



 **BUILDING ALASKA**

2014
ANNUAL REPORT



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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. Since 1986, AHFC has contributed close to \$2 billion to Alaska's state budget through cash transfers, capital projects and debt-service payments. As of the end of FY 14, AHFC assets totaled \$3.9 billion.

LETTER TO THE GOVERNOR

The Honorable William M. Walker
Governor, State of Alaska
Juneau, Alaska

Dear Governor Walker:

Having a home is part of the American Dream, and for more than 40 years Alaska Housing Finance Corporation (AHFC) has been on a mission to give residents across Alaska access to safe, quality and affordable housing.

During FY 14 the negative trend of past years turned for the better, and we're proud to honor our commitment to the State of Alaska with a \$19.1 million dividend, up nearly three times from FY 13. Since 1986, AHFC's cumulative contribution to the state is close to \$2 billion.

As with other short-term investors, national market conditions and historically low mortgage interest rates continued to challenge returns but not to the same extent as recent years. This improvement manifests itself with a smaller net loss for the corporation. For FY 14, it is \$3.4 million, down from \$17.9 million in FY 13 and \$30.5 million in FY 12.

It is fair to say that AHFC is on track for returning to profitability but that outcome is directly linked to market conditions and our ability to issue bonds at low interest rates and earn a return on the home mortgages we purchase. With short-term treasury yields continuing near zero percent, AHFC's investment interest income has decreased from a high in 2007 of nearly \$80 million to \$6.5 million in FY 14, showing a slight increase compared to FY 13.

Other positive signs pointing to a turnaround:

AHFC's mortgage portfolio increased by 10 percent to **\$2.5 billion**, and the bond portfolio used to finance the loans grew by two percent to **\$2.3 billion**.

Total operating expenses decreased 7 percent, and AHFC's total net position held steady at **\$1.5 billion**.

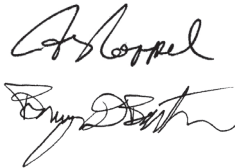
Refinancing tapered off and pre-payments dropped 59 percent in the past year to **\$218.6 million** in FY 14.

The financial wherewithal of AHFC remains well-positioned on Wall Street with AHFC being rated among the strongest housing finance agencies nationwide according to Standard & Poor's Ratings Service who ranks the agency AA+.

Offering access to safe, quality and affordable housing matters. AHFC generates socio-economic benefits for Alaskans in need and for the state. From mortgage loans to homeless assistance grants to public housing and energy efficiency, the over 300 Alaskans who serve our neighbors continue to build a better Alaska. Below are a few notable examples of our commitment during this last fiscal year:

- AHFC mortgages assisted 1,930 families and individuals getting into a new home; 954 did so for the first time.
- Nearly 6,000 individuals and families were directly helped thanks to our Public Housing Division.
- Reduced energy consumption is the No. 1 way to save Alaskans money. AHFC weatherized 3,360 homes making them safer and more energy efficient, with the average annual savings totaling \$1,300 per year, per family.
- Early homebuyer education promotes responsible buying and impacts loan delinquency and foreclosures. HomeChoice™ classes were offered statewide with 1,682 individuals participating last fiscal year. Since its inception in 1994, HomeChoice™ has delivered education and prepared 40,000 Alaskans for successful homeownership.
- 12,800 people benefited from funds made available through the Homeless Assistance Program including 1,225 individuals transitioning from homelessness to permanent housing.
- With \$6.3 million in grants made available from the state legislature, the Teacher, Health Professional and Public Safety Housing Program funded 19 new units, and rehabilitation for seven other projects in as many rural communities. Since the program began in 2004, nearly 400 units have been placed in service and are positively impacting rural communities.
- Alaska Corporation for Affordable Housing, a new subsidiary of AHFC authorized by the state legislature, made it possible to go ahead with construction of Ridgeline Terrace and Susitna Square in Anchorage. Both projects leveraged federal tax credits, will benefit from Housing Choice Vouchers, and are ahead of schedule. They will add 88 units of needed affordable housing near a busy shopping and workforce corridor when completed in late 2015.
- AHFC's Public Housing Division launched Rent Reform, an effort to assist residents in becoming financially self-sufficient. The new Classic and Step programs are designed to meet the needs of seniors, families who experience disabilities, and those considered work-able. The intent is to contribute to a faster turnover in public housing, enabling AHFC to assist more families and individuals in need while also respecting the unique challenges of Alaska's varied communities.

In closing, we are proud of the focused work our employees do to enhance the lives of Alaskans in need while contributing to a stronger financial future. AHFC values the support given by Alaska's elected officials, and we appreciate the opportunity to work with you to open more doors for Alaskans.



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BRYAN D. BUTCHER | Alaska Housing Finance Corporation, CEO/Executive Director

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Alaska Housing Finance Corporation,
CEO/Executive Director

PUBLIC HOUSING

KHYISHA TAYLOR

At 25 years old, Khyisha Taylor was a single mother of three working odd jobs to support her family. Her youngest child was 6 years old at the time, and homeownership and family vacations were luxuries pushed aside in favor of putting food on the table and keeping a roof over her children's head.



■ HELPING ALASKANS INVEST IN THEMSELVES

A family relative told Taylor about the Family Self-Sufficiency program offered through AHFC. He thought Taylor would be a good candidate for the program.

With nothing to lose and everything to gain, Taylor applied and began the process of taking control of her life, her finances and her future.

Joining the program was easy. What followed - taking a couple of career development classes, holding down a job and making rent payments on time - were the real challenges Taylor faced. Through regular monthly check-ins with her AHFC coach and because of her own hard work and commitment, Taylor began to accomplish some of the goals she set for herself.

“The incentive of being able to put some of the money I earned back into savings was helpful,” Taylor said. “And so was knowing that in the long run it would be beneficial for my family.”

Being more conscious of her finances and sticking to a budget did not make Taylor feel trapped. Quite the opposite – it gave her a sense of freedom knowing she was in control.

On November 1, 2014, Taylor successfully completed AHFC’s Family Self-Sufficiency program. She is now 30 years old, and her children are 11, 13 and 15. Throughout the past five years, Taylor not only met her original goals but she also achieved new ones she set along the way: she holds down a job as a customer service representative at Alaska Dispatch News (formerly Anchorage Daily News), paid down her debt, raised her credit score from the mid-500s to the high 600s and purchased a car.

The incentive? Taylor put a percentage of her rent payment aside each month, and she is now the recipient of a check in the amount of \$24,110.

Suddenly, a family vacation and home ownership are not such a distant dream.

“I plan on using that money to take my kids to Disneyland and as a down payment on a home,” Taylor said.

Khyisha Taylor was born and raised in Anchorage. Mother of three, she’s currently planning her first family trip to Disneyland.



Khyisha put a percentage of her rent payment aside each month and she is now the recipient of a check in the amount of

\$24,110.

■ 88 UNITS OF AFFORDABLE HOUSING UNDERWAY IN ANCHORAGE

AHFC began working on Ridgeline Terrace on Mountain View Drive and Susitna Square in Russian Jack, Anchorage during FY 14. It's the first time in over 15 years AHFC is undertaking a project of this size.

Together the two developments will provide 88 units of affordable housing, 70 for Ridgeline Terrace and 18 for Susitna Square when completed in late 2015.

Ridgeline Terrace will feature a total of 14 buildings, including a community center with services offered to residents by Kids Corps. The new community center is made possible by a \$450,000 grant from the Rasmuson Foundation.

Susitna Square is a three building project containing 18 one- and two-bedroom apartments. All units will be affordable, benefiting working families. Catholic Social Services will provide case management services to residents.

AHFC's subsidiary, Alaska Corporation for Affordable Housing, created in FY 14, is leading the development of Ridgeline Terrace and Susitna Square. The \$29.5 million project is funded with a combination of federal money and \$3.2 million in state funds provided during the 2011 legislative session.

Alaska Corporation for Affordable Housing was granted non-profit 501(c)3 status by the Internal Revenue Service in FY 14. It makes it possible for AHFC to partner with private developers and investors to add low- to moderate-income housing throughout Alaska. The non-profit status also allows access to federal funding, including bond financing and the non-competitive Low-Income Housing Tax Credits. Ridgeline Terrace and Susitna Square are built in partnership with Cook Inlet Housing Authority, Trapline LLC and V2 LLC, two local developers.



RIDGELINE TERRACE



SUSITNA SQUARE

BOTH PROJECTS FEATURE:

On-the-job training for people living in the surrounding neighborhood during and after construction.

Solar powered hot water and electricity systems that are estimated to deliver at least 10 percent of the total energy demand.

PUBLIC HOUSING STATS

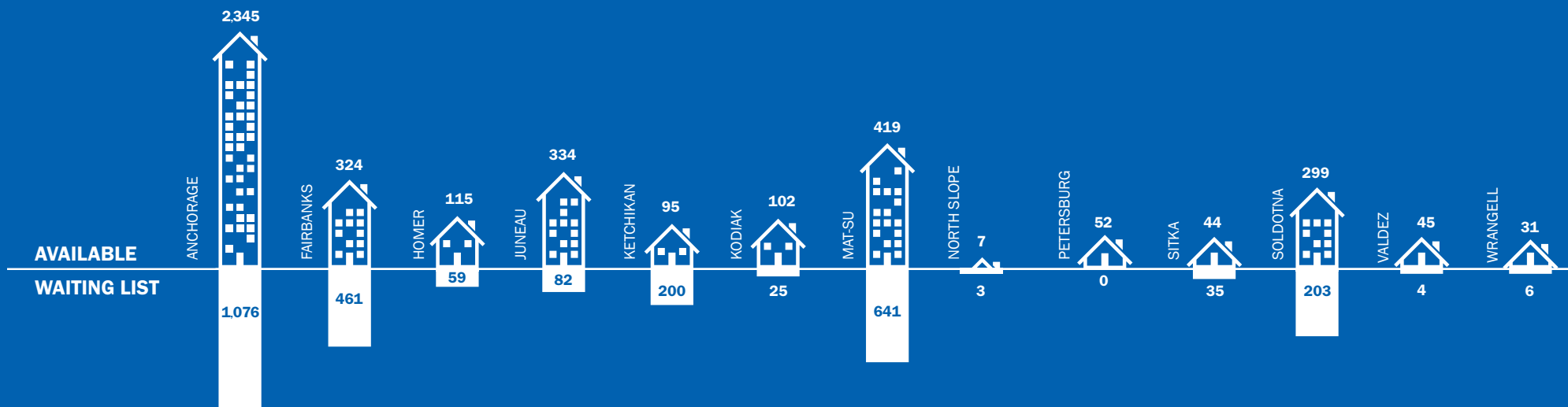
as of June 30, 2014



DEMAND FOR AFFORDABLE HOUSING CONTINUES TO GROW

The pressure on public housing continued with Anchorage, Fairbanks and Juneau showing the longest waiting lists for affordable housing. AHFC closed a number of waiting lists during the year in an effort to more efficiently work through the lists, re-opening when the situation became more manageable and predictable for those in need of assistance. The measure proved successful bringing the total number of households on the waiting lists down from 6,304 in FY 13 to 5,584 in FY 14.

VOUCHER STATS as of June 30, 2014



■ VOUCHER PROGRAM DEMAND REMAINED STRONG IN FY 14

The Housing Choice Voucher Program assists over 6,000 people each year in securing safe and affordable housing, and contributes about \$30 million per year to private sector landlords. In FY 13 AHFC lost \$1.8 million (222 Housing Choice Vouchers) in federal funding due to sequestration. Funding was partially restored in March 2014 enabling AHFC to resume issuing vouchers that had been on hold since March 2013. The need for assistance is especially severe in Anchorage, Fairbanks and Mat-Su.

■ RENT REFORMS WITH TWO PROGRAMS: CLASSIC AND STEP

AHFC announced its first major overhaul of how public housing is administered statewide during FY 14 in an effort to support increasing community needs. The reform is designed to make more housing units available to more families in need faster.

Beginning February 2014, seniors or persons with disabilities were included in the Classic Program, designed to create stable housing assistance and streamline rent calculations. Rent burden dropped for participating families from 30 to 28.5 percent of gross income. Residents aged 57 and older were grandfathered into the Classic Program.

The Step Program is designed to provide families with a work able adult with opportunities to increase economic independence and transition into traditional rental or homeownership markets. Providing gateways for families to “step” off rental assistance will allow more families to take advantage of limited rental assistance dollars.

Under Step, participating families will pay rent based on the family’s income in the first year. In years two through five, the family’s portion of assistance will gradually decrease. Participating Step families are required to attend a financial literacy course and are encouraged to participate in an expanded statewide Family Self-Sufficiency Program called Jumpstart that provides caseworkers and resources to help them meet their financial goals.



Rent reform
allows AHFC
to assist more
families.



■ RIBBON CUTTING AT TRAILSIDE

Bryan Butcher made his first public appearance as AHFC CEO/Executive Director when speaking at the grand opening of Trailside Heights on Lake Otis in Anchorage, August 26, 2013. Trailside Heights, a 66 unit development of affordable rentals comprised of two and three bedrooms, was awarded Low Income Housing Tax Credits by AHFC in 2012 through the Greater Opportunities for Affordable Living Program.

The \$20 million development is a partnership between AHFC and Volunteers of America (VOA), and is one of four projects in three communities AHFC engaged with VOA (Eagle River, Juneau and Trailside Heights Phase II, Anchorage). Butcher shared the stage with Lisa Murkowski U.S. senator, Elaine Dahlgren president /CEO Volunteers of America Alaska and Mike King national president Volunteers of America.

The projects
will add
88 Units to
the city.

■ JUNEAU'S VISTA DRIVE ON TRACK FOR COMPLETION

In FY 14 Juneau's Planning Commission greenlighted the AHFC-financed Vista Drive project, phase one. Vista Drive is the largest new housing project in the city in the past 10 years and will, when completed, consist of 75 units.

Of the first units to be developed, 25 will be rented at rates depending on the tenants' income, and 15 will be rented at regular market rate. Eight units will be reserved for tenants with disabilities. VOA will own and manage the housing.

■ SAN ROBERTO CLEARED FOR DEMOLITION

Mid-April 2014, AHFC's plan for Susitna Square in the San Roberto neighborhood in Anchorage was approved by the federal office of Housing & Urban Development (HUD). AHFC got the go-ahead to give tenants of the 16 unit property notice to relocate. The next phase of the project included demolition, followed by foundation work in September, coinciding with the construction start for Ridgeline Terrace in Anchorage's Mountain View Drive neighborhood. In total, the projects will add 88 units to the city, and was the first utilization of AHFC's newest subsidiary, Alaska Corporation for Affordable Housing.





■ \$5.9 MILLION IN FUNDING SUPPORTS THOUSANDS OF HOMELESS

More than 12,500 homeless individuals and those threatened by homelessness have benefited from roughly \$6 million in homeless assistance funds through AHFC's Basic Homeless Assistance Program. Funding was distributed to 28 organizations in 13 communities statewide. Funds provide operating expenses for emergency shelter and transitional housing facilities, and supportive services, including permanent housing placement, street outreach and rent/utility arrearage assistance. Recipients are determined through a competitive application process. Applicants are evaluated based on program priorities, utilization, performance and community need.

■ ORGANIZATION | COMMUNITY

AWARD AMT.

ALASKA MENTAL HEALTH CONSUMER WEB ANCHORAGE	\$96,496
ALASKA YOUTH ADVOCATES ANCHORAGE	\$56,079
ANCHORAGE COMMUNITY MENTAL HEALTH SERVICES ANCHORAGE	\$180,508
ABUSED WOMEN'S AID IN CRISIS ANCHORAGE	\$251,502
CATHOLIC SOCIAL SERVICES ANCHORAGE	\$837,213
COVENANT HOUSE ANCHORAGE	\$387,075
NEW LIFE DEVELOPMENT ANCHORAGE	\$245,858
PARTNERS FOR PROGRESS ANCHORAGE	\$144,267
RURAL CAP ANCHORAGE	\$74,237
SAFE HARBOR INN ANCHORAGE	\$217,037
SHILOH COMMUNITY HOUSING, INC. ANCHORAGE	\$148,444
THE SALVATION ARMY - MCKINNELL HOUSE ANCHORAGE	\$80,124
TUNDRA WOMEN'S COALITION BETHEL	\$62,930
FAIRBANKS RESCUE MISSION FAIRBANKS	\$293,838
FAIRBANKS YOUTH ADVOCATES FAIRBANKS	\$183,040
INTERIOR CENTER FOR NON-VIOLENT LIVING FAIRBANKS	\$50,000
THE SALVATION ARMY - FAIRBANKS FAIRBANKS	\$148,769
SOUTH PENINSULA HAVEN HOUSE HOMER	\$94,380
GASTINEAU HUMAN SERVICES JUNEAU	\$589,883
LOVE INC OF THE KENAI PENINSULA KENAI	\$307,260
THE LEE SHORE CENTER KENAI	\$50,509
LOVE INC GATEWAY AFFILIATE KETCHIKAN	\$97,034
KODIAK BROTHER FRANCIS SHELTER KODIAK	\$231,126
NOME EMERGENCY SHELTER TEAM - NEST NOME	\$115,355
VALLEY CHARITIES, INC. MAT-SU	\$894,286
THE SALVATION ARMY STIKA	\$72,160
THE SALVATION ARMY - SMALL COMMUNITY SOUTHEAST	\$27,825



■ SUCCESS FOR HOMELESS VETERANS

Reducing veteran homelessness is a top priority in Alaska. During FY 14 AHFC had 210 Veterans Affairs Support Housing vouchers for homeless veterans as of June 30. Success of the program has allowed it to expand into Mat-Su Valley, Kenai, and Juneau, in addition to already serving Anchorage and Fairbanks.

According to the Point in Time homeless count conducted by AHFC every February, homeless veterans have been declining since 2011. That year the count revealed 265 unsheltered and sheltered veterans. In 2014, it was down to 89.

■ ANDREW GETS TASTE OF SUMMER CAMP

A Petersburg teen, Andrew Weller, was one happy camper during the summer of FY 14. Andrew was a recipient of an AHFC scholarship to attend Youth Summer Camp. He zip-lined through Echo Ranch in Juneau, went horseback riding and worked in the kitchen. Back home, he sat down and penned a nice thank you note to AHFC and his camp coordinator. Andrew's scholarship was one of 141 supported by federal funds and distributed in 10 communities statewide.

■ ON THE ROAD TO SELF-SUFFICIENCY

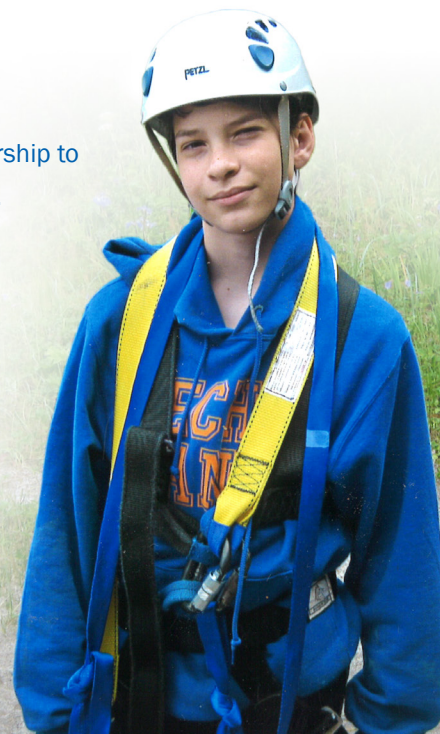
AHFC's Family Self-Sufficiency Program (FSS) graduated 21 participants, ending the fiscal year with 250 enrollees. FSS is a voluntary program designed to promote economic self-sufficiency in public housing. Families living in AHFC's housing or those receiving Housing Choice Vouchers are eligible to apply. The program combines housing assistance with education, job training and support services to help residents find full-time employment and develop a five-year financial plan.

■ CRITICAL SUPPORT FOR SURVIVORS OF DOMESTIC VIOLENCE

The Empowering Choice Housing Program is designed to assist survivors of domestic violence and sexual assault secure housing. It offers referral-based rental assistance for up to 250 survivor families each year, most of whom are families with very low income. More than 470 Alaskans have benefited since the inception of the program in November 2012. The Empowering Choice Housing Program was developed by AHFC in partnership with Alaska Network on Domestic Violence and Sexual Assault, and the Council on Domestic Violence and Sexual Assault.

ANDREW WELLER

Recipient of an AHFC scholarship to attend Youth Summer Camp.



GRANTS

TEACHER HOUSING

AHFC's Teacher, Health Professional and Public Safety Housing Program is helping to make rural Alaska a place for teachers to live for a long time, not just a quick stop for a short-term job.

“Teacher Housing is the No. 1 reason that rural communities are reinvesting in their schools”

- Lower Kuskokwim School District Superintendent Jacob Jensen

■ TEACHER HOUSING CHANGING LIVES IN RURAL COMMUNITIES

Decades ago rural school districts offered teachers a premium salary, making teacher recruitment and retention easy. In the 1990s, limited school funding ushered in an era of high teacher turnover. Without the security of top-notch salaries, teachers found opportunities elsewhere and began leaving their posts.

One complaint was common amongst many teachers, health professionals and safety officers: there was simply no safe, clean place for them to live. Educator-focused studies found that one third to half of former teachers in rural school districts cited lack of quality affordable housing as a reason why they left.

“If teachers are worried about freezing pipes, we can’t worry about our students,” said Lower Kuskokwim School District Education Specialist Erin Schalk, who has taught in the rural communities of Eek and Napaskiak and lived in teacher housing. “When that happens it impacts how we instruct children”.

Other educators agree. “If a teacher has to worry about whether the heat is going to work that night, they are not as easily able to pour their heart and soul into the school,” said Daniel Walker, Lower Kuskokwim School District Assistant Superintendent for Instructional Programs.

Walker spent 16 years as a teacher and a principal in Quinhagak and Eek. “Bad housing affects teacher morale and in turn, affects the climate at the school. Ultimately, it damages the connection between the school and the community.”

With fewer teachers staying in rural communities for long stretches, the teaching corps became less knowledgeable and sensitive to cultural issues. Conversely, in light of the revolving door of teachers, community members began to lose faith in their schools. Something had to change.

AHFC received its first authorization in 2004 to spend \$2.2 million that would help build new housing that would otherwise be cost prohibitive. Partnering with the Denali Commission, AHFC enabled construction of a total of 64 teacher, health professional and safety officer housing units in Kotzebue, Savoonga, Togiak, Cherfornak, Nightmute and Tuntutuliak.

Now celebrating its 10th anniversary, the Teacher, Health Professional and Public Safety Housing Program has enabled construction or rehabilitation of 394 units in rural communities across Alaska for critical community service providers. Those providers have, in turn, stayed longer in rural communities sometimes putting down permanent roots.

Impacts to the communities have been profound. School districts report that new housing has improved recruitment and retention. Teachers are showing up and staying put. “You don’t hear about housing as a deciding factor when it’s updated, safe and clean but if you have poor teacher housing, I guarantee you that it will have detrimental effects on recruitment and retention,” said Walker. “When we recruit, we can show potential teachers what it looks like to live here. Many of them stay, and a major contributing factor is quality of teacher housing. Communities notice and it helps bring a sense of pride that teachers are comfortable and happy, which translates to a better education for kids.”



Covenant House Alaska

■ GRANTS OPEN DOORS FOR YOUTH IN CRISIS

Covenant House opened its new facility on 755 A Street, Anchorage on August 6. The \$21 million facility, of which \$300,000 was provided by grants from AHFC, expanded the number of beds from 42 to 62, and brought the Crisis Center and Community Services Center under the same roof; therefore, improving the service of safe shelter, food, clothing, counseling, family mediation, medical attention, employment and education assistance.

Since 1988 Covenant House has offered shelter and other services to homeless, runaway and at-risk youth. The reality Covenant House works with is stark:

- **Half of teens arriving have been assaulted, often by family or friends.**
- **Two-thirds have dropped out of school.**
- **Many struggle with mental health problems.**



■ NEARLY 200 AFFORDABLE UNITS FOR SENIORS AND LOW INCOME FAMILIES

AHFC's Greater Opportunities for Affordable Living (GOAL) Program made \$33.2 million in grants and tax credits available to five communities statewide in FY 14. Funding is to be used for developing or upgrading 179 rental units for Alaskans who have low-income or are senior citizens. The contribution will generate more than \$48 million in direct economic impact to Alaska's economy.

In FY 14, five of the selected projects leveraged AHFC's awards with generous funding, \$1.5 million, from Rasmuson Foundation.



GOAL is supported by the Senior Citizens Housing Development Fund, Alaska Congressional delegation, and includes a combination of federal and state grants, and federal tax credits to project sponsors who build or renovate affordable rental and supportive housing.

Seven projects that were awarded funding are located in five communities: Anchorage, Delta Junction, Haines, Juneau and Ninilchik. Below is a summary:

MOUNTAIN VIEW VILLAGE PHASE V | ANCHORAGE

Will create 44 new affordable rentals for families. The development features solar energy, and brings the total homes revitalized in Mountain View up to 219 units. (Cook Inlet Housing Development Corporation)

TRAILSIDE HEIGHTS PHASE III | ANCHORAGE

Will add 35 new affordable townhouse units for families and utilizes solar energy. (Volunteers of America)

DUSTY TRAILS | HAINES

A 32 unit property will be acquired and renovated for families with low-income. (GMD Development)

INLET RIDGE | NINILCHIK

Newly constructed six unit property for families with low-income. (Kenai Peninsula Housing Initiatives)

CHANNEL TERRACE | JUNEAU

A 22 unit property will be acquired, renovated and preserved as affordable housing for families with low-income. (GMD Development)

EKLUTNA ESTATES II | ANCHORAGE

Will add 34 new rental units for seniors with low-income. (Cook Inlet Housing Authority)

PTARMIGAN HEIGHTS | DELTA JUNCTION

Six new rental units featuring solar energy for seniors with low-income. (Deltana Community Services Partnership)

■ EMERGENCY SUPPORT FOR SHELTERS

The Emergency Solutions Grant Program, awarded \$198,263 to four agencies supporting five shelters:

- **Fairbanks Youth Advocates**
- **Kodiak Brother Francis Shelter**
- **Interior Alaska Center for Non-Violent Living (Fairbanks)**
- **Aiding Women in Abuse and Rape Emergencies (AWARE) Shelter (Juneau)**
- **Glory Hole Shelter (Juneau)**

Three agencies also received funding for prevention programs: Kodiak Brother Francis Shelter, Valley Charities, Inc, and Interior Alaska Center for Non-Violent Living.

AHFC managed

267 Grants
with \$94 million in annual
grant payments in 2014.

■ HOUSING VOUCHERS COMBATS RECIDIVISM

The Tenant Based Rental Assistance Program supported Youth Aging out of Foster Care and Parolee Re-entry Housing Assistance in FY 14 with \$544,696 in vouchers. By assisting former prisoners with affordable housing, recidivism has dropped dramatically because of this population's eased re-introduction to society. Before the start of Tenant Based Rental Assistance in 2009, 66 percent of prisoners released by the Department of Corrections went back to prison. For the group participating, only 20 percent were re-incarcerated. Aside from giving former prisoners a better chance to start a new life, the program has an upside for the state's finances: the average rental assistance for a household is \$7,000 annually compared to \$50,000 for incarceration.

- **AHFC's managed 267 grants with \$94 million in annual grant payments during FY 14 with the average payment made in less than two weeks.**
- **The Senior Housing Accessibility Modification Program provided more than \$1.1 million toward improvements to 116 senior households, making them easier to access and live.**
- **\$1.25 million was awarded through the Grant Match Program for the HUD Continuum of Care Supportive Housing Program which leveraged \$3.5 million federal/HUD funding, and enabled 16 homeless services projects statewide to continue operations.**
- **Fifteen units of low-income single-family homes were rehabilitated during the fiscal year using \$513,700 in Owner Occupied Rehabilitation Program funding.**
- **The Home Opportunity Program funds developing low-income home ownership, assisting 55 homeowners by providing \$1,597,523.**

MORTGAGE

DARCIE & RICK

Darcie Ziel and Rick Petersen wanted to buy a house but the process seemed daunting. They didn't know where to start or what kind of home they could afford.



■ THE Homechoice™ DIFFERENCE

Darcie and Rick first heard about AHFC's free homebuyer education class, HomeChoice™, on the radio in Sitka. They signed up in hopes of answering their many questions. During the class, Ziel and Petersen learned how to determine whether they were ready to buy a house, as well as various programs that would help save them money in the process. They also began learning what kinds of questions to ask their real estate professional, loan officer and others with whom they would soon be working.

"We left feeling overwhelmed at the prospect of buying a home," said Ziel, "but as the information sank in, we realized we had learned so much valuable information and felt far more confident moving forward."

After some consideration and research, they decided that they were ready and purchased their first home. In the process of meeting with lenders, they learned about making AHFC's Energy Efficiency Rate Reduction Program. Designed to promote the energy efficiency of existing and newly constructed homes, this program offers rate reductions to homebuyers who are financing either the purchase of an energy-efficient home or efficiency improvements to an existing home. With the help of the Energy Efficiency Rate Reduction Program, they were able to reduce their interest rate to 3 percent within a year of buying their home.

Ziel and Petersen also enrolled in AHFC's Home Energy Rebate Program that incentivizes homeowners to make their homes more energy efficient by offering a rebate for improvements in insulation, roofing and heating appliances. After an initial 2-star rating, they invested in a variety of improvements that earned them a 4-star rating, a \$10,000 rebate and annual expected energy savings of \$2,675.

Thanks to AHFC, they own an energy-efficient home only a few years after wondering if they would ever own their own home at all.

Darcie Ziel and Rick Petersen live in Sitka, Alaska, with their chickens and ducks.

LOAN PURCHASE ACTIVITY

	TOTAL NO. LOANS	DOLLARS
All Programs	1,930	\$486,873,721
	1,640	\$398,531,941
First-Time Homebuyer	954	\$201,513,806
	665	\$134,247,168
Veterans Mortgage	51	\$17,554,293
	32	\$10,357,097
Rural Housing	217	\$48,870,249
	217	\$51,368,803
Multi-Family	35	\$27,941,850
	43	\$50,910,964
Other	673	\$190,993,523
	683	\$151,647,882

FY 14 DOLLARS

FY 13 DOLLARS

TOTAL MORTGAGE PORTFOLIO

	TOTAL NO. LOANS	DOLLARS
All Programs	14,834	\$2,849,442,960
First-Time Homebuyer	7,481	\$1,194,639,899
Veterans Mortgage	693	\$164,272,769
Rural Housing	2,251	\$411,801,045
Multi-Family	393	\$305,368,930
Other	4,016	\$773,360,315

FY14 DOLLARS

■ LESSONS LEARNED THROUGH 20 YEARS OF Homechoice™

Sitka resident Don Jones attended his first HomeChoice™ class 20 years ago when the program began. “I took that first class with Bob Pickett who basically invented HomeChoice™, and [I] was hooked,” said Jones. Today, Jones has taken the course each of the past 20 years, learning nuances of the Alaska housing market from a number of AHFC instructors, including Maude Morse, an AHFC outreach specialist.

“By Maude’s calculations, I’ve participated in more HomeChoice™ classes than any person in the state,” Jones shares. AHFC introduced the free program in 1994 to help Alaskans with the home buying process. The eight-hour course provides information about everything from how to get a home loan to money management and budgeting. Though Jones has purchased a few homes through the years, he typically attends the classes for his own enjoyment. “Real estate is a hobby for me. Some people go to ball games, I go to HomeChoice™ classes,” said Jones with a chuckle. “I attend these classes out of interest even though I am not a first time homebuyer, and each time I pick up something new.”

As a veteran of the HomeChoice™ program, Jones shared these five takeaways for prospective homebuyers:

1. Take the class. The classes are free and provide invaluable perspective about not only the home purchase process but also what to expect and the resources that are available once you own a home.

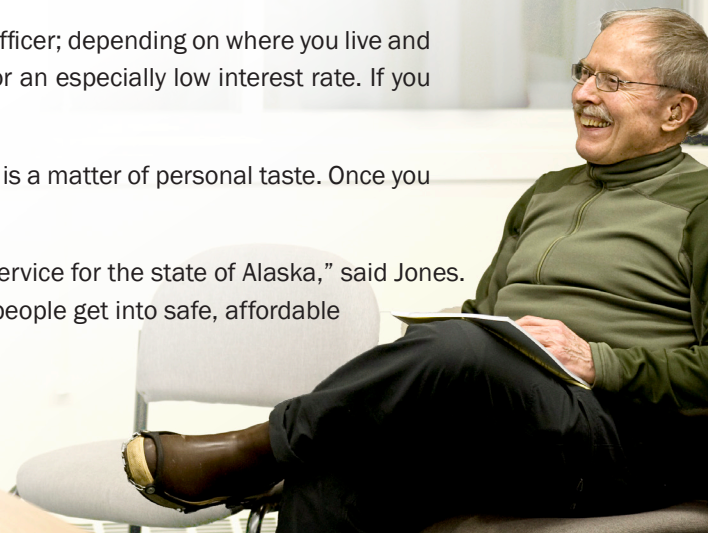
2. Know your income. You don’t need a stockpile of money to buy a home. AHFC can help with the financing but you do need income to make mortgage payments.

3. Take care of your credit. One late payment is not going to ruin your dreams of buying a home but it is important to demonstrate that you can be responsible with your credit and that includes having a handle on credit cards.

4. Get preapproved for a loan. Talk to a loan officer; depending on where you live and what your circumstances are, you may be eligible for an especially low interest rate. If you live in a rural area for example, you may qualify.

5. Find a home. Finding a house you want to buy is a matter of personal taste. Once you figure out your price range, enjoy the process.

“I think Alaska Housing Finance Corporation does great service for the state of Alaska,” said Jones. “What they can do for homeowners is special. They help people get into safe, affordable housing. My hat’s off to them.”



■ Homechoice™ CLASS PARTICIPATION FY 14

	ATTENDANCE	# OF CLASSES
JULY	143	7
AUGUST	169	8
SEPTEMBER	136	7
OCTOBER	111	6
NOVEMBER	87	5
DECEMBER	130	9
JANUARY	165	10
FEBRUARY	139	8
MARCH	162	9
APRIL	163	9
MAY	138	7
JUNE	139	9
TOTAL	1,682	94

Don Jones has lived throughout Alaska for the past 24 years and has attended HomeChoice™ classes in Sitka, Haines, Ketchikan, Seward, Juneau and Anchorage. HomeChoice™ instructors sometimes jokingly ask him whether he wants to teach the class, but he insists that he does not. “I’m retired,” notes Jones. “Real estate is just a hobby.”

■ 40,000 ALASKANS CAN'T BE WRONG

The 20th anniversary of HomeChoice™ is celebrated in FY 14, with an estimated 40,000 Alaskans from all corners of the state having taken advantage of the free eight hour class that prepares participants for homeownership.

HomeChoice™ started small in 1994 at Anchorage's Spenard Recreation Center, and moved into Fairview Recreation Center with an expansion to other areas in 1995. The creator of the class and its only instructor at the time was Robert Pickett, now Regulatory Commissioner at the State of Alaska, who soon realized he needed help and recruited Doc Crouse, who later became AHFC's director of construction.

HomeChoice™ turned out to be a huge success. The largest class ever held happened in 1996 with 139 people attending. It had to be housed at the University of Alaska.

Today HomeChoice™ is delivered by three instructors: Maude Morse, Maria Celli and Michelle Graves of governmental relations and public affairs, who during FY 14 taught 94 classes to 1,682 participants. When buying a home 25-30 percent of all HomeChoice™ participants rely on a mortgage loan from AHFC.

■ STATEWIDE PROMOTION OF AHFC

AHFC participated in five Home Shows: Anchorage, Juneau, Fairbanks, Mat-Su and Kenai between February and April. The Home Shows offer exposure for AHFC's programs and services, as well as a stage for recruiting sign-ups for HomeChoice™ classes to the 20,000 attendees.

■ CLOSING COST ASSISTANCE GAINS TRACTION

AHFC funded 10 Closing Cost Assistance Program loans providing \$1.8 million for Alaskans to purchase homes with little or no down payment in FY 14.

■ DELINQUENCY RATE IN DECLINE

AHFC delinquency rate for its home mortgage loans continued downward in FY 14 compared to FY 13; 4.9 percent were 30-days or more past due at the end of FY 14 compared to 5.49 percent in FY 13. Alaska continues with one of the lowest delinquency rates in the nation.

■ MILITARY GETS FORT FUNDING

AHFC supported Fort Wainwright and Fort Greely in FY 14 with \$50 million phase one financing of approximately 1,860 housing units. AHFC's total commitment to the project is a loan in the amount of \$154 million with subsequent payouts in July 2017 and April 2018.

When buying a home

25-30 percent

of all HomeChoice™ participants rely on a mortgage from AHFC.



ENERGY

RAYPOLD FAMILY

Intended to assist Alaskans by offsetting the costs of making a home more energy efficient, the Home Energy Rebate Program provided far greater rewards for one Anchorage family. It may have saved the lives of Peter Raypold, his wife and kids.

"I absolutely,
100 percent,
believe that AHFC
saved our lives."



■ LIFE CHANGING HOME INSPECTION

In summer 2010, the Raypolds moved into their new three-bedroom, two-bathroom home. At the time they were a happy, healthy family. "The kids had almost perfect attendance at school; they never got sick," said Peter Raypold.

As winter set in, the Raypolds slowly began experiencing unusual symptoms. "We started getting really tired," said Raypold. "It was hard to get up in the morning. Sometimes if I got up too quickly, I would feel dizzy. [It was] just an overall rotten feeling. The kids started missing school all the time."

Befuddled doctors suggested that the Raypolds might have the flu but as time passed and symptoms worsened, the Raypolds came to believe that they had succumbed to seasonal affective disorder. "The winter blues," said Raypold. "It made sense. We felt better when we were outside and also started feeling better the next summer. We figured it was the darkness."

In fall 2011, the Raypolds signed up for AHFC's Home Energy Rebate Program. "We were really cold the previous winter because of a leak and had been running the heater so much that our bills were through the roof," explained Raypold. "We signed up, basically, to get more heat and more savings."

What they got was a big surprise. "The inspector, Jon Schultz, caught the problem right away," said Raypold. "He told me we were being poisoned. It was a double whammy. Our heater and oven weren't venting correctly. Instead of pushing carbon monoxide out of our home, they were pumping the air full of what (the inspector) called 'the silent killer.'"

Schultz told Raypold that carbon monoxide levels were so high that he was surprised all five family members had managed to wake up each of those cold winter mornings. He instructed the Raypolds not to use the heater or oven until they could be repaired.

After that initial inspection, the Raypolds made the required repairs and their home was once again safe. They also qualified for a full \$10,000 rebate and their home improved from a 1 Star Plus rating to four-stars. Three years later, the Raypolds still live in that same home and they are healthy again.

"I absolutely, 100 percent, believe that AHFC saved our lives," said Raypold. "If we hadn't had the energy audit done, we would have built up enough carbon monoxide in our bodies that we would have been done. Colorless, odorless. We didn't even know it was there and it was slowly killing us."

"We are lucky to be here today," said Raypold. "Had we not participated in the program, I would not be here to tell you our story, and to say thank you to our inspector and Alaska Housing Finance Corporation. The AHFC Home Energy Rebate program literally saved our lives."

HOME ENERGY REBATE STATS FY 14

Legislative appropriations received from State of Alaska in spring 2014: \$15 million

- Total rebates paid: 21,506
- Total as-is energy ratings paid: 36,861
- Average rebate: \$6,889
- Total 5 Star Plus rebates paid: 2,397
- Total 6 Star Plus rebates paid: 34

ANNUAL AVERAGE ENERGY SAVING PER HOME: \$1,464

Total dollars received from the Legislature end of FY 14: \$252.5 million

Total spent: \$182 million

WEATHERIZATION STATS FY 14

Legislative appropriations received from State of Alaska in spring 2014: \$27.5 million

- Funding expended FY 14: \$54 million
- Number of units completed FY 14: 3,360
- Total units completed through June 30, 2014: 14,826

ANNUAL AVERAGE ENERGY SAVING PER HOME: \$1,300

Total dollars received from the Legislature end of FY 14: \$350 million

Total spent: \$278 million

HOME ENERGY REBATE PROGRAM BY THE NUMBERS

	TOTAL REBATES	DOLLARS
2008		
SEPT	49	\$309,914
DEC	241	\$1,481,443
2009		
MAR	539	\$3,240,364
JUNE	906	\$5,489,643
SEPT	1,605	\$9,797,139
DEC	2,851	\$17,547,836
2010		
MAR	4,659	\$29,024,209
JUNE	6,885	\$42,973,261
SEPT	8,898	\$55,703,86
DEC	10,865	\$68,254,588

	TOTAL REBATES	DOLLARS
2011		
MAR	12,888	\$81,531,391
JUNE	14,604	\$92,784,678
SEPT	15,482	\$98,900,456
DEC	15,959	\$102,135,895
2012		
MAR	16,386	\$104,554,995
JUNE	16,701	\$106,592,633
SEPT	17,146	\$109,910,307
DEC	17,764	\$114,036,467
2013		
MAR	18,431	\$118,470,107
JUNE	18,915	\$121,713,374
2014		
SEPT	19,497	\$125,847,583
DEC	20,311	\$131,205,910
MAR	20,964	\$135,539,522
JUNE	21,506	\$139,109,336

■ HOME ENERGY REBATE PROGRAM REACHES MILESTONE

Using the Home Energy Rebate Program paid off for Ryan Debonis from Eagle River during FY 14. Aside from getting a more energy efficient home and lower energy costs, he became the 2,000th recipient of a 5 Star Plus rebate of \$7,500.

The Home Energy Rebate Program offers new construction homes rebates of \$7,000 for 5 Star Plus and \$10,000 for 6 Star. Homeowners making energy efficiency improvements to existing homes are eligible for a rebate up to \$10,000.

The program was initiated by the Alaska Legislature in 2008 and has been funded with \$252.5 million. It has touched close to 37,000 Alaskan households, and coupled with the Weatherization Program that is designed to assist lower income Alaskans, saves an estimated 533,628 barrels of oil annually.

■ APPRAISAL TOOL INCLUDES ENERGY EFFICIENCY

AHFC's Research and Rural Development Department launched an online appraisal tool in FY 14. The tool incorporates a home's energy efficiency into the valuation process using data from AHFC's ARIS database containing housing data from over 75,000 homes.

Just like an appraiser looks for comps that have recently sold in the area to determine the price, the appraisal tool searches the ARIS database for the efficiency level of nearby homes.

■ FREE ENERGY EDUCATION PAYS

AHFC's Research and Rural Development Department sponsors free classes in Southcentral, Fairbanks and Juneau. Topics range from crawl spaces to ice dams, to building science basics. A study from Cold Climate Housing Research Center shows that if a homeowner participates in the Home Energy Rebate Program and takes some classes, s/he'll save more energy than if s/he participated in the rebate program alone. Average savings are 40 percent compared to 30-33 percent for non-class takers. Below is the class attendance for FY 14.

CLASS	TOTAL NO. OF PARTICIPANTS
Read your energy rating	402
Insulation	190
Heating and hot water	185
Air leakage	181
Doors and windows	168
Crawlspaces	164
Indoor air quality	151
How to choose a contractor	143
Building science basics	124
Ice dams	113
Lighting and appliances	79
TOTAL	1,900



■ REPORT REVEALS HOUSING STOCK SHORTCOMINGS

FY 14 saw the release of AHFC's 2014 Alaska Housing Assessment, a 1,400-page report authored by Cold Climate Housing Research Center in Fairbanks.

The report is a statewide, regional and community look at major factors affecting Alaska's housing stock. It includes data from professional energy audits conducted on approximately 30 percent of occupied housing in Alaska. A recent abundance of energy data compiled in AHFC's Home Energy Rating Software combined with identification of Alaska's unique energy challenges, led to an increased focus on those issues.

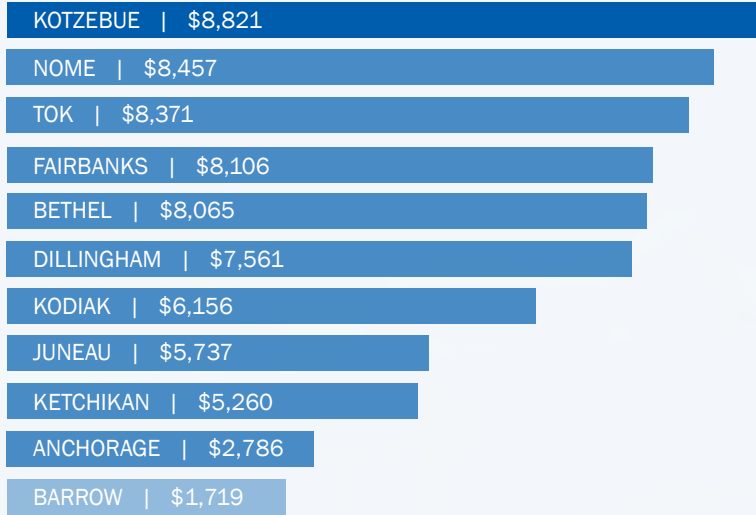
SOME OF THE HIGHLIGHTS IN THE REPORT:

- **More than 15,000 homes in Alaska are overcrowded or severely overcrowded (more than one person per room), twice as high as the national average.**
- **More than 75,000 households in Alaska (31 percent), are cost-burdened, (meaning households are spending more than 30 percent of total income on housing costs).**
- **Nearly 20,000 homes have the lowest possible energy rating, a 1 Star.**
- **On average, Alaska residents use twice as much energy as do households in other cold climates of the U.S.**
- **36 percent of Alaskans rent, 64 percent are homeowners.**
- **There are 252,920 occupied housing units in Alaska.**

To access the executive summary, full report or to view it by ANCSA region or census area, visit www.ahfc.us.

More than
15,000
homes are overcrowded.

AVERAGE ANNUAL HOME ENERGY COSTS



	AVG. HOME SIZE (SQ. FT)	% OVERCROWDED
KOTZEBUE	1,258	30.0%
NOME	1,315	8.1%
TOK	1,736	8.0%
FAIRBANKS	1,884	5.0%
BETHEL	1,237	23.0%
DILLINGHAM	1,597	7.5%
KODIAK	1,660	12.3%
JUNEAU	1,629	3.5%
KETCHIKAN	1,629	2.5%
ANCHORAGE	1,597	7.5%
BARROW	1,135	12.6%





■ SUPPLEMENTAL HOUSING GRANTS REACHES \$12 MILLION

The Supplemental Housing Development Grant Program awarded 15 grants to 10 regional housing authorities. The grants were awarded in conjunction with new construction of 328 units, 65 single-family homes and 127 multi-family units, plus rehabilitation of 136 units to provide safer, decent and affordable housing for residents in rural and urban Alaska. The \$8.2 million total grant funds were distributed for development in the following categories:

\$6,352,357

FOR ENERGY EFFICIENCY DESIGN FEATURES

\$1,259,943

FOR WATER AND SEWER SYSTEMS

\$253,317

TO ASSIST BUILDING ACCESS ROADS

\$326,973

IN ELECTRICAL DISTRIBUTION

Alaska State Legislature established the Supplemental Housing Development Grant Program in 1981. It supplements funds made available by the Native American Housing Assistance and Self Determination Act for projects constructed by regional housing authorities. Each state dollar contributed to this program leverages approximately five dollars in federal funds.

FINANCIALS

■ TOP RATING FROM WALL STREET

AHFC is among the strongest housing finance agencies in the country according to Standard and Poor's Ratings Service, an independent source of credit ratings and a leader in providing financial market intelligence and investment research. AHFC's general obligation credit continued to maintain its strong AA+ rating through fiscal year 2014.

■ AHFC REPORTS IMPROVED OPERATING INCOME

AHFC posted an operating loss of \$3.4 million for FY 14, compared to an operating loss of \$17.9 million in 2013. As of June 30, 2014, AHFC's total net assets were \$1.51 billion. During fiscal year 2014, AHFC's mortgage loans, notes and other loans increased 10 percent to \$2.54 billion, while bonds increased 2.2 percent to \$2.31 billion.

\$22.3 Million In Debt Service Savings

During FY 14, AHFC issued its \$95,115,000 State Capital Project Bonds II, 2014 Series A and its \$29,285,000 State Capital Project Bonds II, 2014 Series B. The proceeds were used to refund \$133,235,000 of the corporation's General Housing Purpose Bonds, 2005 Series A, achieving \$22,300,000 of present value debt service savings for AHFC.

■ BOND DEBT ISSUED

AHFC issued \$124.4 million of long-term debt to refund higher cost debt and lower debt service payments in order to continue its ongoing lending programs. As of June 30, 2014, \$2.31 billion of long-term debt was outstanding, net of associated discounts and premiums. The table below presents long-term debt issued by AHFC in fiscal year 2014.

BOND ISSUE TITLE & AMOUNT	RATINGS: S&P FITCH	DATE ISSUED	PROGRAM PURPOSE	TAX STATUS
\$95,115,000 State Capital Project Bonds II, 2014 Series A	AA+	January 15, 2014	Refunding	Tax-Exempt
\$29,295,000 State Capital Project Bonds II, 2014 Series B	AA+	June 12, 2014	Refunding	Tax-Exempt



OTHER HIGHLIGHTS

■ WWW.AHFC.US MORE USER FRIENDLY

To meet the increasing use of mobile devices for accessing the internet, AHFC's website added adaptive design to its functionality in FY 14. The website now automatically adapts to various mobile platforms, making navigation easier and more user friendly.

■ AHFC GETS NEW CEO AFTER 18 YEARS

After 18 years as AHFC's CEO/Executive Director Dan Fauske, resigned in August FY 14 accepting the position as President of Alaska Gasline Development Corporation (AGDC). Fauske was replaced with Bryan Butcher, formerly Alaska State Commissioner of Revenue.

■ CHARITY DRIVES HOME THE GREEN

AHFC charity tournament AHFC Golf Classic 2014 raised \$16,500 with proceeds being split between Access Alaska and Habitat for Humanity Alaska Chapter. Access Alaska encourages and promotes independent living for elderly or Alaskans with disabilities, and Habitat for Humanity works with community members to build and renovate affordable housing for low-income families. Since inception, the tournament has contributed \$133,714 to various non-profit organizations throughout the state.



■ RACE TO END DOMESTIC VIOLENCE

AHFC participated as a sponsor in the 18th annual Ski for Women at Kincaid Park, Anchorage, during Super Bowl Sunday. Ski for Women is an event raising money for organizations working to end domestic abuse and violence. It is the biggest womens only ski race in the United States, with 1,000 women racing in 2014.



■ MORE NEWS FROM AHFC

AHFC increased its communication to business partners and potential customers in FY 14 initiating a monthly newsletter, HomeDelivery, with a monthly distribution of over 6,000 recipients.

■ STAYING SHARP AT ELEVEN15

Knowing who you are as an agency and keeping up with "everything AHFC" is a task for AHFC's 300 plus employees working statewide. To meet that need, the AHFC Eleven15 events were developed to provide a quick dose of useful knowledge once a month at 11:15 a.m. Each event consists of a 20 minute presentation by staff about a selected topic, followed by a 20 minute question and answer session. Those unable to attend can watch the recorded video posted on the corporate intranet. Topics have ranged from the housing impacts of Alaska's burgeoning senior population to AHFC's involvement with homeless Alaskans.

■ WARM WELCOME FOR COLD MONGOLIA

It's cold. Air pollution in wintertime is bad. Affordable housing is hard to come by. Ulaanbaatar, the capitol of Mongolia, has a few things in common with parts of Alaska.

Led by the city's Vice Mayor Sorogjoo Ochirbat, a Mongolian delegation of 10, paid Anchorage and AHFC a visit March 21, 2014, to gather knowledge and learn about how to create affordable and energy efficient housing.

The two day visit took the delegation to Loussac Place, Ridgeline Terrace, Trailside Heights and Coronado Park property in Eagle River. AHFC Executive Director and CEO Bryan Butcher, Bob Brean, director research and rural development, Daniel Delfino from planning and Cathy Stone, director public housing provided presentations.

David Smith from Affordable Housing Institute and organizer of the Mongolian visit shared heartfelt praise for efforts made by AHFC:

"On behalf of all the Mongolians whom you hosted, our heartfelt thanks for the comprehensive, informative, and responsive presentations you and your capable team provided throughout the day. From first to last, it was informative, absorbing, on point and incredibly relevant to them. They have been mightily engaged and impressed by what they have seen, and delighted with the hospitality, willingness to share information, knowledge, and welcome they have received – no more so than at AHFC."

■ FOUR COMMUNICATION AWARDS FOR AHFC

AHFC received four awards from the Public Relations Society of America (PRSA) Alaska Chapter during the Aurora Awards 2014:

- **First Place Award of Excellence External Publications for two newsletters *Points* aimed at lenders, and *Open House* geared toward real estate professionals**
- **First Place Award of Excellence Website for www.ahfc.us**
- **Second Place Award of Excellence Annual Report**
- **Second Place Award of Excellence Internal Publication for the newsletter *IN HOUSE***



This publication was released in electronic format only
but is available upon request to Soren Johansson | sjohansson@ahfc.us.

Printing would have cost \$11.22 per unit.