

John Sackett attacks rural housing issue

If a rural housing program is not implemented soon in bush communities, funding to the Alaska Housing Finance Corporation (AHFC) will be cut off. And that's a promise, says Sen. John Sackett (R-Galena), chairman of the Senate Finance Committee through which a \$5 million request from AHFC must move.

AHFC was created by the legislature in 1971 primarily to increase the housing supply for residents in remote, underdeveloped or blighted areas of

the state. But eight years later — and in spite of a special rural lending program established by the legislature last year within AHFC — 90 per cent of the loans are going to urban areas, according to Rep. Russ Meekins Jr. (D-Anchorage). Meekins is chairman of the House Finance Committee.

"Your corporation is a lot of nothing, a bunch of empty promises," Sackett told Perry Eaton, chairman of the board of AHFC, during a hearing on the state's loan program. "Nothing

has been done in remote areas and unless you solve that problem you won't get the money, and I can guarantee that."

Eaton told Sackett that if AHFC did not get its \$5 million, the loan program would be shut down. "I can't promise to put a rural program into effect before you have to decide on the appropriation," Eaton said.

When AHFC came looking for money last year, they were told to get moving on a rural housing finance program. Cor-

poration representatives balked, saying that to take on high risk loans would hurt its excellent bond market rating. So, the legislature gave AHFC an additional \$1 million to set up a separate rural program.

A plan was developed by the AHFC staff last summer. The program included simplified application forms and instructions, training for Alaska Housing Authority workers in the bush, a flexible repayment schedule, and a provision to allow the cost of necessary surveying to be cov-

ered by the loan, making title insurance easier to secure.

In spite of support from the Association of Village Council Presidents, Aleutian, Bering Straits, the Kodiak Area Native Association, Bristol Bay, and Tlingit-Haida housing authorities, along with completed staff training, the AHFC board rejected the plan February 7.

Eaton said the program was rejected because it was inadequate in the areas of title and fire insurance. He admitted that the banking industry is not responsive to bush needs for loans.

"The bankers who give out the AHFC loans are prudent to the point of excluding the people AHFC was supposed to

(See SACKETT, Page Ten)

● **Sackett attacks**

(Continued from Page Three)

help in the first place," says Meekins. Bankers receive a one per cent fee for AHFC loans they administer.

"I see a great reluctance from your board of directors to get into any area with questionable returns," Sackett told Eaton. "You prefer the stability of urban areas."

"But after all, we're writing economic history," Eaton said, indicating that the board's prudence had lead to the "best single family housing mortgage program in the United States."

Eaton said he "will do everything I can do to get the program implemented," but that it could be another six months before a rural housing loan program is in place.