation, and administration of operational systems, policies, and procedures of the Agency. Primary goals are to facilitate the cost-efficient operation of the Agency and to ensure maximum utilization of the Agency's human, electronic, and material resources; and to continually service the various divisions to ensure that there are no interruptions or reductions in program progress or in services to the public.

Procurement

- Purchasing/contracting
- Property and vehicle inventory;
- Property surplus
- Contract compliance monitoring

Management Information Systems

- Mini Computer operations
- Computer data entry
- Personal computer support
- Personal computer purchasing
- Coordination of mini computer, hardware, software, implementation, budget

Risk Management

- Secures and manages the following coverage: fire and extended coverage, comprehensive general liability, commercial automobile, fidelity bond, boiler coverage, electronic data processing, workers' compensation, group travel, and accident

Human Resources

- Equal Opportunity and Affirmative Action compliance
- Federal Section 504 compliance
- Human resources planning and forecasting
- Employee relations and organizational analysis
- Coordination of employee training and development

Other

- Desktop publishing
- Video and photo production
- Production of Annual Report
- Production of Agency newsletter
- Photographs and displays for media events

HOUSING MANAGEMENT AND MAINTENANCE (57 administrative and 54 bargaining unit maintenance employees, located in 14 communities statewide)

Responsible for the management and maintenance of 1,590 Agency owned properties, and the administration of 2,364 private-sector Certificates and Vouchers under the Section 8 Existing Housing Assistance Program. Operates a shrinking Turnkey III program and continues to collect outstanding debts for the Mutual Help program.

Housing Management

- Client intake and eligibility for ASBA-owned and private sector properties
- Maintains waiting lists (currently 6,150 families)
- Issues Section 8 Certificates/Vouchers to qualified applicants
- Rent collections
- Manages housing units/programs
- Inspects and certifies private-sector housing for the Section 8 program
- Community representation of ASBA, including homeless task force & coalition
- Program audits
- Policies and procedures development and implementation
- Resident services
- Compliance with physical requirements of Section 504

Maintenance

- Hands-on maintenance activities supporting 1,590 housing units in twelve communities throughout Alaska
- Yearly physical improvements
- Maintains contact with local HUD office personnel, providing information as required by HUD regulation for maintenance functions

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ACTIVE CONSTRUCTION AND MODERNIZATION PROJECTS - LOW RENT			
	Total Budget	Remaining Funds	% Complete
Comprehensive Improvement Assistance Program (CIAP)			
Geneva Woods, Phase I (Juneau)	\$578,054	\$2,134	99%
Geneva Woods, Phase II	508,279	34,904	99%
Geneva Woods, Phase III	1,256,000	1,245,791	9%
Park View Security Entrance (Anchorage)	187,520	178,370	95%
Birch Park Demolition (Fairbanks)	1,301,630	240,437	18%
Louiseac Manor (Anchorage)	2,339,195	2,315,428	99%
Sea View Terrace (Ketchikan)	204,960	187,344	91%
Handicap Accessibility of ASHA Community Buildings (statewide)	246,456	61,317	25%
	06,622,094	\$4,265,725	
Major Reconstruction of Chgolete Public Housing (MRCP)			
Bethel Heights Reconstruction	\$4,510,324	\$1,402,235	31%
Development			
Chugach View	\$11,363,636	\$453,980	4%
Fairbanks Affordable Rental Housing	8,540,000	8,041,344	94%
Willow Park Replacement Acquisition	13,830,000	4,790,458	35%
	\$22,370,000	\$13,285,782	
GROSS TOTAL	\$33,502,418	\$18,953,742	

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ALASKA STATE HOUSING AUTHORITY
 FINANCIAL INFORMATION FOR THE FISCAL YEAR ENDING MARCH 31, 1991

HUD SUBSIDY	4,505,272	7,050,503	2,214,649	1,440,128	0	114,966		0	15,533,518	
RENTAL OPER RECEIPTS	3,440,737			1,100,006	88,943	116,282	949,190	975	5,776,133	
# OF CLIENTS	3,103	5,800	"	327	**	**	**	**	9,516	*INCLUDED IN 80 CERTIFIED **COMBINED TOTAL = 206
ADMIN FEES EARNED		825,666	210,641						1,044,277	
TOTAL ASSETS	83,774,015	376,044	155,902	3,415,652	7,720,124	646,470	5,465,740	3,805,124	105,367,071	
TOTAL LIABILITIES	47,840,288	185,940	103,135	260,878	7,359,440	429,205	453,947	1,564,955	58,213,788	WRANGELL NOTE P&I = 370,804 89 HOV PRIN = 1,686,171
FUND BALANCE-SURPLUS	35,925,727	190,104	52,767	2,698,208	368,684	217,265	5,011,793	1,181,280	45,645,900	
OPERATING RESERVE	3,333,939	740,827	131,443		210,064			87,508	4,503,781	
LOCATIONS	30			5	2	1		10	48	
FEDERAL/STATE FUNDING	FED	FED	FED	FED	FED	FED	NON-FED	FED		

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DEPARTMENT OF COMMUNITY AND
REGIONAL AFFAIRS

MUNICIPAL & REGIONAL ASSISTANCE DIVISION

333 W. 4TH AVENUE, SUITE 220
ANCHORAGE, ALASKA 99501-2341
PHONE: (907) 269-4500

P.O. BOX 348
BETHEL, ALASKA 99559-0348
PHONE: (907) 543-3475

P.O. BOX 295
DILLINGHAM, ALASKA 99576-0295
PHONE: (907) 842-5135

1001 NOBLE ST., SUITE 430
FAIRBANKS, ALASKA 99701-4948
PHONE: (907) 452-7126

P.O. BOX 112100
JUNEAU, ALASKA 99811-2100
PHONE: (907) 465-4750

710 MILL BAY RD.
KODIAK, ALASKA 99615-6340
PHONE: (907) 486-5736

P.O. BOX 350
KOTZEBUE, ALASKA 99752-0350
PHONE: (907) 442-3696

P.O. BOX 41
NOME, ALASKA 99762-0041
PHONE: (907) 443-5457

April 14, 1992

The Honorable Pat Rodey
Alaska State Legislature
State Capitol Building, Room 113
Juneau, Alaska 99811-1182

RE: DCRA Housing Loan Program/SS HB 152

Dear Senator Rodey:

In the course of our discussion in the Senate State Affairs Committee about the rural housing loan program administered currently by the Department of Community and Regional Affairs, it was apparent there is some confusion about the current and amended definitions of "rural" and who may be served under those definitions. This letter summarizes the oral and written testimony that has been provided on those issues to the Senators hearing SB 402 and the Representatives hearing HB 431. Those are companion bills that amend the definition of rural contained in AS 44.47.560.

As presently written, the definition of rural means a community in the first judicial district with a population of 4500 or less and a community in the rest of the state with a population of 4500 or less that is not connected by road or rail to Fairbanks or Anchorage. SB 402 and HB 431 amend that rural definition. The amended definition of rural has been included in SS HB 152 on page 57 of the draft. The amended definition raises the population cap on a rural community from 4500 to 5500, unless that community is connected by road or rail to Anchorage or Fairbanks, in which case the population cap is 1500.

Bethel (4674) and Nome (4559) are now over the population cap as the statute is presently written and we have suspended our lending activity in those communities. We were asked what other cities might be approaching the 4500 cap. We provided the following list of the next largest cities after Bethel and Nome that are not connected by road or rail to Anchorage or Fairbanks: Petersburg (3680), Barrow (3469), Unalaska (3450), Kotzebue (3075), Cordova (2504), and Wrangell (2479).

Senator Rodey
April 14, 1992
Page Two

In addition, we were asked to provide a list of communities under 1500 that are attached to Anchorage or Fairbanks by road or rail and could be served by our loan program if the rural definition is amended as requested. That list is attached.

I hope this letter provides clarification where there was apparently some confusion. If you have any additional questions about this matter, please let me know.

Sincerely,



Sandra J. Wicks
Deputy Director

Enclosure

cc: Sen. Jim Duncan
Sen. Paul Fischer
Sen. Pat Pourchot
Sen. Dick Schultz
Sen. Rick Uehling
Rep. Kay Brown
Rep. Ivan M. Ivan

Rural Communities Connected by Road or Rail to Anchorage or Fairbanks

1992 Population of Community

866 Anchor Point
 628 Anderson
 400 Big Delta
 147 Cantwell
 52 Central
 * Chena Hot Springs
 145 Chickaloon
 60 Chistochina
 49 Chitina
 73 Circle
 29 Circle Hot Springs
 79 Clam Gulch
 243 Cooper Landing
 449 Copper Center
 70 Dot Lake
 106 Dry Creek
 169 Eagle
 147 Ester
 275 Fox
 25 Gakona
 451 Glennallen
 103 Gulkana
 487 Healy
 161 Hope
 738 Houston
 383 Kasilof
 267 Kenny Lake
 272 Knik

1992 Population of Community

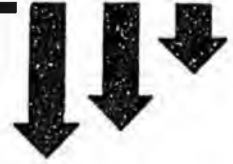
* Livengood
 38 Lower Tonsina
 96 Manley Hot Springs
 25 McCarthy
 171 McKinley Park
 37 Mendaltna
 96 Mentastna Lake
 81 Moose Pass
 * Nabesna
 * Nelchina
 555 Nenana
 456 Ninilchik
 1456 North Pole
 123 Northway
 88 Northway Junction
 30 Paxson
 * Petersville
 63 Slana
 308 Sutton
 250 Talkeetna
 106 Tanacross
 247 Tazlina
 87 Tetlin
 935 Tok
 38 Tonsina
 299 Whittier
 285 Willow
 33 Wiseman

* Population unknown at this time but under 1500.



713 15th Ave. • Fairbanks, Alaska 99701 • (907) 452-5323

INTERIOR WEATHERIZATION, INC.



DATE: April 14, 1992

TO: Members, Senate State Affairs Committee

FROM: Robert Maxwell, Executive Director

RE: Work Draft SCS for HB 152 - Alaska Housing Programs

As stated in the sectional analysis of this work draft "the bill ensures adequate financial resources are available to address Alaska's low income and special housing needs." The low income weatherization program has been addressing the housing rehabilitation and energy conservation needs of thousands of Alaskan low income residents on an annual basis. Every year, hundreds of low income Alaskans are required to wait an entire winter for weatherization assistance due to a chronic lack of funding. Under the weatherization program regulations, priority is given to households containing elderly and/or handicapped residents. With the exception of some limited urban areas of the state, weatherization has been the only housing assistance program available to the low income who often find themselves burdened with extremely substandard housing.

The analysis continues to emphasize this condition by the following, "Most importantly, the merger will ensure future money to subsidize rural and urban housing needs of those Alaskans who are least able to afford safe, sanitary, and energy efficient housing." Since this is a dramatic departure from the past activities of AHFC, it is heartening to see that the expanded Board of Directors will have a composition that should be favorable to the needs of weatherization recipients.

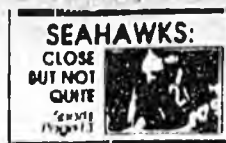
However, the statement made at the April 13, 1992 hearing by the Director of AHFC that weatherization will have to come before the Board for continued funding has raised some concerns among the weatherization providers in the State. Weatherization providers have not yet been able to meet with the Director of AHFC, nor attend any of the work sessions. This is not due to a lack of desire but because of conflicting schedules exacerbated by the beginning of the weatherization program cycle in which the hundreds of applicants who have been waiting up to a year for assistance can begin to receive assistance. Weatherization providers are concerned that this type of situation may exist when it is time to come before the Board for continued funding, and would therefore like to see some language added to this work

draft that would assist in the selection of a low income representative that has an understanding of the needs of the low income weatherization program and its clients. This could be as simple as changing the wording to read "representative of low income and weatherization interests." This change would not restrict highly qualified people from serving in this position.

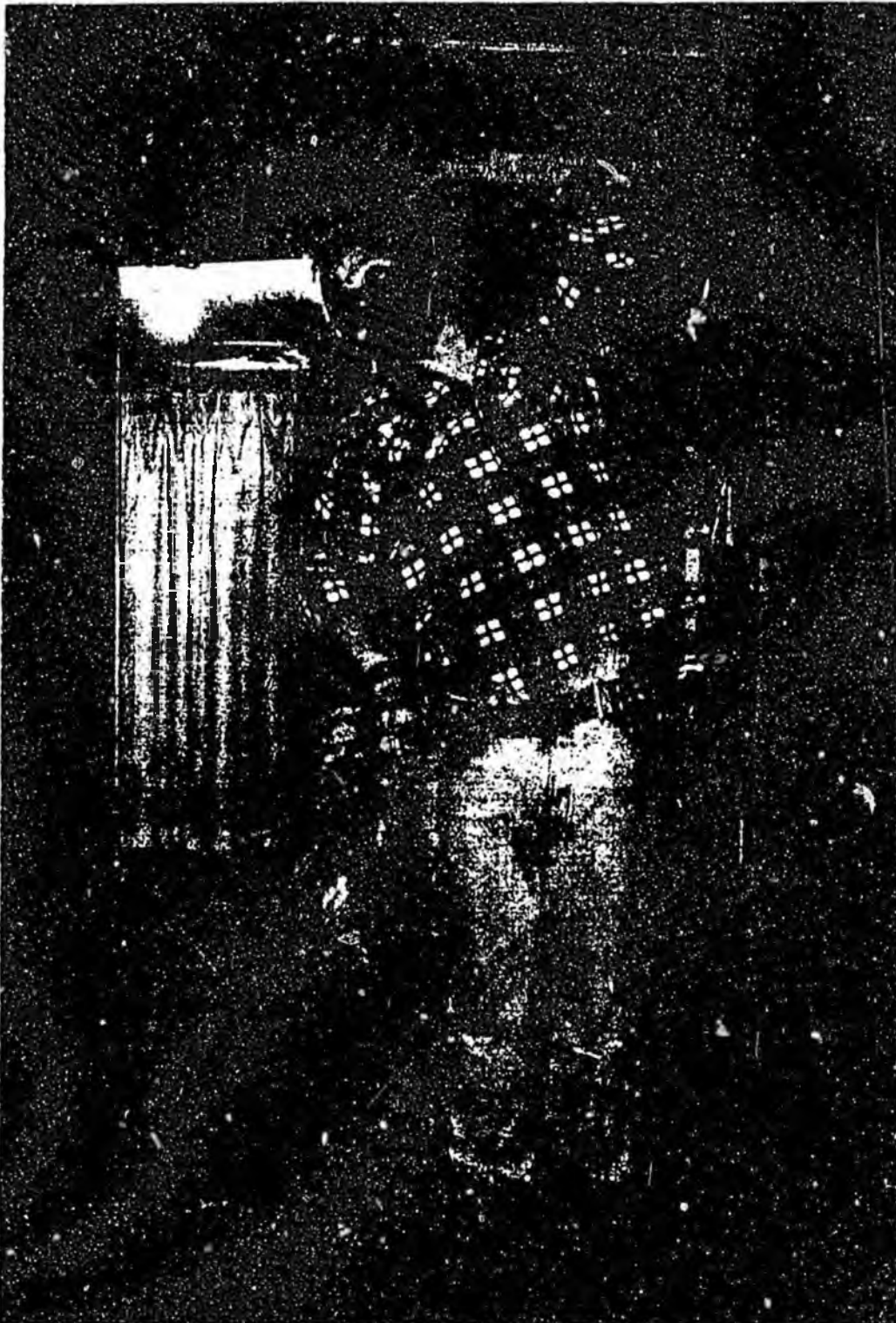
Federal funding for weatherization in Alaska has been helpful, and in some years essential; but as is the case with many federal programs, the amount of money available per dwelling under federal regulations is the same for Alaska as it is for Florida. The weatherization needs of Alaskans far exceed those of Floridians and it is only with non-federal funds that the Alaska low income weatherization program has been able to come close to addressing the needs of Alaskans.

Weatherization providers applaud the hard work and effort that has gone into this bill, we see and appreciate the fact that there has been an obvious effort to find continued funding for the many programs included in this merger. Our only other concern is that there should be some mention within this bill of the federally recognized weatherization subgrantees grandfathered under 10 CFR 440.15(a)(3) as the weatherization service providers. These organizations have made long term commitments to providing quality weatherization services throughout the state. They have many years of experience in the areas they serve. They are committed to providing the best weatherization possible and are responsible for Alaska being on the cutting edge of weatherization and retrofit building science in this country.

I appreciate your time and attention to these concerns and want to express my thanks for encouraging public participation in this matter.



Strangers help out needy widow



Mike Mathers/News-Miner

HOME IMPROVEMENT—Ruby Hensley jokes with Craig Fowler of Tradewinds Construction as he installs a ceiling in her home. Interior Weatherization Inc., a state program that weatherizes homes for low-income people, hired Tradewinds to finish her ceiling. The program will also repair her leaking roof this spring.

By LIN GALE
Staff Writer

When Ruby Hensley goes to bed, she no longer stares up at sagging sheets of insulation in an unfinished ceiling.

Since the News-Miner reported on the 64-year-old widow's financial difficulties in an article Dec. 9, strangers have stepped in to finish her home, buy her heating oil, and donate cash.

"Everybody was so wonderful I almost went beside myself," Hensley said.

Hensley's husband died in 1988, leaving behind \$3,000 worth of unpaid bills, an unfinished house in South Fairbanks, and no life insurance.

Since her husband's death, Hensley has struggled to make ends meet on a \$703 monthly Social Security check and by selling her late husband's tools.

She remains on a fixed income that leaves no room for extras, but Hensley's situation is a little brighter today.

When the News-Miner reported on Hensley's plight, the ceilings in her home were unfinished and her roof leaked. About half of her house was kept unheated. The rest was kept at near 60 degrees. Of her \$703 monthly income, she was spending about \$200 a month for heating oil and about \$200 a month for prescriptions to deal with crippling osteoporosis and arthritis.

The week following publication of the story, a dozen individuals came forward to donate money to Hensley, and to help heat and repair her home, she said.

"A Sourdough man in the big truck drove up and said, 'I'm going to fill your tank, somebody donated 109 gallons.' It's been a real blessing, I tell you it has. It's been wonderful," Hensley said.

Others sent more than \$100 anonymously, which she said she put in the bank to pay bills.

Love Inc., a non-profit organization of church volunteers that helps people, arranged for someone to shovel Hensley's leaky roof through the winter. She was paying \$50 each time snow accumulated.

A team of carpenters from Interior Weatherization Inc., a state program that weatherizes homes of low-income residents to conserve energy, arrived at

(See HOME, Page 5)

HOME: Widow helped

(Continued from page 1)

her home last week to finish her ceiling with a plastic vapor barrier and plywood.

The carpenters plan to repair her roof this spring. Before the repairs, sheets of fiberglass insulation sagged from her uncovered ceiling.

The finished ceiling should cut Hensley's heating bills by about 25 percent, said Bob Maxwell, director of the weatherization program.

"It won't be nothing fancy, but it will serviceable, and make it a lot warmer in here, and cut down on my fuel bills," Hensley said.

Hensley turned down offers from several building contractors to repair her home, because the weatherization program had already contacted her about the repairs, she said.

"People are just awful lovely, you know," she said. "I appreciate it very much and I thank the Lord for them too. It's a blessing."

Those who wish to help other Alaska pioneers in difficult situations can contact several organizations. An estimated 1,000 senior citizens in the Fairbanks North Star Borough survived on incomes of less than \$8,600 in 1989, according to the

Older Persons Action Group in Anchorage.

Love Inc. coordinates volunteers from 34 local churches who want to help people in need. The organization also enlists the help of individuals, including those willing to shovel roofs and walkways for elderly and disabled people incapable of doing it themselves, said director Terri Reichardt.

"If anyone wants to shovel, please give us a call and we'll get their names down. And if anyone needs shoveling, they can give us a call," she said.

Love Inc. knows of nearly 3,000 volunteers available to help people, including snow shovelers, attorneys, doctors, dentists and budget counselors, Reichardt said.

Those who need help can call 452-5683. Those who wish to volunteer help can call 452-3876.

The Senior Citizen Center on Moore Street also assists people who are 60 and over.

"People call and let the center know about seniors in trouble," said Kathy Irving, community resource coordinator.

The center investigates their problems, and refers them to agencies, Love Inc. or people who want to help, Irving said. The center's number is 452-1735.

Weatherization explained

Jan. 3, 1991
713 15th Ave.
Fairbanks, AK 99701

To the editor:

Since your article "Strangers help out needy widow" regarding our program appeared on the front page of your Dec. 31 issue, there have been a few questions put forth to me that I would like to clear up. The foremost being that Interior Weatherization, Inc. is an independent non-profit corporation and donations to us are tax deductible.

We operate the low-income weatherization program here in the Interior for the state of Alaska. This is a program funded through the Department of Community and Regional Affairs with funds from the state and federal governments. We have no problem accepting donations of money or labor to assist the many clients who come to us for help, some of whom are pioneers in situations similar to that of Ruby Kensley.

While we have used all of our available funding for our current contract, the next funding cycle will begin on April 1, 1991, and we are accepting applications for this funding. We are located at 713 15th Ave., and our telephone number is 452-5323. We are also listed in the state blue pages of the phone book under "weatherization." Thank you for this opportunity to clarify who we are and what we do.

Sincerely,

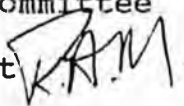
Robert A. Maxwell
Executive Director
Interior Weatherization, Inc.



Alaska Association of the Energy Efficiency Industry

DATE: April 14, 1992

TO: Members, Senate State Affairs Committee

FROM: Robert Maxwell, Vice President 

RE: Work Draft SCS for HB 152 - Alaska Housing Programs

The sectional analysis of this work draft states, "the bill ensures adequate financial resources are available to address Alaska's low income and special housing needs." The analysis continues to emphasize this; "Most importantly, the merger will ensure future money to subsidize rural and urban housing needs of those Alaskans who are least able to afford safe, sanitary, and energy efficient housing."

The Association has been advocating for programs that will have a positive effect on reducing the \$213 million Alaskans spend every year to heat their homes. Since the low income residents of this state are often saddled with the substandard housing that also consumes a greater proportion of energy than any other housing stock, we wholeheartedly endorse the conclusion of the analysis quoted above. Since this is a dramatic departure from the past activities of AHFC, it is heartening to see that the expanded Board of Directors will have a composition that should be favorable to these goals. The Association feels that there could be language added to Section 83 AS 18.56.030 to make it reflect the new composition of the Board. This would assist the Governor and future Administrations in choosing appropriate and qualified representatives. The Association supports adding the words "and weatherization" to the seat designated for the low income representative.

With the exception of some limited urban areas of the state, weatherization has been the only housing assistance program available to low income residents who often find themselves burdened with substandard housing. The difference between receiving and not receiving weatherization for some of these homes is the difference between having shelter or being homeless. Since this type of existing housing is going to continue to be lived in and not replaced under other low income housing programs, it is important that the weatherization program have adequate Board representation to ensure continued funding of this important program.

The Association would like to thank the committee for all of the effort that has gone into this bill. We appreciate your attention and thank you for the opportunity to submit our opinions.



TANANA CHIEFS CONFERENCE, INC.

122 FIRST AVENUE
FAIRBANKS, ALASKA 99701-4897
PHONE (907) 452-8251 FAX (907) 451-8938

MEMORANDUM

DATE: 12 April 1992

TO: Members, Senate State Affairs Committee

FROM: Todd Hoener, Tanana Chiefs Conference Director Housing Services

SUBJECT: CSHB-152, comments for consideration

The concept for the Housing Merger Bill, CSHB-152, was first introduced during public testimony on SB-429, 9 March 1992. To date, a 77-page working draft has been prepared. Tanana Chiefs Conference department of housing services has reviewed the proposal and wishes the committee to consider the following points:

TCC is concerned with rural and village interests. We advocate for people of low-income, for elders and for people with special interests, such as people who are physically impaired and families living in large, overcrowded and substandard situations. TCC has long been a leader and proponent of energy efficiency programs in the villages because such conservation programs reduce economic dependency, create jobs and provide safe and warm living conditions.

In February of this year the Alaska Housing Finance Corporation published the State of Alaska's Comprehensive Housing Affordability Strategy (CHAS) for the U.S. Department of Housing and Urban Development as mandated by the National Affordable Housing Act of 1990. The CHAS cited a rural housing study commissioned by the Department of Community and Regional Affairs that concluded "a continuing, serious deficit exists in access to decent housing for low-income, rural and Native Alaskans." The study found serious overcrowding in village housing due to the fact that past increases in housing stock across the state did not benefit the villages. The study found that existing housing stock in the villages are less than adequate in terms of energy efficiency and in the ability to withstand the stresses of arctic living.

In addition, the study found what villagers have always known: That the private housing market does not function well in the villages. Most village household incomes are either sporadic or seasonal and too low to qualify for DCRA rural homeownership loans, much less AHFC. Establishing credit is almost non-existent. In spite of this, the primary housing need for villages



Alaska Association of the Energy Efficiency Industry

April 10, 1992

TO: Senator Pat Rodey

FR: Barbara Collins, President

Barbara Collins

RE: HB 152

On behalf of the Alaska Association of the Energy Efficiency Industry, I have been following the work you have been doing on HB 152 closely, and I appreciate the open approach you have taken in the work sessions.

I have received the 4/8/92 work draft of the bill and have been reviewing it. I have particularly reviewed section 81. AS 18.56.030 (a) regarding the board of directors. I appreciate the inclusion on the board of a member who is a representative of the residential energy efficient homebuilding industry. I am confident that this representative will offer valuable expertise to the housing corporation at a time when its mission to provide affordable, decent housing is expanding. Unfortunately, too many homes financed by the State in the past have been flimsily constructed, and inefficient.

The current definition for the board seat - a representative of the residential energy efficient homebuilding industry, is flexible and will allow the governor to choose from a broad number of experienced people with the proficiency and background necessary. I believe it is important to keep the definition as currently written and not add another restriction to this board seat, such as limiting it to licensed residential contractors. Such a change would needlessly restrict excellently qualified people from serving in this capacity.

We appreciate your time and attention, and want to thank you for encouraging public participation in this process.

efficiency. Thus, it may be limiting, from an energy efficiency policy perspective, to consider only those within the homebuilding industry as the sole source to represent the energy efficiency seat on the board of directors (Sec. 81 (a) (G)).

In Sec. 70 (1)(A) we would hope that considerations for an unfit dwelling include the inability to keep a place warm and comfortable at the most extreme cold temperatures. Terms like "healthy, energy efficient, comfortable" should be used wherever and whenever reference is used for providing decent, safe and sanitary standard housing to reinforce the purpose and mission of housing needs in Alaska.

We wish to re-emphasize the need for public education concerning energy efficiency and healthy housing techniques and methods as they apply to weatherization, rehabilitation and new construction. AHFC must become the resource public awareness to improving the overall quality of housing in Alaska. Also, the need for demonstration projects that test the ideas for alternative and appropriate housing needs should be clarified within the bill.

Last, for this working draft, we would like a clarification of the funding apparatus or method the bill proposes, especially for the weatherization program, the enhanced weatherization program (rehabilitation). It is still not clear where or how the money will be channeled that are to support the programs transferred to AHFC.

I realize these concerns are somewhat haphazard and dis-jointed, but we did only receive the working draft of 152 and the sectional analysis on Friday. Thank you for your attention at this time.

is for new construction which will address both the housing shortages and replace severely deteriorated housing units.

Until a serious and deliberate plan for the long-term housing short falls of the villages are tackled, weatherization programs, rehabilitation programs and direct new housing grants must continue as the major alternatives for improving village housing conditions in terms of increasing both the energy efficiency and the livable spaces.

With this in mind, please consider the following suggestions and concerns for the working draft of CSHB-152:

The working draft states, within the FINDINGS of Section 1 (3), that "low-income and rural housing needs in the state are critical" and that "nearly 33 percent of Alaskans are considered low-income residents." There is no argument here. Our most immediate concern is that 152 will do little to change this situation as it stands. The majority of the bill addresses existing loan programs that have had almost no benefit for village residents. We are not opposed to the loan programs; we would like to see stronger language in 152 for programs that DO help rural Alaskans, i.e., weatherization, rehabilitation and direct grants for new housing especially for high-priority people. We would also like to see a good-faith effort directed to seeking alternative and more appropriate methods and planning for drastically improving the critical and neglected state of village housing.

We would like to see within the mission statement of Sec 1 (6) the word "weatherization" inserted before or after the word "rehabilitation." And, we would like the word "weatherization" or "rehabilitation" inserted wherever and whenever the text of 152 draws reference to this type of language, e.g., Sec. 5 (7), Sec. 20, Sec. 34 (1), Sec. 88 (b)(1), Sec. 95 (11), etc.

We would like to see a more expanded review process of this merger than simply a biennial report. We wish to insure that the integrity of the mission of past DCRA programs will not be displaced when swallowed by AHFC. We would like to see an accounting of the "human services assets" that will be passed to AHFC, an auditing of the "heart" of AHFC to insure that progress is being made that will address the critical energy and housing needs in the villages and especially those people of special needs and high-priority. TCC would suggest that, at minimum, a yearly report to the legislature for the first five years of this merger be presented so that progress may be more qualified in terms of human needs.

We would hope to see some mention within 152 of the federally recognized weatherization subgrantees grandfathered under 10 CFR 440.15 (a)(3) as the long-standing eligible providers for weatherization programs. These weatherization subgrantees, as mentioned in the State of Alaska's Low-Income Weatherization Assistance Program state plan prepared for the U.S. Department of Energy, have long been the state's advocate for energy

NORTH SLOPE BOROUGH HOUSING DEPARTMENT

P.O. Box 69
Barrow, Alaska 99723

Phone: (907) 852-2611, Ext. 204

John G. Duffy, Director



April 10, 1992

Rep. Eileen MacClean
Alaska State House of Representatives
State Capitol
Juneau, Alaska 99801-1182

Attention: Rena Bukovich

RE: Suggested Revisions to HB 152

Dear Rena:

As we discussed earlier this week, what follows are brief comments concerning Rep. Brown's March 16, 1992 Working Draft of House Bill 152.

As you know, my primary concern is that the composition of the board of directors afford adequate rural representation. The provisions for rural members of the board will not be adequate to counteract the inherent urban bias that often exists in statewide organizations. Although, of course, the population is overwhelmingly concentrated in urban areas, the housing needs are so extreme and diverse in rural areas that rural needs must be represented especially strongly on this board.

To address that concern, I propose that A.S. 18.56.030(a) be revised to provide that there be two (2) public members, both of whom are rural residents, rather than only one so designated. Further, I suggest that any executive committee empowered to act on behalf of the board be required to include at least one rural representative, either a rural public member, or the regional housing authority representative. (See A.S. 18.56.050.)

Thank you for providing me the drafts of this bill, and for keeping me advised of its progress.

Sincerely,

Bessie O'Rourke *BOR/RE/rft*
Bessie O'Rourke, Director

BOR/rft



Alaska Association of the Energy Efficiency Industry

April 10, 1992

TO: Senator Pat Rodey

FR: Barbara Collins, President

Barbara Collins

RE: HB 152

On behalf of the Alaska Association of the Energy Efficiency Industry, I have been following the work you have been doing on HB 152 closely, and I appreciate the open approach you have taken in the work sessions.

I have received the 4/8/92 work draft of the bill and have been reviewing it. I have particularly reviewed section 81. AS 18.56.030 (a) regarding the board of directors. I appreciate the inclusion on the board of a member who is a representative of the residential energy efficient homebuilding industry. I am confident that this representative will offer valuable expertise to the housing corporation at a time when its mission to provide affordable, decent housing is expanding. Unfortunately, too many homes financed by the State in the past have been flimsily constructed, and inefficient.

The current definition for the board seat - a representative of the residential energy efficient homebuilding industry, is flexible and will allow the governor to choose from a broad number of experienced people with the proficiency and background necessary. I believe it is important to keep the definition as currently written and not add another restriction to this board seat, such as limiting it to licensed residential contractors. Such a change would needlessly restrict excellently qualified people from serving in this capacity.

We appreciate your time and attention, and want to thank you for encouraging public participation in this process.

DIVISION OF LEGAL SERVICES

**LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA**

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

240 Main Street, Suite 500
Juneau, Alaska 99801-2101

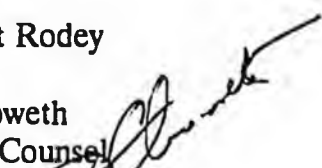
MEMORANDUM

April 8, 1992

SUBJECT: Consolidation of housing programs (Work Order No. 7LS-1986/G)

TO: Senator Pat Rodey

FROM: Jack Chenoweth
Legislative Counsel



Another version, incorporating the substance of amendments provided by Max Gifford and Jim Kelly and your request that the bill pick up the draft of the provision that would authorize AHFC's purchase of the Community & Regional Affairs housing loan portfolio.

Am I the only person to not know for certain that this draft will eventually become a Senate Committee Substitute for House Bill 152? If your efforts to conform the meat of the bill to the constraints of the title of the House-passed bill, then there may be a complication. This bill sweeps responsibility for a number of the state's current programs--some related to housing and some not--on to the Alaska Housing Finance Corporation. All of these changes, especially the ones that do not directly relate to housing (and I have in mind chiefly the provisions that relate to financial arrangements for public buildings), you should realize, hang on the thin thread of one clause in the bill title referring to "the management of the Alaska Housing Finance Corporation."

Article II, section 13 requires that "the subject of each bill shall be expressed in the title." The purpose of the requirement is "to prevent surreptitious introduction of legislation not indicated by the title." State v. First National Bank of Anchorage, 660 P.2d 406 (Alaska 1982). The title must give reasonable notice of the subject of the bill. Since reference to "the management of the Alaska Housing Finance Corporation" does caution interested parties that the bill touches on the internal operation and direction of that public agency, I suspect that the reference would be found to achieve the constitutional requirement, albeit just barely. However, compliance with the requirement is not clear-cut and I am concerned that someone who might object to this measure would seize on the constitutional requirement to raise a question as

Senator Pat Rodey

April 8, 1992

Page 2

to whether the bill has been enacted in a manner that is consistent with the constitution. Given the size of the measure and the closeness of the question, this may be an instance in which the Senate would be well advised to bite the bullet, give the bill a complete title, and ask the House to agree to a waiver of the applicable rules relating to title changes in the second house.

I do not foresee a single subject violation under article II, section 13.

JBC:gc
92-287.glc

Enclosure

DIVISION OF LEGAL SERVICES

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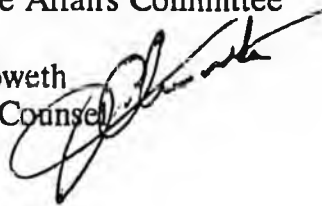
MEMORANDUM

April 7, 1992

SUBJECT: Draft 7LS-2272\A, authorizing AHFC purchase of Community and Regional Affairs' bond portfolio (Work Order No. 7LS-2272/A)

TO: Senator Pat Rodey, Chair
Senate State Affairs Committee

FROM: Jack Chenoweth
Legislative Counsel



This draft is one that has passed from me to you, has been revised by Eric Wohlforth, rehashed by the working committee on the housing merger, and is back to me courtesy of Jim Kelly of the Permanent Fund Corporation. Even before being assigned a work order number, it has had an interesting history!

I am working from Eric Wohlforth's revision but, since I do not condone characterizing the voluntary transfer of money from Alaska Housing Finance Corporation to the state general fund as a "dividend"--his or AHFC's term--I have declined to use that description. A "dividend," as I understand, is a payment out of a corporation's profits that the corporate directors decide to return to shareholders. This anticipated payment may, in fact, be generated out of AHFC's profits and the payment of it may be discretionary with AHFC's board of directors, but the state is really not the corporation's shareholder, and there is no requirement in law that either authorizes or compels the payment. It is a gratuitous gift to the state, probably as much intended to keep the legislature from extracting a larger amount as anything else, and to identify the payment as a "dividend" just seems wrong.

JBC:pl:gc
92-244.plm

*This can be INCORPORATED
INTO HB 152*

Letter from Chenoweth 4/7/92
RE: "Dividend" used in 152



**ALASKA STATE
HOMEBUILDERS ASSOCIATION**

March 30, 1992

The Honorable Pat Rodey
Alaska State Legislature
The Senate
Juneau, AK 99811

Dear Senator Rodey:

The Alaska State Homebuilders Association has had, and continues to have, a good working relationship with the Alaska Housing Finance Corporation. We have supported its efforts to provide affordable housing for Alaskans, and we have worked diligently with the organization to use its programs for the most public good. Therefore, any change to its structure, as is proposed in HB 152, is of great interest to us.

The Alaska Housing Finance Corporation has functioned in the past, and still does in its most primary purpose, as a mortgage market for residential loans to homebuyers. It went through some massive upheavals to be able to deal with property ownership concerns when it became the owner of many different types of residential properties. The lessons learned have stood it in good stead, and, at a very practical level, the organization is set up to deal with residential properties as never before. However, whether or not it will also be able to deal with social service issues should the reconstruction of its purpose now under consideration be accomplished is another matter. It would seem that a careful look at what special interest groups are involved in this restructuring and how they can best fit into the picture is an absolute necessity.

Whatever groups are finally represented through an umbrella organization run through the Alaska Housing Finance Corporation's structure, it would seem to be imperative that representation from the homebuilding industry be a minimum requirement for the Board of Directors. Whether it is single family, multifamily, cooperative, transitional, disabled accessible, adaptable, senior -- no matter the type of housing or its ultimate occupant -- a homebuilder will be involved to build it initially or to retrofit it specifically. It is extremely important that the residential construction industry be a part of the decisions being made from the outset. It can only make things easier down the road.

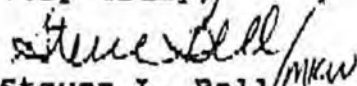


Senator Pat Rodey
HB 152
March 30, 1992

It is particularly important to have this representation from the beginning since there are now new building standards and statewide inspection processes in the state of Alaska. There is a much greater understanding of the type of housing that needs to be built in Alaska to meet the rigorous demands placed on dwellings by our extremes of climate. There are programs in place to teach homebuilders about structural concerns and energy efficient methods of construction. Innovations in these areas happen on a monthly basis in some cases. It would seem prudent to have someone who was aware of these changes and concerns on the Board of Directors to be able to address actual construction needs and requirements. In many cases, this would save time and ultimately money and still accomplish the end goal. There are many ways to build a home. Doing it right the first time can only create a win/win situation for everyone.

The Alaska State Homebuilders Association has supported the Alaska Craftsman Home Program and its educational efforts from the beginning. We have worked with the Energy Rated Homes of Alaska program to help make energy efficiency in home construction a workable tool for all builders across the state. There is a group of people in Alaska that has the knowledge and expertise to provide the very kind of input needed to insure that any housing programs sponsored through the Alaska Housing Finance Corporation provide viable, durable, and healthy homes for the intended occupants. We urge your careful consideration of a board position on the Alaska Housing Finance Corporation Board of Directors for an Alaskan homebuilder.

Very truly,


Steven L. Bell
President

March 31, 1992



The Honorable Pat S. Rodey
Senate State Affairs Committee
Room 113
State Capitol
Juneau, AK 99801-1182

Post-It™ brand fax transmittal memo 7671		of pages > 11
To: Senator Rodey	From: C. Renda	
Co.	Co: ASHA	
Dept.	Phone: 286-6270	
Fax: 463-3144	Fax: 786-6248	

Dear Senator Rodey:

Re: Outstanding Merger Issues

Below are the major issues related to the proposed merger of ASHA and AHFC. We believe answers to these issues should be incorporated into the legislation.

1. What is the impact of the merger on the outstanding State Lease Building (SLB) bonds issued through ASHA. The bonds are tax exempt issues. We are concerned there be no adverse impact on the tax exempt status. We recommend an IRS opinion and bond counsel opinion be obtained.
2. Do the SLB bonds issued and property securing those bonds transfer from ASHA to AIDEA or AHFC? If so, do they assume all liability?
3. Are there any tax consequences related to the merger? It is recommended an IRS opinion be solicited.
4. All substitutions on contracts, bonds, and notes must be approved by the holder of the instrument. This may raise problems on the tax exempt issues, if not done properly.
5. AHFC is assuming the environmental liabilities of ASHA. We have completed in excess of \$3.0 million in asbestos abatement with more work still pending. We have over 100 buried fuel tanks some of which are known to leak.
6. AHFC will assume ASHA's pending litigation.
7. ASHA has a forgiveness clause from HUD for the money provided to the low rent programs. We need to insure HUD will continue this effort. We also need to address if the merger would result in tax consequences related to the forgiveness.
8. AHFC will assume the relationship with ASHA's bargaining unit. The bargaining unit agreement may affect other properties of AHFC, such as their REO's. The agreement would need to be negotiated to limit it to PHA properties or assets of ASHA prior to this merger.

ASHA Letter 3/30/92



The Honorable Pat S. Rodey
March 31, 1992
Page 2

9. ASHA's procurement code takes the most restrictive of the State's code and HUD's code. The procurement code is approved by HUD and must comply with numerous HUD handbooks and regulations. It is strongly recommended ASHA's procurement code apply to only the PHA process while AHFC's procurement code apply to non-PHA activity.

10. There is a need to insure the low income residents are not lost in the merger transaction. The mission, goals and objectives for serving low income Alaskans must be the focal point including affordable housing. We must guarantee the programs and low income people are adequately and equitably considered in the long term operation of the surviving entity. Sec 127 or intent language should contain verbiage which keep intact a delivery system to address maintenance, management, construction and development insuring these goals are met. This is a serious concern of the ASHA Board and HUD which we need to deal with.

11. The cost related to this merger should be funded from non-HUD funds. There is a significant cost to transferring the assets, liabilities, and contracts, along with the cost of audits.

Enclosed is a draft memo from Mr. Velasquez to me, regarding some legal issues we are concerned with. When Mr. Velasquez returns we will finalize the memo and forward it to you.

I am also enclosing an excerpt from the minutes of the ASHA Board Meeting of March 27, 1992. The excerpt contains the motion addressing the Board's position on the merger. The motion passed unanimously. Please note these are not the approved minutes. I expect the minutes to be approved at our Annual Board Meeting in April.