

Alaska Housing Finance Corporation

Overview Presentation for AO281

April 25, 2016

Bryan Butcher

CEO/Executive Director

MISSION

**TO PROVIDE ALASKANS ACCESS TO SAFE,
QUALITY, AFFORDABLE HOUSING.**



Alaska Housing Finance Corporation (AHFC) is a self-supporting public corporation with offices in 16 communities statewide. AHFC provides statewide financing for multi-family complexes and single-family homes, with loan options for low- to moderate-income borrowers, veterans, teachers, nurses, public safety officers and those living in rural areas of the state. AHFC also provides energy and weatherization programs, low-income rental assistance in 17 communities, and programs for the homeless and those seeking to become self-sufficient.

Alaska Housing Finance Corporation

- Independent agency of the State of Alaska
- Governed by board of directors
- Operating dollars are from mortgage and investment activity
- AHFC has its own bond ratings and indenture (AA+)
- Procurement is different from the State of Alaska
- Employees do not work for the State
 - Do not participate in the state's health insurance program
 - Do participate in Public Employees Retirement System (PERS) but not Supplemental Benefits System (SBS)

AHFC was created in 1971

AS 18.56.020. Alaska Housing Finance Corporation.

The Alaska Housing Finance Corporation is a public corporation and government instrumentality within the Department of Revenue, but having a legal existence independent of and separate from the state.

Board of Directors

Board requirements specified in AS 18.56.030. Corporation governing body

State funds invested: \$1.069 billion

Dividends transferred to State: \$1.957 billion

1970s-Established mortgage programs to address unique needs across the state.

1980s-Stabilized Alaska housing market during economic downturn.

1990s-Merger of state programs: public housing, rural loan, energy efficiency.

2000s-Focus on teacher housing, homeless and weatherization.

2010s- Manage response to recession and sequester, and improve business.

Board of Directors



Brent LeValley
Board Chair



Marty Shuravloff
*Vice Chair, Kodiak Island Housing
Authority*



Carol Gore
Cook Inlet Housing Authority



Alan Wilson
Alaska Renovators, Inc.



Randall Hoffbeck
*Commissioner, Department of
Revenue*

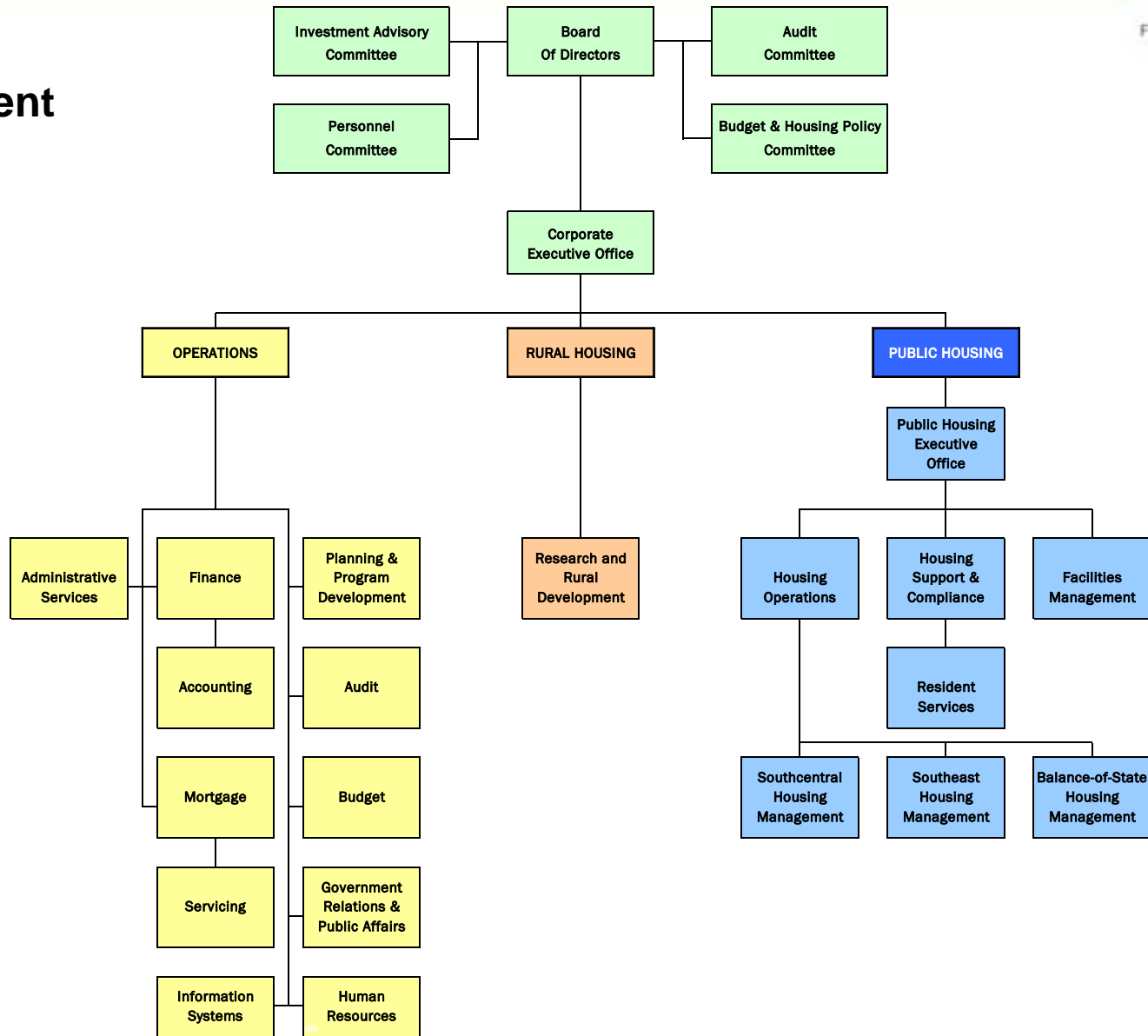


Valerie Davidson
*Commissioner, Department
Health & Social Services*



Chris Hladick
*Commissioner, Department of
Commerce, Community &
Economic Development*

Management Structure



AHFC Employees

- AHFC has 313 full-time PCNs, and authorization for part-time and non-permanent employees, totaling 350.
- Approximately half of the employees work in the federally funded public housing division.
- Federal funds, along with mortgage and investment earnings, support the operations of the corporation.
- There are no state general funds in the AHFC operating budget.

Public Housing for 10,000 Alaskans

Funded by U.S. Housing & Urban
Development

AHFC owns 1,612 public housing units
and distributes 4,307 housing choice
vouchers in 13 locations at 29 sites.

AHFC is a Moving to Work agency
with 150 employees.



Public Housing Locations and Programs

Housing Choice Vouchers

Anchorage	2,345
Fairbanks	324
Juneau	334
Ketchikan	95
Kodiak	102
Mat-Su	419
Sitka	44
Valdez	45
Wrangell	31
Homer	115
Barrow	7
Petersburg	52
Soldotna	299
Port-Outs	95
Total	4,307

Public Housing Units

Anchorage	679
Fairbanks	261
Juneau	206
Ketchikan	73
Kodiak	40
Mat-Su	32
Sitka	43
Valdez	7
Wrangell	52
Bethel	118
Cordova	38
Nome	33
Seward	30
Total	1,612

Public Housing Distinction: Moving to Work (MTW)

- AHFC is one of 39 MTW agencies under the federal HUD, a demonstration program to design and test innovative, locally-designed strategies
- Rent Reform

Partners in Public Housing

- **Veterans Affairs Supportive Housing Program**
 - Partnership with Veterans Affairs
 - 247 vouchers for eligible veterans
- **Empowering Choice Housing Program**
 - Partnership with the Council on Domestic Violence and Sexual Assault and Alaska Network on Domestic Violence and Sexual Assault.
 - 254 vouchers provided by referral from domestic violence shelters
- **Parolee Reentry Program**
 - Referral and case management by parole officer with Department of Corrections
 - 75 vouchers provided to people coming out of jail
- **Youth Aging out of Foster Care**
 - Referral and case management from the Office of Children's Services Independent Living Specialists
 - 25 vouchers provided to youth ages 18-23
- **Moving Home Program**
 - Referral and case management from Department of Health and Social Services
 - 150 vouchers provided to persons with disabilities
 - 200 vouchers for 811 Program

Alaska Mortgage & Loan Programs

Single family (up to fourplex; first-time homebuyer, rural, veterans, refinance, seconds, mobile homes, energy)

Multi-family (five or more units; special needs, senior housing, emergency shelter)

Public buildings (for making energy improvements)

Other (condo associations, loans to developers of affordable housing)

Banks and other lending institutions are AHFC's partners in these programs. They are able to access capital for making construction and real estate loans, and residential loan programs are marketed directly to them along with real estate professionals and potential buyers.

Mortgage & Loan Programs

- Loans are financed through corporate activities; only the veteran's program has the general obligation of the State of Alaska.
- Most AHFC loans, including down payment assistance, are offered through approved lenders (seller/servicers). There is no AHFC "store".
- Low-income Alaskans and energy efficient homes benefit from interest rate reductions.
- Construction and energy standards are statutorily required for homes built in 1992 and later.
- Interest rates may change daily.

Mortgage Programs



Taxable First-Time Home Buyer
Tax-Exempt First-Time Home Buyer
Taxable
Refinance
Streamline Refinance
Closing Cost Assistance
Veterans Mortgage
Rural Owner-Occupied Loan
Rural Non-Owner Occupied Loan
Rural Enhanced Loan
Second Mortgage for Energy Conservation
Small Building Material Loan
Manufactured Home
Non-Conforming
Association Loan
Loans to Sponsors
Senior Housing Loan
Multi-Family Congregate and Special Needs
Multi-Family Federally Insured Loan
Multi-Family Loan Purchase
State Veterans Interest Rate Preference
Interest Rate Reduction for Low-Income Borrowers
Energy Efficiency Interest Rate Reduction
Assistance Provider Interest Rate Reduction
Affordable Housing Enhanced Loan
Alaska Energy Efficiency Revolving Loan (for Public Buildings)

AHFC Bonds & Finance

- AHFC's bonds are AA+
- Bonds are issued for financing single- and multi-family mortgages with emphasis on first-time homebuyers, veterans, rural and special needs populations in Alaska.
- Bonds are issued for governmental purposes, including state capital projects and state building leases.
 - Alaska Energy Efficiency Revolving Loan Fund is a recent example of bond authority granted to AHFC
- \$2.2 billion outstanding as of 12/31/15.
- Qualified tax-exempt bonds are limited by federal tax laws.

Affordable Rental Housing Development

Competitive funding awarded to non-profits and housing developers to increase affordable housing opportunities statewide.

Appropriately combines AHFC financing, federal and other state program dollars, philanthropic grants, incentives and Low Income Housing Tax Credits (LIHTC)

Affordable Rental Housing Development Grant Programs

Beneficiary and Special Needs Housing (SNHG)
Greater Opportunities for Affordable Living (GOAL)
Senior Citizens Development Fund (SCHDF)
Supplemental Housing Development Grant Program
HOME Investment Partnership Act
Low Income Housing Tax Credit (LIHTC)
Neighborhood Stabilization Program (NSP)
National Housing Trust Fund (NHTF)
Continuum of Care (CoC)
Homeless Assistance Program (HAP)
Homeownership Development Program (HDP)
Home Opportunity Program (HOP)
Operating Expense Assistance Program (OEA)
Weatherization Programs
Tenant-Based Rental Assistance (TBRA)
Senior Access Program (SAP)
Housing Opportunities with Persons with AIDS (HOPWA)
Teacher, Health Professional and Public Safety Housing Program (THHP)



Energy Efficiency

Residential

- Home Energy Rebates (new and existing homeowner rebates up to \$10,000 continue for enrolled participants for approximately 18 months)
- Weatherization Program (income-based improvements)
- Research Information Center
- AkWarm Energy Rating System
- Building Energy Efficiency Standard (BEES)
- Alaska Retrofit Information System (ARIS) Database

Other:

State Energy Program, public building audits, education, research, AkEnergyEfficiency Partnership (collaboration with AEA and others), Cold Climate Housing Research Center (CCHRC)

State Residential Energy Efficiency Investments

WEATHERIZATION PROGRAM

Income-based, home energy efficiency improvements provided for homeowners and renters.

Legislative appropriations:

- FY2008 \$200 million
- FY2012 \$62.5 million
- FY2013 \$30 million
- FY2014 \$30 million
- FY2015 \$27.5 million

Total \$350 million

HOME ENERGY REBATE PROGRAM

Rebates offered up to \$10,000 for existing homes.; \$10,000 for 6 Star and \$7,000 for 5 Star Plus for new homes.

Legislative appropriation:

- FY2008 \$100 million
- FY2009 \$60 million
- FY2012 \$37.5 million
- FY2013 \$20 million
- FY2014 \$20 million
- FY2015 \$15 million

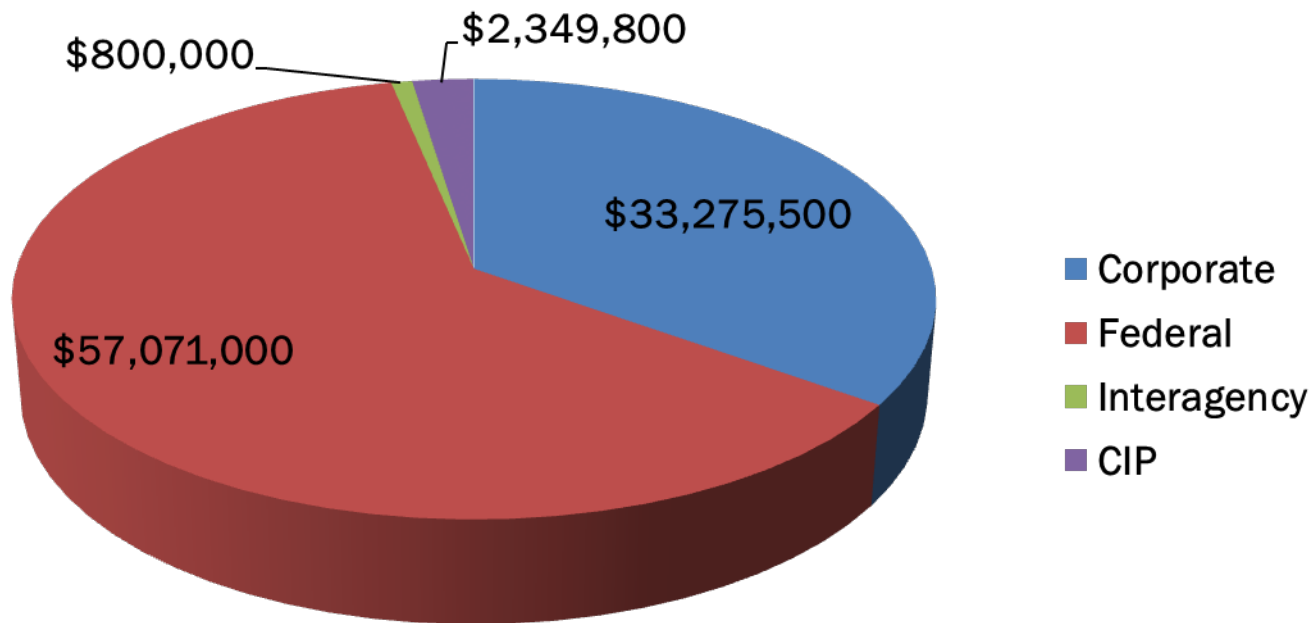
Total \$252.5 million

Results? Thirty percent average savings in participating homes statewide.

AHFC Reports, Studies, Surveys Utilized to Inform Policy & Programs

- Alaska Housing Needs Assessment
- Alaska Housing Market Indicators
- Construction Cost Surveys
- Rental Market Surveys
- Alaska Retrofit Information System energy-efficiency database,

AHFC FY2016 Operating Budget



AHFC Federal Funds

AHFC receives \$57,000,000 for administering federal housing programs in FY2016 Operating Budget

\$33,000,000 for Housing Assistance Payments (HAP) to private landlords throughout 13 communities for the Housing Choice Voucher Program.

\$3,800,000 operating revenue for administrative expenses for the Housing Choice Voucher Program.

\$15,400,000 operating revenue for 1,245 AHFC-owned units in the Low-Rent Housing Program.

\$4,900,000 operating revenue for 370 AHFC-owned units in the Section 8 Project-Based Multi-family Housing Program.

Revenue

- AHFC's main source of revenue comes from earning a positive spread on its mortgage and bond portfolio.
- Additional program revenue is from federal and state grants, so it has offsetting expenses and does not generate profit.
- Most of AHFC's cash is restricted by bond or statutory requirements to be liquid so investment income is limited to short term market rates.

AHFC Dividend to the State

- **State funds invested in start-up of AHFC: \$1.069 billion**
- **AHFC total dividends transferred to State: \$1.957 billion**
- **Additional benefits:**
 - Self supporting administration of federal and state affordable housing programs throughout Alaska
 - Debts of AHFC and subsidiaries not debts of State of Alaska
 - Dividend transfer formula in Alaska Statute

AHFC Subsidiaries

Legally independent from AHFC and the State

Northern Tobacco Securitization Corporation (NTSC):

- Bonds originally issued in 2000 and 2001 to securitize 80 percent of the tobacco settlement revenues and used to fund state capital projects.

Alaska Housing Capital Corporation (AHCC):

- Created in 2006 for the purpose of financing various capital projects of the state and financing expenses via enacted legislative action.

Alaska Corporation for Affordable Housing (ACAH):

- Non-profit 501(c)3 subsidiary incorporated in 2012 for the purpose of accessing additional financing options for the expansion of public/affordable housing.

2015 Highlights

- AHFC rating maintained AA+ since Jan. 2011
- AHFC's dividend increased from \$7 million to \$25.9 million since FY2015
- Moving to Work status extended to 2028
- Positioned to meet future challenges
 - Business improvement plan: Total operating expenses down 9.6%
 - Home loan activity: Mortgage portfolio increased by 5%; delinquency rate decreased to 3.9%
 - Affordable housing: Partnerships with Rasmuson Foundation and others leveraged funding



2015

Annual Report



Questions?