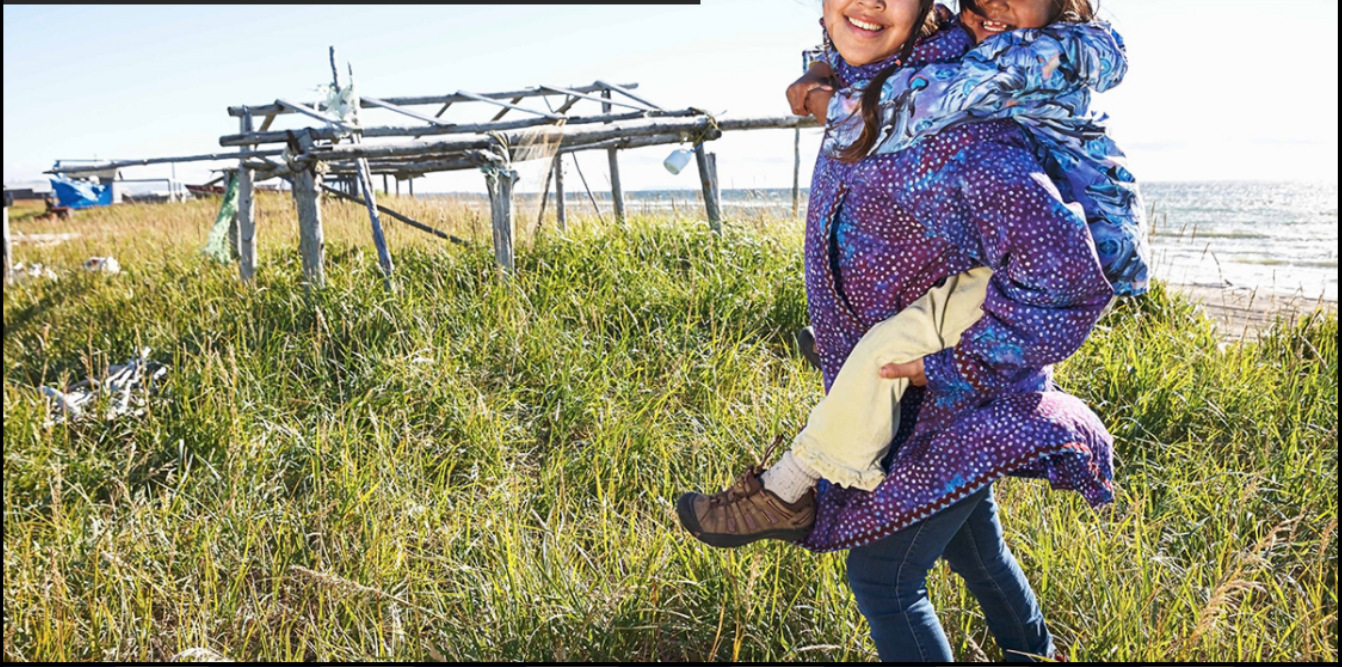




2017 Annual Report



NAVIGATING ALASKA'S HOUSING LANDSCAPE.

Alaska's housing landscape is complex, and it can be easy to get lost. With Alaska Housing Finance Corporation (AHFC) at your side as the navigator, you have a trusted resource for staying the course and safely arriving at a place you can call home.

MISSION STATEMENT

To provide Alaskans access to safe, quality, affordable housing.

WELCOME

LETTER TO THE GOVERNOR

January 10, 2018

The Honorable Bill Walker
Governor, State of Alaska

The Honorable Byron Mallott
Lieutenant Governor, State of Alaska

P.O. Box 110001
Juneau, Alaska 99811-0001

Dear Governor Walker and Lieutenant Governor Mallott:

Alaska Housing Finance Corporation (AHFC) is fulfilling its mission of providing residents across Alaska with access to safe, quality, and affordable housing.

We were founded in 1971 and weathered many storms, including the recession of the 1980s. More recent difficulties were caused by the global financial meltdown in 2007 and 2008, but the corporation has adapted well, arriving at a functionally sound business model. We are pleased to report on our progress in recent years.

FY17 was a strong year for AHFC, benefiting Alaskans and the state:

- Our dividend amounts to \$29.4 million, close to the FY16 dividend of \$30.5 million.
- We recorded positive operating income of \$14.3 million, a slight increase from \$14.2 million in FY16.
- The value of our mortgage portfolio increased 3.3 percent to \$2.9 billion, with the bond portfolio increasing 2 percent to \$2.1 billion.
- Active management of our bond program has resulted in Net Present Value (NPV) savings. In FY17, savings reached \$6.7 million. The total savings between FY15 through FY17 amounts to \$40.5 million.
- AHFC is among the strongest housing finance agencies with high performance ratings by the national rating agencies. Moody's has rated AHFC Aa2 since 1997, Fitch has had AHFC at AA+ since 2000, and S&P has rated AHFC with AA+ since 2010.

Furthermore, AHFC's programs were independently analyzed with a state contract through Boston Consulting Group. Their analysis found our prior work worthwhile and that the corporation is positioned for a solid future.

Our annual report contains a lot of good news and highlights performances from the corporation's expertise all making Alaska stronger, safer and smarter.

Unfortunately we must report some sad news.

In FY17 Daniel R. Fauske, AHFC's CEO/executive director for 18 years spanning 1995-2013, lost his battle with cancer. Dan instilled a can-do, never-say-no-attitude in the employees who worked for him across the state. Dan's legacy lives and on behalf of our employees and our board of directors we express our gratitude to you and to the legislature for House Bill 143 that named our headquarters building in Anchorage at 4300 Boniface Parkway *Daniel R. Fauske Building* in honor of his service to AHFC and the state of Alaska.



Bryan D. Butcher
Alaska Housing Finance Corporation, CEO/Executive Director



Brent LeValley
Chair

Board of Directors



Brent LeValley

Board Chair



Alan Wilson

Vice Chair, Alaska Renovators, Inc.



Carol Gore

Cook Inlet Housing Authority



Sheldon Fisher

Commissioner, Department of Revenue



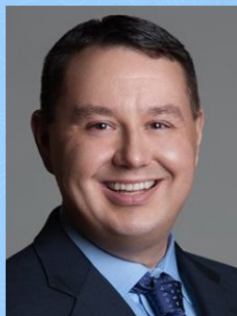
Valerie Davidson

Commissioner, Department of Health & Social Services



Mike Navarre

Commissioner, Department of Commerce, Community & Economic Development



Haven Harris

Aleutian Pribilof Island Community Development Association



Bryan Butcher

CEO/Executive Director, AHFC

In Memoriam

Daniel R. Fauske

December 13, 1950 – April 5, 2017

AHFC's headquarters is dedicated to the legacy of Daniel R. Fauske, who for 18 years, from March 1, 1995 to August 6, 2013, served as CEO/executive director of Alaska Housing Finance Corporation. Dan's accomplishments reflect his feelings for Alaskans and Alaska. He cared deeply; no issue was too big and no person was too small. The unique combination of Dan's work and big personality generated trust and earned respect from ordinary Alaskans, lawmakers and Wall Street's financiers alike.

From the beginning of his career at AHFC, Dan protected the interests of the corporation, all who worked for him and the thousands of Alaskans who were supported in housing. Dan successfully shielded the agency from the subprime mortgage bubble that impacted the Lower 48, and he substantially improved the agency's credit rating.

His financing prowess led to construction of homes for rural teachers, health professionals and public safety officers. He improved the lives of thousands of vulnerable Alaskans – children, seniors, those with disabilities, victims of domestic violence, and veterans. He helped transition many from homelessness to permanent housing. Many more Alaskans were positively impacted when substandard housing was improved by AHFC's residential energy efficiency effort – the most successful ever executed in the country.



Based on the success he experienced at AHFC and in prior public service as chief financial officer and chief administrative officer for Alaska's North Slope Borough, elected officials called upon Dan to advance projects important to the state. Notably, Dan prepared Alaska for a natural gas pipeline while serving as president of Alaska Gasline Development Corporation.

The dedication of 4300 Boniface Parkway is a fitting tribute to a man whose very presence inspired confidence, a can-do spirit and loyalty among those who worked for him, and in the process of building a better Alaska, Dan prioritized recognition for all who worked with and for him – the hallmark of leadership.



MORTGAGE



Mortgage Portfolio

Value of mortgage portfolio nears \$3 billion

AHFC's Mortgage department purchased 1,445 loans in the fiscal year with an average purchase price of \$356,490, compared to 1,772 loans with an average purchase price of \$301,489 in FY16. The value of AHFC's portfolio that includes 14,642 loans increased to \$2.9 billion in FY17 from \$2.8 billion in FY16.

Well defined underwriting standards, extensive homebuyer education and customer oriented servicing have made it possible for AHFC to continue to keep AHFC's delinquency rate at historic low. At the end of the fiscal year 3.87 percent of AHFC mortgages were 30-days or more past due, compared to 3.7 percent in FY16. This number is well below the national average of 4.24 percent. AHFC's FY17 foreclosure rate of 0.33 percent is also significantly lower than the national average of 1.29 percent.

Loan Purchase Activity	Loans in FY16	Loans in FY17	Total Purchases FY16	Total Purchases FY17
Taxable	646	476	\$197,104,079	\$143,926,003
Tax-Exempt First Time Homebuyer	394	380	\$71,374,764	\$73,034,864
Taxable First Time Homebuyer	330	230	\$83,164,539	\$62,372,968
Rural	224	211	\$58,014,512	\$52,476,963
Multi-Family / Special Needs	55	37	\$46,001,152	\$106,497,060*
Veterans	20	19	\$7,042,102	\$6,438,712
Non-Conforming	64	42	\$18,713,504	\$14,258,494
Other	39	50	\$14,011,914	\$15,569,641
	1,772	1,445	\$495,426,566	\$474,574,705

Total Mortgage Portfolio	# Loans as of FY16	# Loans as of FY17	Value of Portfolio FY16	Value of Portfolio FY17
Taxable	2,944	3,074	\$681,096,626.16	\$730,467,988.65
Tax-Exempt First Time Homebuyer	5,667	5,448	\$718,674,763.05	\$694,672,653.68
Taxable First Time Homebuyer	2,035	2,076	\$413,458,152.23	\$427,957,670.90
Rural	2,978	2,788	\$447,339,163.05	\$431,760,370.25
Multi-Family / Special Needs	438	440	\$351,086,080.84	\$425,514,523.03*
Veterans	601	521	\$116,466,430.85	\$99,852,461.15
Non-Conforming	182	214	\$51,274,241	\$61,106,631
Other	96	81	\$3,620,849.78	\$2,717,048.75
	14,941	14,642	\$2,783,016,306.96	\$2,874,049,347.41

** Includes a 46 million dollar loan for military housing at Fort Wainwright.*



Persistency takes Joan from homelessness to homeownership

Joan Sison had lost everything - her job, her family and her home. She was working to get her life back but struggling with multiple jobs to supplement the loss of a steady income and cover rent.

She discovered AHFC's Jumpstart program and her life started to turn around. Jumpstart is part of Step that is designed to support families receiving rental assistance and who wish to increase their employment and financial opportunities.

Jumpstart, in its third year had 497 participating families at the end of FY17 and is open for all families enrolled in the Step program. Jumpstart matches participants with a case manager who is assigned to help the tenant achieve short- and long-term goals. Tools support career advancement, family mentoring, financial incentives that encourage employment and education goals, and even a savings match that can assist participants as they prepare for the end of the program.

"I used this opportunity to move forward, to let go of the negative influences in my life and to focus on building my financial security. It was really a struggle for me but I didn't stop," says Joan.

With the help of her Jumpstart caseworker and due to her own perseverance, Joan set goals and worked hard. She now supervises 10 employees at a local grocery store and is financially stable.

"Thanks to Jumpstart I was able to move forward with my dream of homeownership. I took AHFC's HomeChoice™ (homebuyer education class) to qualify for a loan, moved out of subsidized housing and purchased my first home last spring."



Renovation Loans

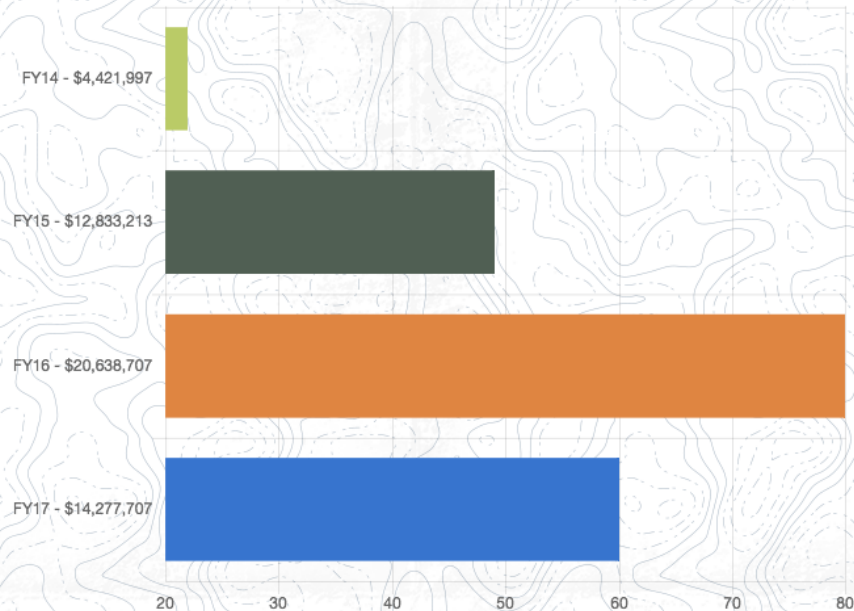
Another strong year for renovation loans

AHFC's renovation options, Purchase Renovation, Second Mortgage for Renovation and Refinance Renovation continued to deliver substantial loan activity in FY17.

Together they passed the \$14 million mark in loan activity, down \$4 million from FY16 but considerably more than the historical average.

AHFC's success stems from the relevancy of the loan product needed in the marketplace where many homes were built during the construction boom of the 1970s and are in need of repair and cosmetic rehab. Additionally, marketing supported by the mortgage department has called attention to the availability of the products at five home shows in spring 2017.

Renovation Loans Activity

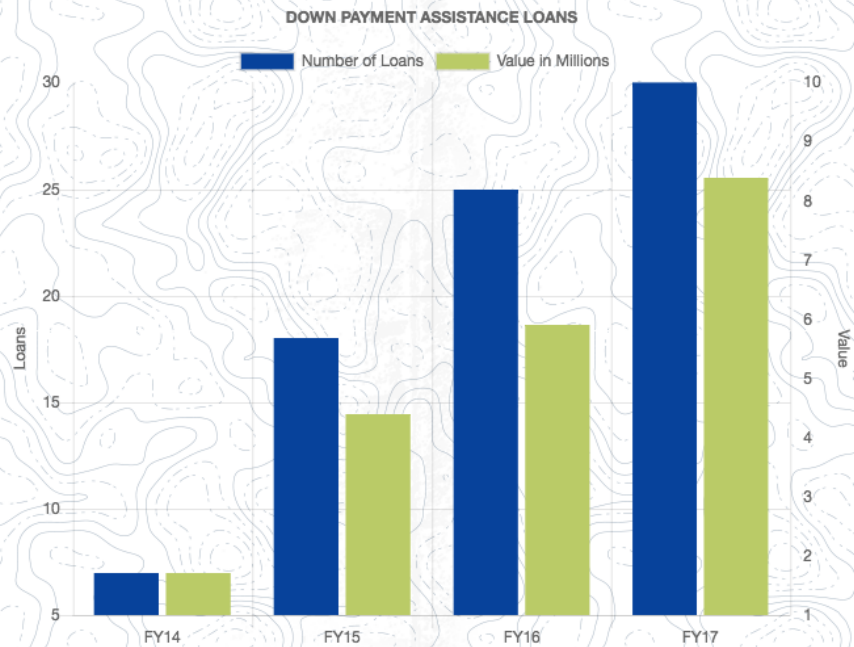


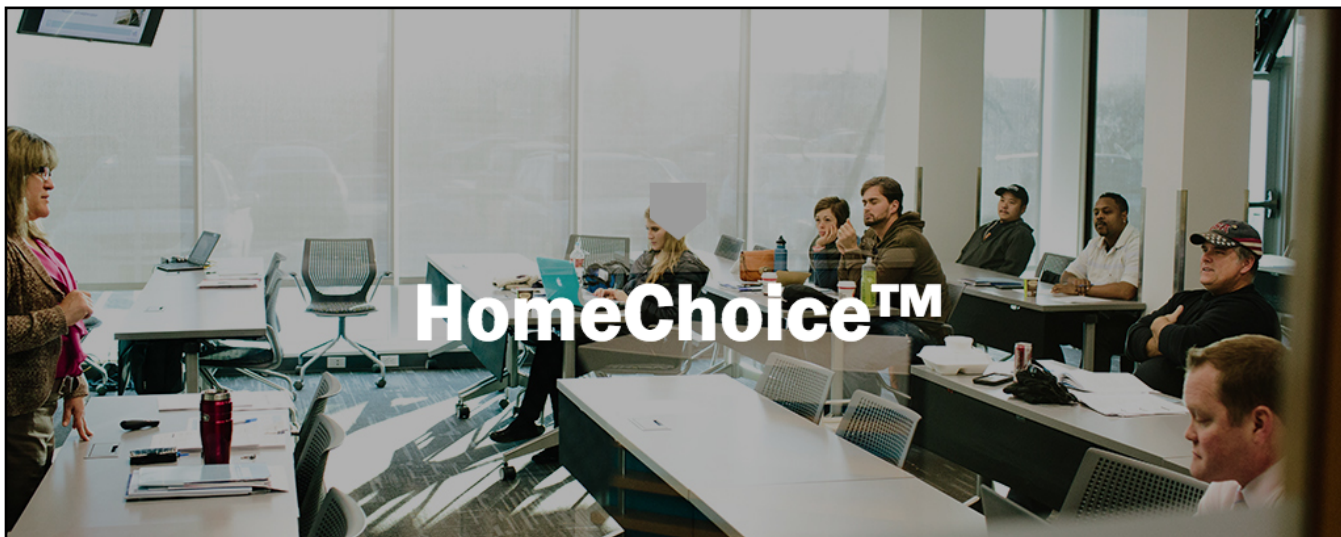


Closing Cost Program

Down payment assistance reaches new high

AHFC's Closing Cost Program continued its positive trend in FY17 reaching 30 loans representing \$8.4 million in value, an increase of \$2.5 million over FY16. The program is especially useful for first-time homebuyers who have a hard time coming up with enough money for a down payment on a home.





A teacher's moment

AHFC's homebuyer class, HomeChoice™, celebrated its 23rd anniversary in FY17. More than 60,000 Alaskans have participated in the class statewide since its inception 1994. To celebrate the anniversary, past and present instructors who have traveled across the state to help Alaskans become smarter homebuyers and realize what homeownership is all about gathered at AHFC's headquarters during a monthly employee town hall meeting, June 16, 2017.

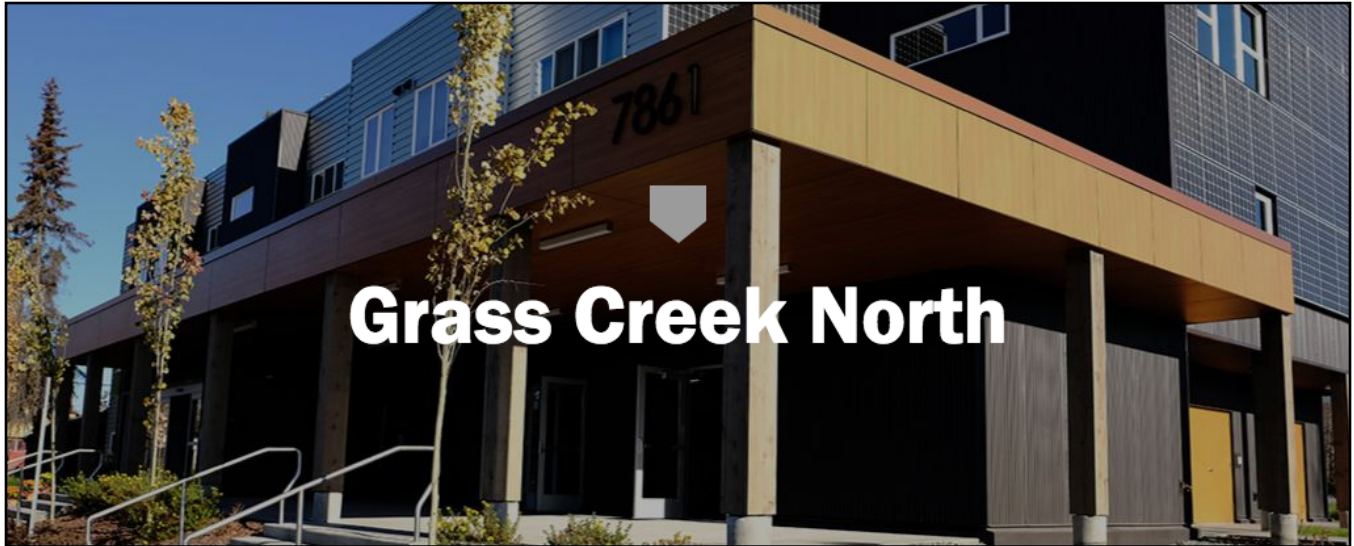
From left to right in the photo: Maude Morse, Debbie Andrys, Betty Hall, Jim McCall, Michelle Graves, Melanie Smith, Tammie Robertson and Maria Celli. Maude and Maria teach today. Here are some facts about their impact in FY17:



Participants	1,108
Number of Classes	71
Number of Communities	11
Average Attendance Per Class	15.6
Average Number of Classes Per Month	5.9

Hosting communities: Anchorage, Utqiagvik, Eagle River, Fairbanks, Homer, Juneau, Kenai, Ketchikan, Mat-Su, Sitka and Soldotna.

PUBLIC HOUSING



Grass Creek North

Mixed income housing revitalizes East Anchorage

Grass Creek North in East Anchorage opened its doors in FY17. The 52 unit Cook Inlet Housing Authority property is a mixed income development with units ranging from one-bedroom apartments at 533 square feet to four-bedroom apartments totaling 1,355 square feet.

The cost for Grass Creek North is \$16.3 million with financial backing from AHFC, including \$10 million in Low Income Housing Tax Credits; \$1.6 million in Supplemental Housing Development Grants, and a \$2.3 million term loan. Grass Creek North is also supported by a \$400,000 grant from Rasmuson Foundation.

Alternative energy solutions are used at Grass Creek North with 51 solar thermal panels and 282 solar photo-voltaic panels affixed to the building that combined aim to reduce natural gas and electricity consumption by 10 percent.



Rent Reform

Research supports progress in Rent Reform

AHFC launched rent reform in 2014 in an effort to open up more affordable housing, be more efficient with federal funds and create a path to financial independence for more families and individuals.

Elderly Alaskans and those with disabilities benefit from stability in the program with long-term rent in a program called *Classic*.

The Step program is geared toward families with at least one adult in the household who is able to work, and it promotes independence by offering several layers of incentives and targeted support for families. The Step program offers up to five years of subsidized housing.

An evaluation of the Step program was performed in FY17 to explore the program's implementation. The study showed that families were earning more, working more, and having less of their monthly income go toward rent.

Here are some specifics:

- Step households realized a 37.2 percent increase in gross income, and 56.18 percent increase in earned income.
- The program motivates families to become more self-sufficient:
 - Eighty-five percent of clients surveyed reported that participating in the program inspired them to set goals.
 - Sixty seven percent of clients started using household budgets to track spending.
 - Sixty two percent of clients engaged in job searches as a result of the program.
- The average monthly rental assistance payment has decreased by \$100 since the start of the program November 1, 2014.
 - Operational savings have been redirected to add more than 50 vouchers for vulnerable families and individuals.
- Step was designed as a five-year program that encourages families to earn more money and become less reliant on housing subsidies through gradually increasing the family's portion of monthly rent. The program is working as intended:
 - End of fiscal year 920 families had entered their third year of the program and successfully paying the third year higher rent portion.



Gena's Road to Success

Gena's path leads to happiness and a new life

AHFC's Step program supports families who wish to increase their employment and financial opportunities. AHFC's role is to provide stability and security while subsidizing a portion of their rent for up to five years at a gradually reduced amount so the family can focus on becoming financially secure and work toward financial independence.

Gena Marks first learned of AHFC when she and her kids were living in a shelter. Soon after, she decided she wanted to pursue a nursing degree. As a full-time mom and student Gena struggled financially. Looking for extra support she enrolled in AHFC's Step program.

"When I entered into Step I knew I had a certain amount of years to become established so I set a goal for myself to graduate from nursing school and pass my boards."

Through the Step program, which had 2,282 participating families in 15 communities statewide end of FY17, Gena was able to get the financial guidance she needed. She graduated with her nursing degree and became a registered nurse.

"I finally felt in control of my financial future. Step provided me a path to be successful in achieving my dream of becoming a nurse. I can let go of that phase of my life and start living."

Affordable Housing

Great demand for affordable housing

The 1,612 public housing units across the state continued to be in high demand in FY17. On average 98 percent were rented throughout the fiscal year. That number makes AHFC's Public Housing one of the most efficient programs in the country according to U.S. Department of Housing and Urban Development (HUD). The waitlist for public housing is more than twice the size the number of available units with seniors representing 41 percent of the total list of 3,314 applications.

AHFC Public Housing as of June 30, 2017

Available units statewide: 1,612

Waitlist: 3,314 split between 1,930 family and 1,384 seniors

Locations: Anchorage, Bethel, Cordova, Fairbanks Juneau, Ketchikan, Kodiak, Mat-Su, Nome, Seward, Sitka, Valdez and Wrangell.

AHFC PUBLIC HOUSING AS OF JUNE 30, 2017



Housing Choice Voucher

Voucher program fully utilized

AHFC's Housing Choice Voucher program is offered in 12 communities statewide. The program assists eligible low-income Alaskans in renting from participating landlords. 4,107 vouchers were available in FY17 and fully utilized. The waitlist for participation in the Housing Choice program contained 3,494 families and seniors end of fiscal year.

AHFC Public Housing voucher program as of June 30, 2017

Available vouchers statewide: 4,107

Waitlist: 3,494

Locations: Anchorage, Fairbanks, Homer, Juneau, Ketchikan, Kodiak, Mat-Su, Petersburg, Sitka, Soldotna, Valdez and Wrangell.

AHFC PUBLIC HOUSING VOUCHER PROGRAM AS OF JUNE 30, 2017

Available Vouchers Statewide

Waitlisted

2000 2500 3000 3500 4000 4500



Referral Vouchers

Referral based vouchers serve critical needs

AHFC's Public Housing Division operates its housing voucher programs with federal funding. The Alaska Legislature accepts available funds and through the budget process that includes signature from the governor, authorizes the corporation to spend it. The majority of the 4,994 vouchers are connected to the Housing Choice Voucher program but 837 vouchers are set aside to meet urgent and critical needs for vulnerable families and individuals. These set aside vouchers are referral-based. AHFC works closely with various state and not-for-profit agencies to make sure every voucher is used.

Here is a list of referral based vouchers:

- *Empowering Choice Housing* assists survivors of domestic violence with 185 vouchers. Partners: Interior Alaska Center for Non-Violent Living, South Peninsula Haven House, Aiding Women in Abuse & Rape Emergencies, Women in Safe Homes, Kodiak Women's Resource and Crisis Center, Alaska Family Services, Working Against Violence for Everyone, Sitkans Against Family Violence, The LeeShore Center and Advocates for Victims of Violence.
- *Moving Home* serves people with disabilities with 150 vouchers. Partner: Department of Health and Human Services.
- *Veterans Affairs Supportive Housing* AHFC received 24 additional vouchers in FY17 bringing the total up to 271. Partner: U.S. Department of Veterans Affairs.
- *Returning Home* offers service and support for parolees re-entering society after incarceration. Partner: Department of Corrections.
- *Sponsor-Based Rental Assistance* has 46 vouchers for Housing First property Karluk Manor in Anchorage. Partner: Rural Alaska Community Action Program.
- *Project-Based* with 155 vouchers supporting Loussac Place (families, elderly and people with disabilities), Ridgeline Terrace (families, elderly and people with disabilities), Susitna Square (families and people with disabilities) in Anchorage, and Main Tree Apartments (people with disabilities) in Kenai. Partners: Cook Inlet Housing Authority and Kenai Peninsula Housing Initiatives, Inc.
- *Making A Home* supports youth aging out of foster care. Partner: Office of Children's Services.



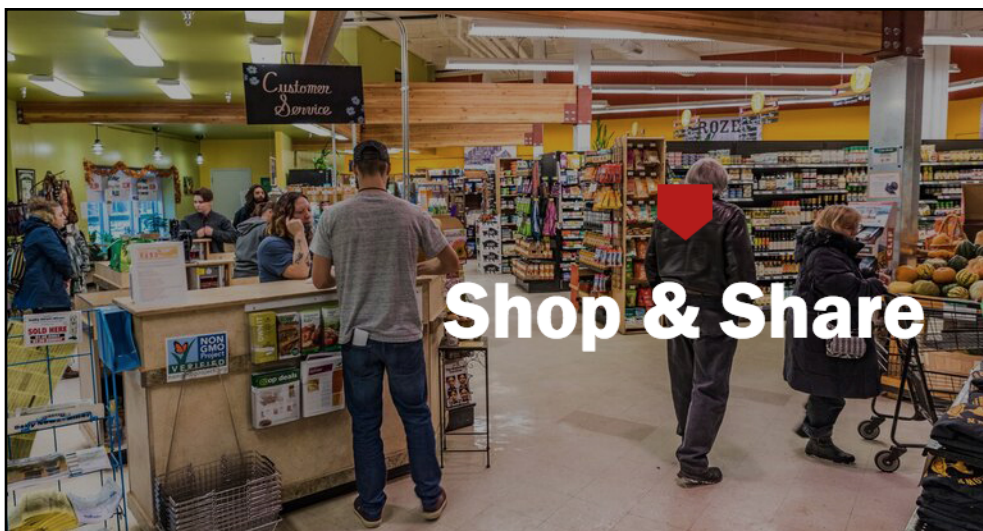
Smoke Free Smoke-free housing

A L A S K A



AHFC goes smoke-free

AHFC's 1,612 public housing units went smoke-free at the end of FY17. The decision supported by AHFC's Board of Directors is expected to save the corporation money in maintenance, decrease turnover time for units allowing families in need to get into apartments faster, and create a healthier home environment. AHFC's smoke-free initiative is ahead of the U.S. Housing and Urban Development Department's directive that requires all housing agencies to go smoke-free before July 1, 2018.



New tasteful food program in Fairbanks

Food insecurity is an issue in Alaska. According to Food Bank of Alaska it applies to 14 percent of the total population. In FY17 AHFC joined Shop & Share, a program in Fairbanks run by Co-Op Market Grocery and Deli. It aims to engage the community by donating food or paying it forward while shopping at the store.

Here's how it works:

1. Shop – Choose an item from the menu at the cash register.
2. Pay - Purchase the item along with groceries.
3. Share – A voucher for the item is generated and shared with a family enrolled in AHFC's Jumpstart program.

In the first 10 months of the program that started in October 2017, 58 families were served who live in AHFC's public housing or have a Housing Choice Voucher.

GRANTS



Creekside Plaza 49

Serving seniors with more than a great view

Creekside Plaza 49 at the corner of Muldoon and DeBarr Road in Anchorage opened in FY17. It's an independent senior rental housing for residents ages 55 years and older with low- and modest- household incomes.

The Cook Inlet Housing Authority project offers 49 fully accessible rental units. The total cost for the residential and commercial project is \$17.1 million with inclusion of AHFC financial support, a \$3.8 million loan, \$4.7 million in tax credits, \$1.8 million from the Supplemental Housing Development Grant program and \$2.3 million from the Senior Citizen Development Fund. The Rasmuson Foundation also made a substantial contribution through a \$1.4 million grant. The entire development is built to the highest energy efficiency standard, 6 Star.

Creekside Plaza 49 also offers retail space at the ground level. It is the first mixed-use new construction project financed by AHFC since the legislature expanded AHFC's authority to do so in 2013. The commercial piece is important for the whole development because its rent is expected to contribute 25 percent toward the total revenue stream.



Vista Rose

Senior housing expands in Mat-Su

The second phase of the Vista Rose community for senior Alaskans in Wasilla received funding in FY17. These 36 new units complete the 78 unit community of affordable rental homes for older Alaskans. Similar to the first phase of the project, the development includes a mixture of one- and two bedroom apartments. Pictured is a rendering of Phase 1.

Phase II received \$5.2 million in competitive tax credits, \$1.4 million in federal grants, and AHFC funding through the Senior Citizen's Housing Development Fund. The Senior program is one of two AHFC grant programs that benefits with matching funding provided by Rasmuson Foundation.

Vista Rose includes solar electric energy and Phase II of the project will incorporate solar powered hot water. Residents of the \$16.3 million development will enjoy access to a community building with kitchen, computer room and exercise space.



Tax credits crucial for affordable housing expansion

The Greater Opportunities for Affordable Living program awarded more than \$40 million in FY17, making it possible for 209 affordable units to be developed and upgraded across the state.

The program provides grants, federal tax credits and zero-interest loans to project sponsors who build or renovate affordable rental and supportive housing for low-income senior families and those with disabilities, as well as rental housing that helps to reduce homelessness.

Below is a summary of the projects funded, including several mixed-use properties that combine residential and commercial space:

- **Anchorage** – Alaska Village Subdivision 56, a mixed-income, mixed-use, family and senior facility providing 56 residential units and commercial space. The property use solar energy to supplement its utility load. Project developer: Cook Inlet Housing Authority.
- **Anchorage** – Grass Creek North Phase II adds 45 affordable units to the 52 unit of Grass Creek North Phase I that was funded in 2015. This project utilizes solar energy. Project developer: Cook Inlet Housing Authority.
- **Anchorage** – Turnagain Townhomes adds 29 mixed-income units in midtown. The project is a mix of townhouses and garden style apartments and incorporates solar energy. Project developer: Trapline LLC and V2.
- **Kodiak** – Mill Bay Townhomes adds 20 new mixed-income rental units. This project utilizes solar energy. Project developer: Trapline LLC and V2.
- **Kenai** – Clear Pointe provides six new mixed-income rental units in Kenai. These garden style apartment will be built to the 5 Star Plus energy efficiency rating. Project developer: Kenai Peninsula Housing Initiatives.
- **Wasilla** – Vista Rose Phase II adds 36 affordable senior rental units to Vista Rose Phase I, funded in 2016. The property will feature solar energy and have fully equipped units for residents with disabilities. Project developer: The Pacific Companies.
- **Nome** – Munasqri Senior Housing will renovate 17 low income senior units built in 1997. The project will complete much needed structural repairs to the property and improve energy efficiency and healthy living. Project developer: Cordes Development.

The impact of the funding to the Alaska economy is estimated at \$45 million. Since the early 1990s the Greater Opportunities for Affordable Living Program has funded more than 5,300 rental units across the state.



Raising awareness of homeless youth

AHFC's Deputy Executive Director Mark Romick joined the Sleep Out movement at Covenant House in Anchorage in support of homeless youth in FY16. Following his example, a team of young professionals at AHFC participated in the March 2017 Sleep Out17.

Covenant House provides food, shelter, immediate crisis care and essential services like education and job training to homeless youth. Last year more than 2,300 youth were cared for in Alaska. Almost half of these kids left home because of abuse. AHFC has supported Covenant House for more than 10 years. The organization received \$404,756 through the Basic Homeless Assistance Program in FY17.



Grant Match Program

Support for homeless through non-profits

The Grant Match Program is set up to assist non-profit homeless service providers statewide and issued \$1.3 million in awards in FY17. Awards provided the required matching funds for the Department of Housing and Urban Development Continuum of Care program leveraging \$3.7 million benefiting 13 non-profit agencies.

Grant Match Program Recipients	Community	Award
Alaska Coalition on Housing and Homelessness	Balance of State	\$126,480
Anchorage Coalition to End Homelessness	Anchorage	\$57,882
Anchorage Community Mental Health Services	Anchorage	\$262,565
Anchorage Housing Initiatives	Anchorage	\$71,840
Covenant House Alaska	Anchorage	\$158,401
Interior Alaska Center for Non-Violent Living	Fairbanks	\$87,539
NeighborWorks Alaska	Anchorage	\$185,228
Nome Emergency Shelter Team	Nome	\$12,648
Rural Alaska Community Action Program	Anchorage	\$251,013
Tanana Chiefs Conference	Fairbanks	\$43,011
The LeeShore Center	Kenai	\$54,198
Valley Charities, Inc.	Mat-Su	\$12,149
Valley Residential Services	Mat-Su	\$19,763
		\$1,342,717

Funding for crucial emergency shelters

The Emergency Solutions Grant program supported more than 1,200 Alaskans experiencing homelessness or being at-risk of homelessness in FY17. AHFC awarded \$230,448 through the program to eight agencies assisting in emergency shelter operations, rapid re-housing and prevention activities.

Agency	Community	Award
Aiding Women in Abuse and Rape Emergencies	Juneau	\$32,982
Blood n Fire Ministry	Mat-Su	\$28,340
Brother Francis Shelter Kodiak	Kodiak	\$28,875
Fairbanks Youth Advocates	Fairbanks	\$24,433
MYHouse	Mat-Su	\$18,240
Interior Alaska Center for Non-Violent Living	Fairbanks	\$42,238
The Glory Hole	Juneau	\$18,388
Valley Charities, Inc.	Mat-Su	\$36,952
		\$230,448



Senior Support

Making life easier for seniors

Serving the Alaskan senior population is one of AHFC's many important tasks. The Senior Housing Accessibility Modification Program makes it possible for seniors to remain and be comfortable in their home. The program provided \$749,000 for upgrades in FY17 to 54 households.



Mill Bay Townhomes

Mixed income housing advances in Kodiak

AHFC funded Phase I of the Mill Bay Townhomes development in Kodiak in FY17, including 20 units of mixed income housing for families. This \$7.2 million proposal included \$6.1 million in competitive tax credit equity awarded by AHFC.

Mill Bay Townhomes will have a 5 Star Plus energy rating and utilize solar powered hot water and electricity. Finished units will provide affordable housing opportunities for Alaskans who are homeless or have a disability in a census tract where more than half the households earn an income in excess of the area median income of \$82,300.



Basic Homeless Support

Basic homeless assistance serves thousands in need

Thirteen thousand Alaskans experiencing homelessness or being threatened by homelessness relied on the Basic Homeless Assistance Program in FY17. AHFC awarded close to \$6 million to 37 organizations in 20 communities.

Funding provides operating assistance for emergency shelters and transitional housing programs, permanent housing placement and prevention services including rent and utility assistance. Awards are determined through a competitive application process with applications evaluated based on program priorities, utilization, performance and community need.

BHA Program Recipients	Community	Award
Abused Women's Aid in Crisis	Anchorage	\$262,990
Alaska Mental Health Consumer Web	Anchorage	\$96,279
Anchorage Community Mental Health Services, Inc.	Anchorage	\$59,600
Brother Francis Shelter Kodiak, Inc.*	Kodiak	\$231,126
Catholic Social Services	Anchorage	\$862,518
Covenant House Alaska	Anchorage	\$404,756
Fairbanks Rescue Mission	Fairbanks	\$306,965
Fairbanks Youth Advocates	Fairbanks	\$186,720
Gastineau Human Services**	Juneau	\$616,816
Interior Alaska Center for Non-Violent Living	Fairbanks	\$51,511
Love In Action	Ketchikan	\$101,465
Love INC of the Kenai Peninsula	Kenai	\$316,546
New Life Development, Inc.	Anchorage	\$256,998
Nome Emergency Shelter Team	Nome	\$120,624
Partners for Progress	Anchorage	\$150,856

Rural Alaska Community Action Program, Inc.	Anchorage	\$304,578
Shiloh Community Housing, Inc.	Anchorage	\$151,038
South Peninsula Haven House	Homer	\$98,600
The LeeShore Center	Kenai	\$52,784
The Salvation Army - Fairbanks	Fairbanks	\$153,266
The Salvation Army - McKinnell	Anchorage	\$82,546
The Salvation Army - Sitka	Sitka	\$74,341
The Salvation Army - Small Community Initiative***	Southeast	\$28,666
Tundra Women's Coalition	Bethel	\$64,831
Unalaskans Against Sexual Assault and Family Violence	Unalaska	\$28,405
Valley Charities, Inc.****	Mat-Su	\$935,063
		\$5,999,888

* Kodiak Brother Francis Shelter Award supports two organizations, Kodiak Brother Francis Shelter and The Salvation Army Kodiak.

** Gastineau Human Services Award supports five organizations, Alaska Housing Development Corporation, Aiding Women in Abuse and Rape Emergencies, Gastineau Human Services, The Glory Hole and St. Vincent de Paul Society.

*** The Salvation Army - Small Community Award supports eight communities in Southeast Alaska, Angoon, Cordova, Haines, Hoonah, Kake, Klawock, Petersburg, and Wrangell.

**** Valley Charities, Inc. Award supports seven organizations, Alaska Family Services, Blood n Fire Ministries, Daybreak, Family Promise Mat-Su, MyHouse, The Salvation Army Mat-Su, and Valley Charities, Inc.



Rural Housing for Professionals

Rural housing aids recruitment of professionals

One of the biggest challenges for recruiting and retaining teachers, healthcare workers and public safety professionals in Alaska's rural communities is lack of safe, quality and affordable housing.

The Teacher, Health Professional and Public Safety Housing Grant Program is dedicated to lessen the problem. Pictured is a five bedroom duplex sponsored by City of Saxman that was completed in FY17 with funding from the prior fiscal year.

AHFC awarded \$1.9 million in grants and soft loan funding to build housing units in four communities in FY17 for nine rural professionals and their families. Funding included \$650,000 in matching funds from the Rasmuson Foundation.

FY17 grantees

- Bering Strait School District, Golovin, two units, \$480,000
- Bering Strait School District, Wales, two units, \$510,000
- Council of Athabascan Tribal Governments, Fort Yukon, three units, \$550,000
- Rampart Village Council, Rampart, two units, \$413,491

AHFC and its partners have awarded a total of \$92.1 million in funding to generate 443 housing units for teachers, health and public safety professionals in 79 communities since 2004. The program has leveraged an additional \$46.2 million in matching funds from grantees for a total of \$138.3 million.

AHFC's efforts were recognized through the Governor's Denali Peak Performance Awards when the FY17 program manager Derrick Chan, achieved Exceptional Performance distinction. The program has previously been recognized with awards through the National Council of State Housing Agencies and the Council of State Community Development Agencies.

ENERGY



Home Energy Rebate Program winds down

The Home Energy Rebate Program has, since its inception in 2008, had a substantial impact on improving quality of life and contributing to energy savings for Alaska's families. The program is now in its final year of execution.

AHFC allowed new applicants through March 25, 2016 and gave those eligible 18 months to complete residential energy efficiency upgrades.

At the end of FY17, 856 participants were in the program. It is estimated that the program will wind down entirely in summer 2018.

More than 26,000 homes were upgraded through the program that translates to 16 percent of all owner-occupied homes in Alaska. Energy savings for the program coupled with AHFC's Weatherization program is estimated at 3.8 trillion British Thermal Units (BTUs) annually, equivalent to 27.7 million gallons of fuel oil.

Snapshot of the Home Energy Rebate End of FY17

Initial ratings	41,034
Rebates paid	26,199
5 Star Plus paid	3,371
6 Star paid	264
Average rebate	\$6,968



Escaping the Silent Killer

Saving more than just energy and money

AHFC's Home Energy Rebate Program ended its enrollment in March 2016. Since inception in 2008 the program has been saving energy costs for more than 26,000 Alaskans. For Anchorage couple Roberta and Darren Richardson it might have saved more.

When considering energy efficiency upgrades Roberta and Darren didn't plan to replace their furnace but their energy rater convinced them it was a good idea.

"When the heating contractor came to the house he told us it was a good thing we were replacing the furnace since it had a crack in it and could leak carbon monoxide," said Roberta. "I did not have a CO detector in our home so this news was absolutely worrisome."

Carbon monoxide is a colorless and odorless gas responsible for several deaths in Alaska every year. According to the US Environmental Protection Agency (EPA) indoor carbon monoxide typically comes from malfunctioning or improperly used fuel-burning appliances, such as furnaces. For information about how to protect your family from the "silent killer" consult with EPA's publication [Protecting Your Family and Yourself from Carbon Monoxide Poisoning](#).

Through the Home Energy Rebate program Roberta and her husband were able to make energy-efficiency upgrades to their home that included a new furnace, new windows, a new garage door and new appliances.

"I'm so grateful for the Rebate Program and really believe that it may have saved our lives."

Roberta and Darren's home went from a 2 Star Plus energy rating to a 4 Star Plus, increasing not just its efficiency but also its safety, livability and overall value.

"We have learned so much through this process, including what to look for and what to avoid in our next home. More importantly, I know that when we are ready to sell this home we are going to be selling a home that is worthy to another family."

Even though the Home Energy Rebate program has ended, Alaskans still have an opportunity to make their homes safer, more comfortable and energy efficient. Through federal and state funding, the Weatherization program is available to those who meet certain income limits. The program is free for those who qualify.



Healthier Homes

40 years of making homes healthier

The State of Alaska has invested heavily in the income based Weatherization program. Since 2008 the Legislature has made more than \$355 million available. In FY17 AHFC weatherized 410 homes through partners like RuralCap and Interior Weatherization whose combined work bring the total number of weatherized homes to near 20,000 and achieving approximately 30 percent in energy cost savings.

The Weatherization program is the nation's oldest and largest whole-home energy efficiency program that celebrated its 40th anniversary in FY17. Since its inception in 1976 the income-based program has made more than 7 million homes more comfortable and energy efficient across the nation.



Energy Efficiency Loan

City of Galena pioneers energy efficiency loan

The first financing through AHFC's Energy Efficiency Revolving Loan Fund took place in FY17 when the City of Galena was approved by the AHFC board for a loan of \$2,445,000 for energy improvements of the city's central boiler plant.

The \$250 million loan fund was created in 2010 by the Alaska Legislature when they passed Senate Bill 220 that allowed AHFC to provide financing for permanent energy efficient building improvements owned by regional educational attendance areas, University of Alaska, the state, or municipalities. Savings from improvements are used to repay the loan.



Governor's Energy Challenge

AHFC gets behind Governor's Energy Challenge

AHFC's joined Governor Bill Walker's initiative Great Alaska Energy Challenge, a voluntary competition between state agencies to reduce facility energy use during a six month period starting in October and going through March 2017.

The AHFC cross-functional team collected energy usage data for six buildings that included Anchorage headquarters, Anchorage Family Investment Center, Fairbanks Family Investment Center, Nome Housing Operations, Bethel Housing Operations; and 4319 Reka Drive in Anchorage, a public housing rental property.

The buildings competed in four categories:

- **Greatest reduction in heat consumption** (Winner: Yukon-Kuskokwim Correctional Center, Bethel)
- **Lowest heat consumption** (Winner: Northern Region Administrative Headquarters, Dept. of Transportation and Public Facilities, Fairbanks)
- **Greatest reduction in electricity consumption** (Winner: Yukon-Kuskokwim Correctional Center, Bethel)
- **Lowest electricity consumption** (Winner: Alaska Public Health Laboratory, Anchorage)

Although AHFC did not win the competition, multiple energy efficiency and conservation initiatives were executed including building energy audits, lighting upgrades and building control systems optimization. The most significant benefit from participation in the Great Alaska Energy Challenge was the formation of the cross functional team of employees who continue to further AHFC building efficiencies.



EE NOW Conference

EE NOW Conference lights up downtown Anchorage

Champions for energy efficiency gathered in Anchorage to explore new technology and learn from each other at AHFC's third annual EE Now conference that was themed *Discovering the Value of Energy Efficiency in Commercial and Residential Buildings*. The FY17 conference drew 120 people and included sessions aimed not only at commercial and residential builders but also real estate professionals.

AHFC's goal of the conference was to increase awareness of the value of energy efficiency upgrades among homeowners, appraisers, building owners, operations and maintenance, architects, engineers, weatherization specialists and others by using case studies and real world experiences from professionals in this wide range of fields.

Sandy Adomatis, nationally recognized expert appraiser for valuing green-energy properties, taught several sessions about how to properly value energy efficient homes and used Alaskan properties as examples.



Builder of the Year

Soldotna builder lands title Builder of the Year

Clint Hall, owner of Hall Quality Builders in Soldotna received AHFC's Builder of the Year award in FY17. The award was presented to Mr. Hall by Alan Wilson, vice chairman of the AHFC Board of Directors at the Build AK conference in Anchorage that was organized by Alaska State Home Building Association.

The award recognized a builder for constructing the most energy-efficient home in 2016, and was ranked amongst homebuilder association members. Builder of the Year brings attention to the value of investing early in quality efficiency construction.

Of 438 homes rated and verified through AHFC's Home Energy Rating System, the Hall-built home located in Kenai scored 96.1 of 100 total points for efficiency.

The home, measuring 1,191 square feet has projected annual energy costs of \$1,972 per year, the bulk of which accounts for lighting and appliances.



Smart Energy Tech

Saving energy and money by using smart technology

AHFC continued to build out its building monitoring system in FY17. The corporation installed the system in an additional 14 buildings during the fiscal year, bringing the total number of AHFC buildings using the system to 29.

The building monitoring system uses computer software to track a wide range of data about the building, including occupancy, temperature, electrical and fuel use; and it captures information from multiple outside sources such as, weather stations, building automation systems and databases. Sensors relay up-to-the-minute information allowing AHFC's maintenance team to ensure proper operation, shutdown during unoccupied periods, troubleshoot operational difficulties; and it aids in design consideration of renovation or new building appliances.

Outside the agency, Mat-Su Borough School District is participating in an eight-school pilot project using the building monitoring system. Other interested entities are Department of Transportation, Southcentral Foundation and Cook Inlet Housing Authority. Alaska Energy Authority and Alaska Native Tribal Health Consortium have already started to use the monitoring system.

The result of monitoring and fine tuning of heating and cooling systems at AHFC's headquarters in Anchorage resulted in an 18 percent reduction in energy costs, and similar savings are expected elsewhere.

The system uses open source software and is available at no cost at <https://code.ahfc.us/energy/bmon>.



Power Pledge Challenge

Lessons create lots of energy

Students completed a hands-on activity from the curriculum and learned how to calculate energy usage and ways to reduce it at home. Then, they conducted an online home energy audit with their families and identified specific actions they would take to use energy more efficiently.

More than 2,200 middle school students from 90 classrooms in 15 Alaska schools participated in the Power Pledge Challenge supported by Chugach Electric, Alaska Electric Light and Power Company, Municipal Light & Power, Alaska Energy Authority, Renewable Energy Alaska Project, Matanuska Electric Association and AHFC.

Each classroom that had 75 percent or greater student participation in the pledge was entered to win a grand prize.

Mayme Troutman's fourth period science class from Wasilla Middle School was the grand prize winning class, and was awarded an ice cream party with a visit from Alaska's First Lady Donna Walker.



Rural Grants

Grants pave the way for energy efficiency in rural Alaska

Providing safer, more energy efficient and affordable housing for residents in rural and urban Alaska is the goal for the Supplemental Housing Development Grant Program.

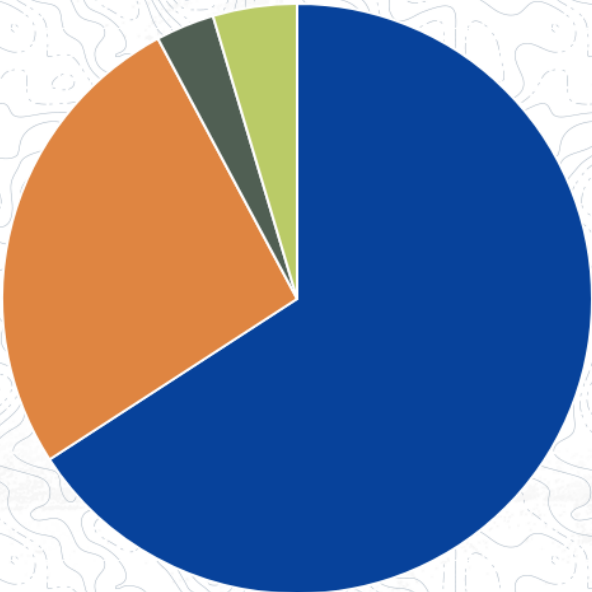
Funds may be applied toward energy efficiency design features, on-site water and sewer systems, access roads to development, and electrical distribution to homes on project sites. One example, pictured, completed in FY17 was Ketchikan Indian Community Housing Authority's affordable Upper Jackson housing development. The seven-plex property has five two-bedroom units and two one-bedroom units with original funding dating to FY15.

Funding for FY17 was awarded to nine regional housing authorities supporting construction of 65 units and rehabilitation of 197 units. Grants were distributed as follows:

Agency-Project	Award
Aleutian Housing Authority	\$183,000.00
Bristol Bay Housing Authority	\$276,854.06
Bering Straits Regional Housing Authority	\$276,854.06
Cook Inlet Housing Authority	\$276,854.06
Copper River Basin Housing Authority	\$276,854.06
Interior Regional Housing Authority	\$276,854.06
North Pacific Rim Housing Authority	\$130,000.00
Tlingit-Haida Regional Housing Authority	\$276,854.06
Taigugmiullu Nunamiullu Housing Authority	\$275,875.64
TOTAL	\$2,250,000.00

Here's how funds are being spent:

Energy Efficiency Features Water & Sewer Access Roads Electrical Distribution





AK Energy Smart

Energy education for tomorrow's leaders

AK EnergySmart is a K-12 curriculum designed by Alaskans for Alaskan students to raise energy literacy. The Renewable Energy Alaska Project is contracted by AHFC to maintain the curriculum and train teachers in its use with the goal of widespread incorporation of the material into districts across the state.

AK EnergySmart has been presented to school district administrators, at teacher trainings, and in classrooms across the state during FY17. The curriculum was presented to more than 180 teachers and 3,200 students. Teacher trainings were provided in Anchorage, Fairbanks, Glenallen, Kodiak and Unalaska. Webinars were provided to participants in five communities, including Kodiak, Mountain Village, Larsen Bay, Hooper Bay and Numan Iqua.

To increase awareness and recruit more teachers to the program, AHFC and the Renewable Energy Alaska Project produced a [promotional video](#) featured on Facebook and other digital platforms.

FINANCE



High Ratings



Wall Street maintaining high ratings of AHFC

AHFC continues to be among the strongest housing finance agencies in the country according to the independent rating agencies S&P Global Ratings, Moody's Investors Service and Fitch Ratings. AHFC has been rated Aa2 by Moody's since 1997, AA+ by Fitch since 2000 and AA+ by S&P since 2010.

Operating Income

AHFC operating income remains stable

AHFC posted operating income of \$14.3 million for FY17, compared to operating income of \$14.2 million in FY16. As of June 30, 2017, AHFC's total net position was \$1.5 billion. During FY17, AHFC's mortgage loan portfolio increased 3.3 percent to \$2.9 billion, while the bond portfolio increased 2 percent to \$2.1 billion.



Bonds Issued

\$150 million in bonds issued

During FY17, AHFC issued \$150 million of long-term debt to refund higher cost debt, reduce debt service payments, and continue its lending programs.

The table below presents additional information relating to long-term debt issued by AHFC in FY17:

Bond Issue Title & Amount	Ratings S&P / Moody's / Fitch	Date Issued	Program Purpose	Tax Status
\$50,000,000 Collateralized Bonds (Veterans Mortgage Program) 2016 First and Second Series	AAA/AAA/NR	07/27/2016	Debt Refunding/New Money	Tax- Exempt
\$100,000,000 General Mortgage Revenue Bond 20116 Series A	AA+/NR/AA+	08/24/2016	New Money	Tax- Exempt

During FY17 AHFC achieved approximately \$6.7 million of net present value debt service savings from debt refunding.