



2015

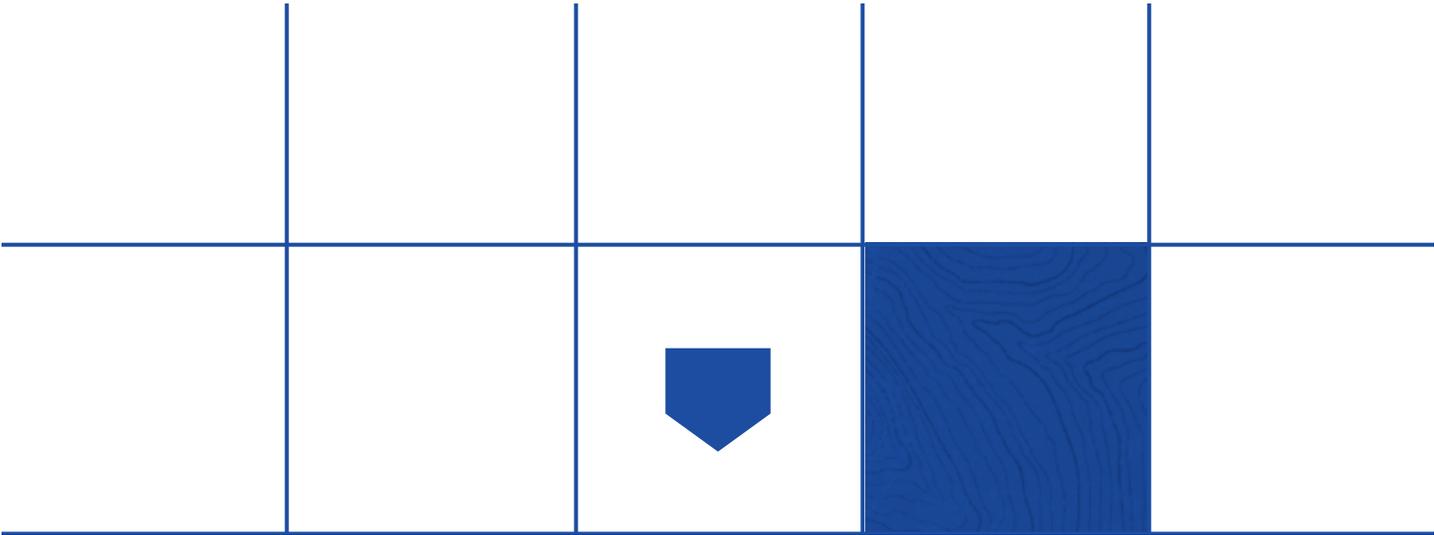
# Annual Report





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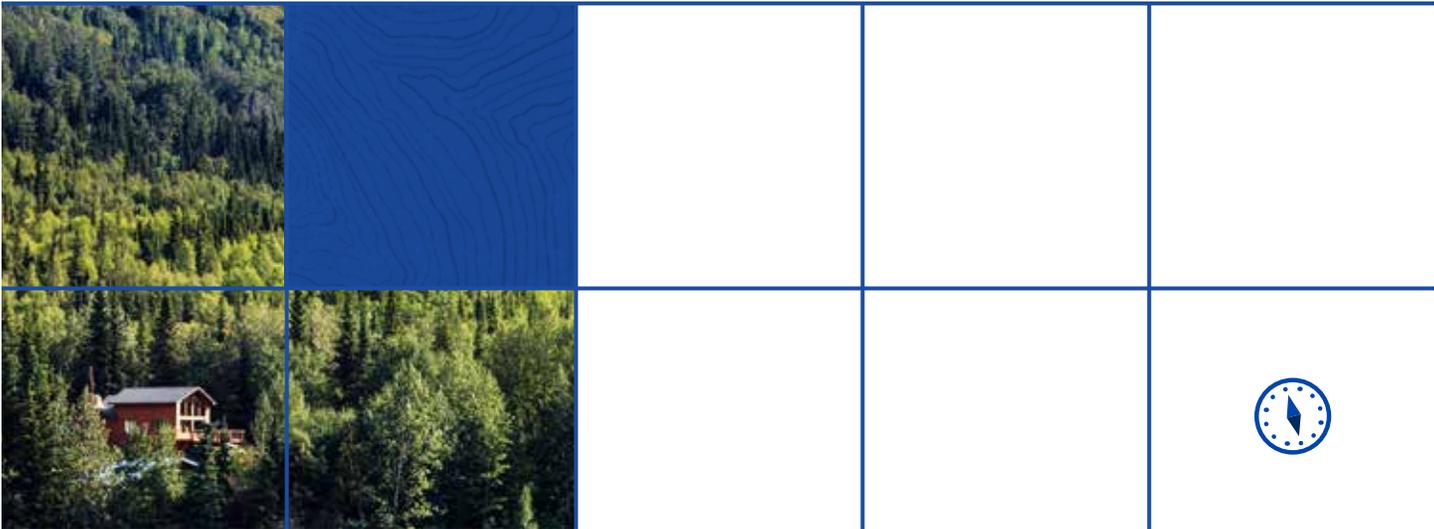
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# Mission

**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.





## LETTER TO THE GOVERNOR

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:

For more than 40 years Alaska Housing Finance Corporation (AHFC) has had a mission of providing residents across Alaska access to safe, quality and affordable housing. The corporation and its 300 dedicated and knowledgeable employees have been a reliable resource for Alaskans navigating the sometimes windy road to home, from those struggling on the streets to looking for education about energy efficiency improvements, seeking assistance in public housing or building affordable homes that benefit communities.

In the past decade AHFC has, just like other short-term investors, been faced with historically low mortgage interest rates challenging returns thanks to national market conditions. That's why we are very pleased to report in FY15:

First and foremost – we ended years of small net operating losses, reporting a FY15 net gain of \$8.5 million compared to a net loss of \$3.4 million in FY14.

Secondly – our commitment to the State of Alaska's dividend increased to \$25.9 million, up \$6.8 million from FY14. Since 1986, AHFC's total cumulative contribution to the state is close to \$2 billion.

**Other notables:**

- Our mortgage portfolio increased by 5 percent to 14,867 loans with an outstanding balance of \$2.66 billion, and the bond portfolio used to finance the loans decreased 4.6 percent to \$2 billion.
- The mortgages assisted 1,772 families and individuals getting into a new home with nearly half being first-time homebuyers.
- The delinquency rate on the outstanding mortgages, 30 days past due decreased to 3.9 percent in FY15 from 4.9 percent in FY14.
- Total operating expenses went down 9.6 percent with our total net position holding at \$1.5 billion.
- AHFC remains one of the strongest housing finance agencies nationwide according to Standard & Poor's (S&P) Ratings Service, who ranks the agency AA+.

Offering access to safe, quality and affordable housing generates socio-economic benefits for Alaskans in need and for the state. In a tighter budget environment, inclusion of private funds assists AHFC to add to quality housing stock statewide.

The Rasmuson Foundation has emerged as a very important partner in the development of more affordable housing, contributing \$2.2 million to projects during the fiscal year.

One example of the Rasmuson Foundation's commitment is with Ridgeline Terrace in Anchorage. Funds from the philanthropic organization made the Jewel Jones Community Center possible giving Kids' Corps, Inc. the opportunity to open its services to the community. Ridgeline Terrace will be completed in FY16 and, together with its sister project Susitna Square, will add 88 units of needed affordable housing.

The corporation touches a wide range of Alaskans from those who are homeless to seniors, to first-time homebuyers and those seeking the most energy efficient home.

**Here are a few bullet points from the programs we administer and how they benefited Alaskans in FY15:**

- The Greater Opportunities for Affordable Living (GOAL) program awarded \$36.2 million in grants and tax credits, which made it possible for 180 units to be developed and upgraded. These funds benefit low-income senior families and those with disabilities. The impact to Alaska's economy is estimated at \$55 million.
- AHFC weatherized 1,768 homes statewide, making them safer and more energy efficient. The average annual savings totals \$1,300 per year, per family.

- Early homebuyer education promotes responsible buying and impacts loan delinquency and foreclosures. HomeChoice™ classes were offered statewide with 1,707 individuals participating.
- The Basic Homeless Assistance Program (BHAP) awarded more than \$6 million benefiting 12,500 homeless individuals and those threatened by homelessness. Funding was distributed to 37 organizations in 20 communities.
- Together with the Alaska Department of Health and Social Services (DHSS) we created a new rental assistance program, Moving Home, to help individuals with disabilities transition into housing from homelessness or institutional settings by reserving 150 of the Moving to Work vouchers.
- The Step Program, part of Public Housing Division's Rent Reform, made great strides. The program assists work-able residents to become financially self-sufficient. From September 2014 to August 2015, the Step Program saw the percentage of working families participating in our program increase from 44 percent to 58 percent.

In closing, we are focused on our mission and we're confident in our ability to capitalize on new opportunities that benefit the state and Alaskans. AHFC values the support given to us by our elected officials, and we appreciate your leadership. Together, we open even more doors for Alaskans and that's good for all.



**Bryan D. Butcher**  
*CEO/Executive Director*



**Brent LeValley**  
*Chair*

Board of Directors & CEO



**Brent LeValley**  
*Board Chair*



**Marty Shuravloff**  
*Vice Chair*  
*Kodiak Island Housing Authority*



**Carol Gore**  
*Cook Inlet Housing Authority*



**Alan Wilson**  
*Alaska Renovators, Inc.*



**Randall Hoffbeck**  
*Commissioner,*  
*Department of Revenue*



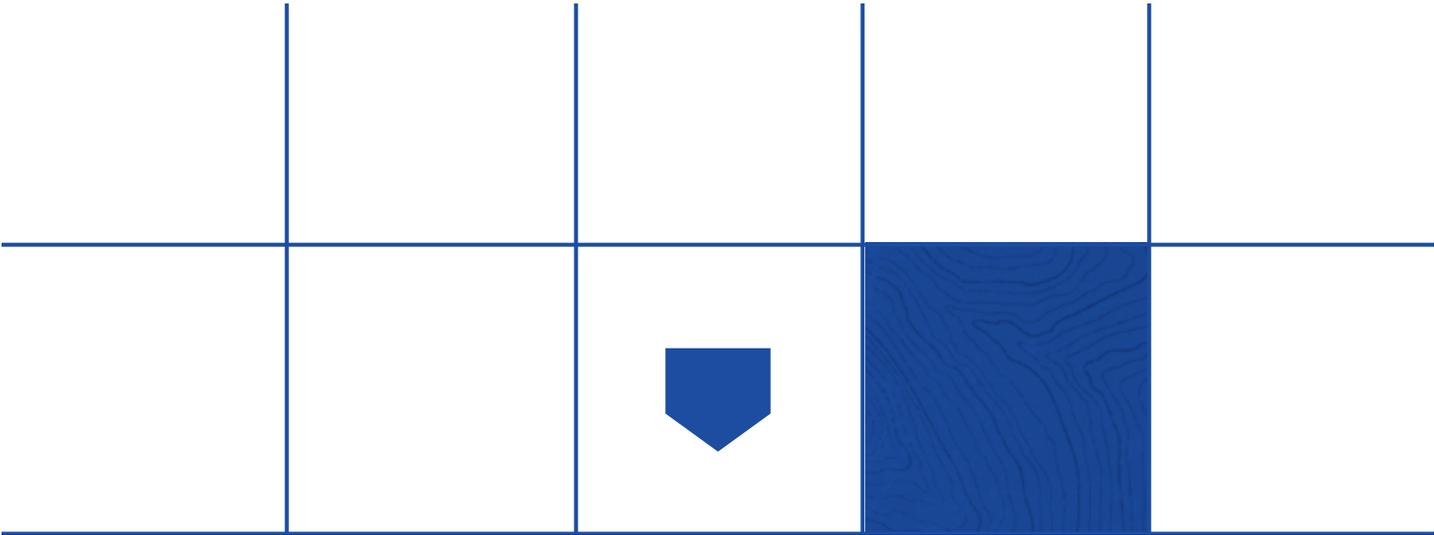
**Valerie Davidson**  
*Commissioner,*  
*Department of Health &*  
*Social Services*



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



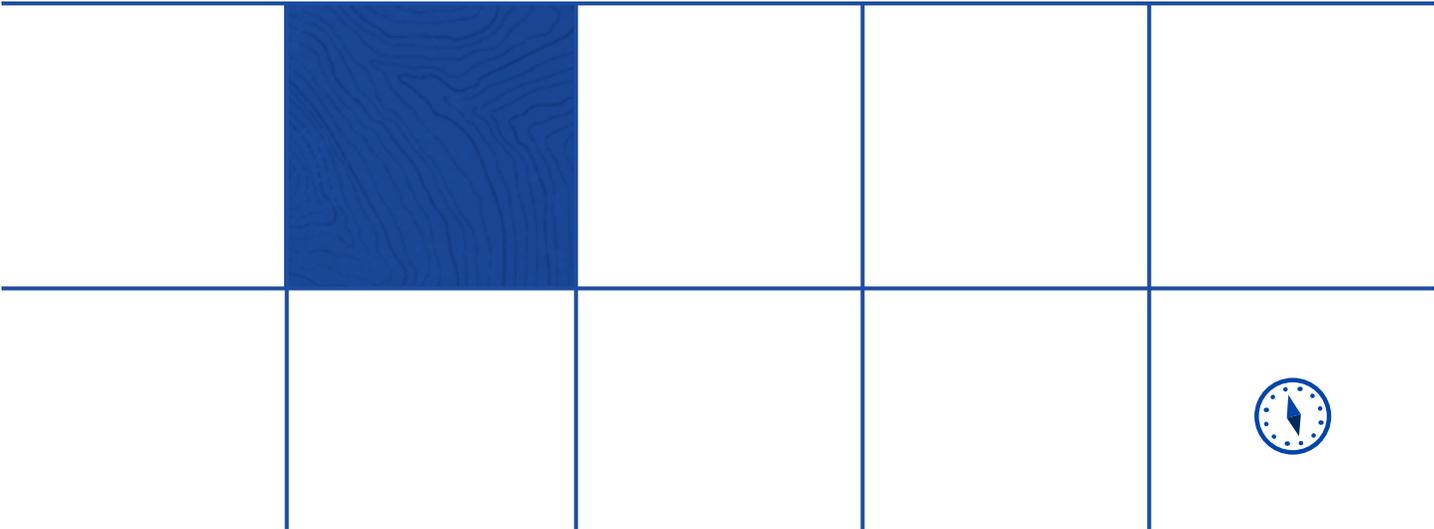
**Bryan Butcher**  
*CEO/Executive Director, AHFC*



# Welcome

## **Navigating Alaska's Housing Landscape.**

The journey through Alaska's housing landscape winds across vast stretches of unfamiliar and challenging terrain. With Alaska Housing Finance Corporation as the navigator, Alaskans have a trusted resource for safely moving into a place of their own, whatever they dream.





# Mortgage

Buying a new home is similar to travelling through unknown terrain. For many Alaskans, preparation is key. Alaska Housing Finance Corporation is a buyer's navigator, outfitting him/her with home-purchasing tools such as competitive financing and comprehensive homebuyer education.





## First-time Homebuyer: Stephanie Randrup

### Helping Alaskans Find Their First Home

*"It was a very good experience. The whole process was beautiful and went smoothly. I don't know if I'm just lucky but I don't have any regrets about buying this house."*

**Stephanie Randrup, First-time homebuyer, HomeChoice™ student**

When 24-year-old Stephanie Randrup decided it was time to purchase a home in Anchorage, she felt like the process was going to be daunting. As a first-time homebuyer, she didn't know what to expect. She did know that she wanted her first home to be an investment she would be proud of.

Stephanie first heard about AHFC's First-Time Home Buyer Programs through her loan officer, Somer Rose Mahfouz, Residential Mortgage, who strongly encouraged her to sign up for the HomeChoice™ class. The free course, offered by AHFC, is designed to educate prospective homebuyers about the steps and decision-making processes involved in purchasing a home.

*"The main questions I wanted the class to answer were 'How do I know I'm buying a good house?' and 'How do I know I'm not wasting money?'"*

Stephanie believes the class should be mandatory for all new homebuyers — she learned about different types of home loans and the importance of a good credit score. She became familiar with much of the technical language that is often intimidating for first-time homebuyers. The class also taught her to view her home as an investment.

*"A big thing they promote in the HomeChoice™ class is to keep up the house as if you're going to sell it tomorrow."*

In June 2015, she purchased a condominium in South Anchorage and financed it through AHFC, as the corporation offered a loan that turned out to be the best fit for her.



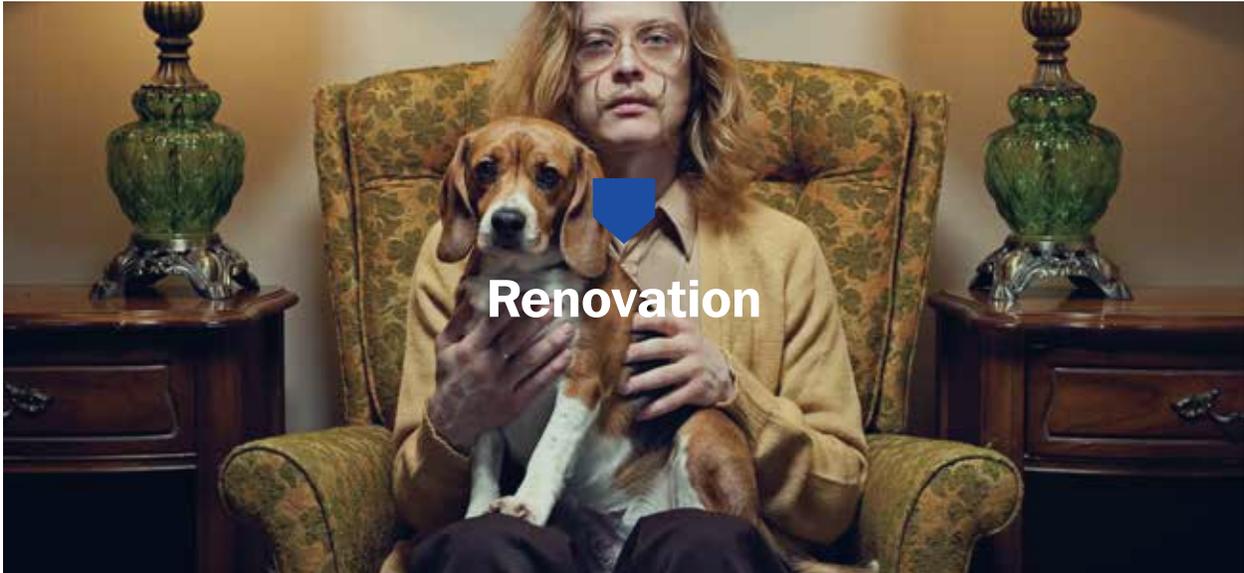
Illustration: Cook Inlet Housing Authority

## Legislative Action Open Doors for More Housing

Creekview Plaza in East Anchorage became the first new construction opportunity for AHFC to utilize mixed-use financing granted by the legislature. During FY15, AHFC granted long-term financing for the development, which features 49 affordable rental units for elderly residents with commercial space on the ground floor.

Demonstrating the complexity of financing in home construction, Cook Inlet Housing is developing the project with \$3,836,150 in loans; \$2,333,333 from AHFC's Senior Citizen Housing Development grant funds; \$1,890,000 from AHFC's Supplemental Housing Grant Program; \$4,324,892 in anticipated proceeds from the sale of low-income housing tax credits; a Rasmuson grant of \$1,400,000; and approximately \$2 million of its own funds.

AHFC was able to offer the loan to Cook Inlet Housing after the legislature expanded its authority in 2014 to finance such projects. House Bill 50 was sponsored by then Representative Mia Costello, and supported unanimously by her colleagues in the House and Senate.



### Marketing Campaign Doubles Number of Renovation Loans

Half of the homes in Alaska were built prior to the early 1980s, and many are in need of upgrades, presenting AHFC with a business opportunity.

In FY15, a marketing campaign was launched, focusing on AHFC’s three renovation options: purchase and renovate, refinance to renovate, and second mortgage to renovate an existing dwelling. A component of the campaign included mention of AHFC’s energy efficiency programs, Weatherization and Home Energy Rebate.

AHFC attended five home shows in Juneau, Fairbanks, Anchorage, Kenai and Mat-Su to create a platform for marketing outreach throughout the fiscal year.

To make visual and entertaining points, AHFC exhibition booths displayed contrasting homes: a modern home and one from the 1970s, including the once popular green and orange color schemes. Staff wearing wigs, bellbottoms and tie-dyed shirts completed the picture.

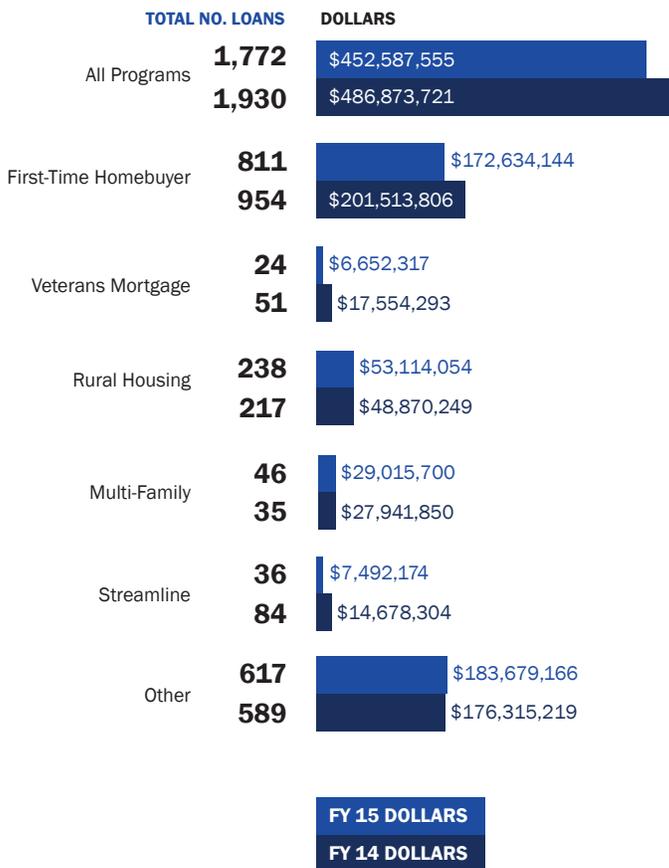


Raising awareness of AHFC’s renovation options, the campaign contributed to an increase in renovation loans from 22 in FY14 to 49 in FY15 and increased loan volume from \$4,421,977 to \$12,833,213.

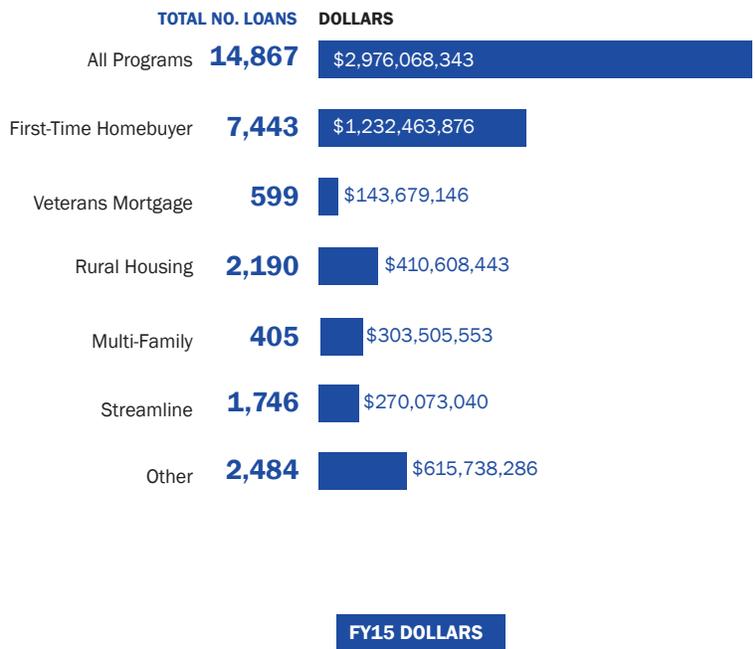


# Mortgage Loans

## LOAN PURCHASE ACTIVITY



## TOTAL MORTGAGE PORTFOLIO



## Delinquency Rate Under Four Percent

AHFC's delinquency rate for its home mortgage loans continued downward in FY15. At the end of the fiscal year, 3.9 percent were 30-days or more past due compared to 4.9 percent in FY14.



### **HomeChoice™ Class Participation FY15**

HomeChoice™ is a free, eight-hour homebuyer education class created and taught by AHFC staff. Since 1994, more than 40,000 Alaskans have benefitted from taking the class, becoming better homebuyers and owners. The class covers all aspects of getting ready for homeownership (credit, shopping for a home and budgeting) and costs involved with owning and maintaining your own home.

**1,595** – Number of persons taking a HomeChoice™ class

**93** – Number of classes taught

**7** – Communities served:

Anchorage, Fairbanks, Palmer/Wasilla, Juneau, Soldotna, Ketchikan and Kodiak

**2** – Number of instructors

**112** – Number of people electing to take the home study version of HomeChoice™

### **HomeChoice™ for Professionals**

AHFC offers several opportunities to receive continuation education credits for real estate professionals. Forty-four real estate professionals participated in HomeChoice™ classes during FY15, earning credits toward educational requirements.



## Home Buying Tips

### **Maria's Seven Tips for the Savvy Homebuyer**

AHFC Outreach Specialist and instructor of AHFC's HomeChoice™ class, Maria Celli, shares her top seven tips for savvy homebuyers.

#### **1. Credit is king!**

To obtain a mortgage loan for the purchase of a home, a homebuyer must meet credit score requirements. A good initial step is to get a free credit report through [AnnualCreditReport.com](http://AnnualCreditReport.com) before going to a lender. Check the report for inaccuracies and clear up any fraudulent accounts. The Fair Credit Reporting Act requires each of the credit reporting agencies – Equifax, Experian and TransUnion – to provide a free credit report by request every 12 months.

#### **2. Purchasing a home is a long-term commitment**

Plan on living in a new home for more than a few years. The transaction costs of buying and selling a home far exceed that of renting and a short-term homeowner may run the risk of losing money.

#### **3. Consider an affordable home**

A lender may disclose the monthly mortgage payment that a borrower qualifies for, but it is up to the borrower to decide if it is affordable. Costs of the monthly house payment normally include the mortgage payment, homeowners insurance, utilities and other costs such as care and maintenance of the home.

#### **4. Shop around for a lender**

Shopping around for the best financing deal allows the homebuyer to compare interest rates, annual percentage rates, fees and down payment options with several lenders. Homebuyers should look for a lender who offers good customer service and who will answer questions timely and in layman's terms.

## **5. Find a real estate professional**

A real estate licensee or realtor helps to locate and show homes within the buyer's appropriate price range. Once the right home is found, the real estate professional helps negotiate the purchase. A good realtor will help the homebuyer navigate the entire process and alert the buyer of any possible pitfalls throughout the home buying journey.

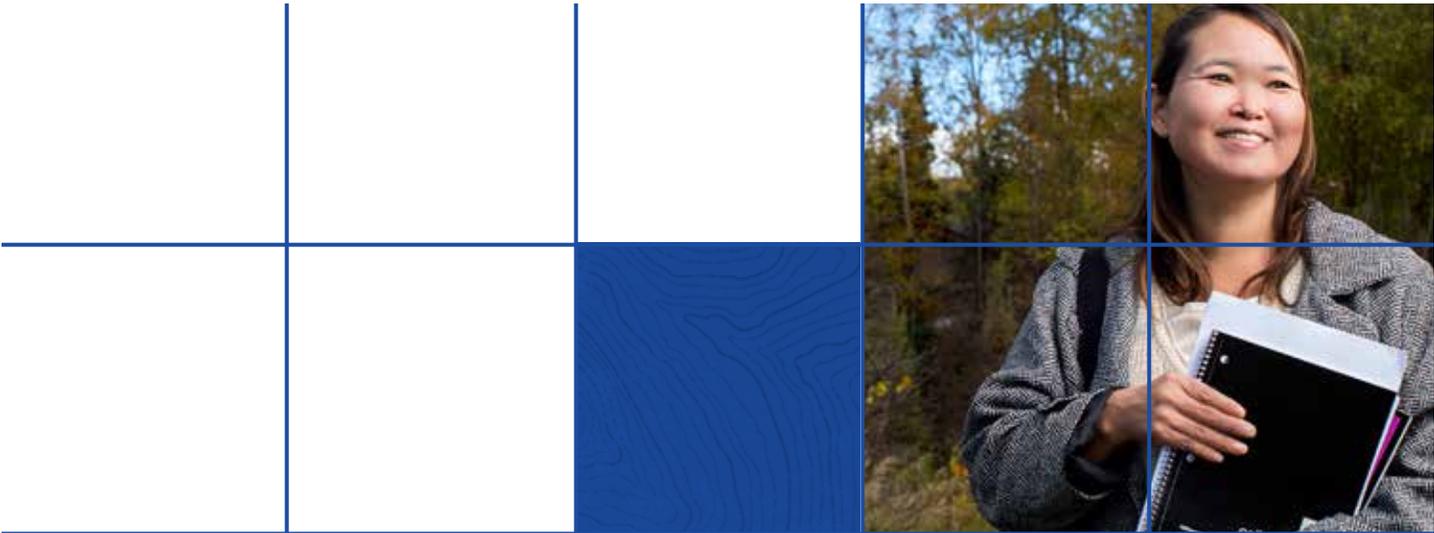
## **6. Ask questions... a lot of questions!**

To avoid buyer's remorse, a consumer must make an informed decision.

## **7. Don't get sold! Get educated!**

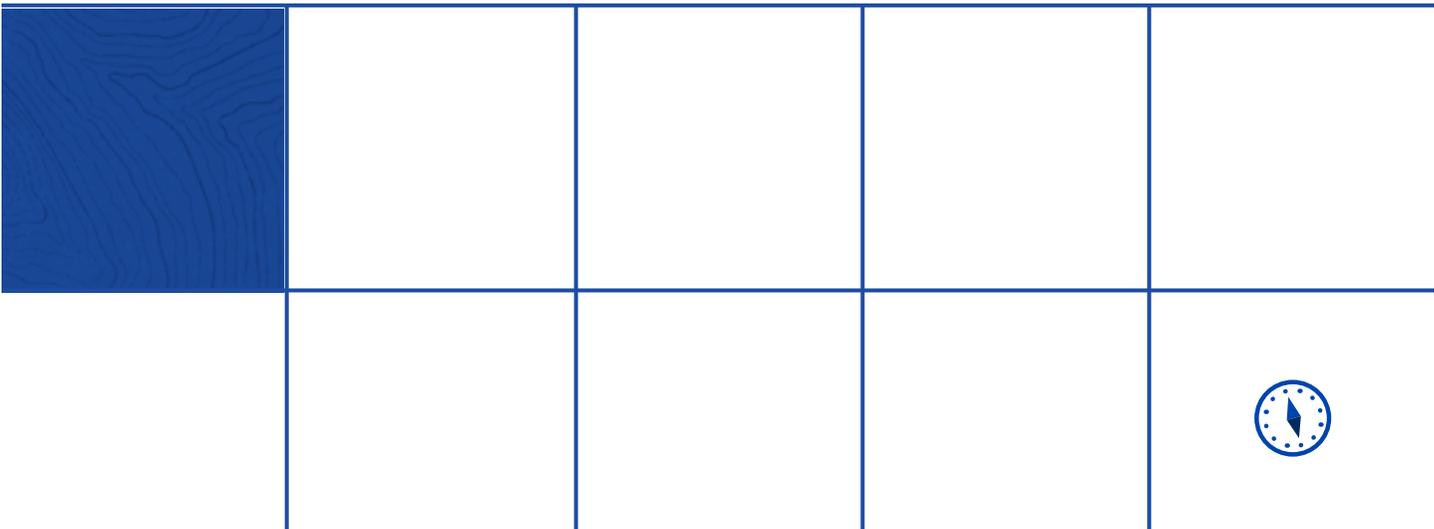
Get educated before jumping in. HomeChoice™ is a free, eight-hour homebuyer education class that is open to the public. The HomeChoice™ course covers everything from financing options and credit scores to home inspections and home purchase tips.

For more information about HomeChoice™, visit <http://www.ahfc.us/buy/homechoice/>.



# Public Housing

It has been said that a journey of 1,000 miles starts with a single step. And for many, the first step to success is finding a safe and secure place to live. Through public housing and self-sufficiency programs, Alaska Housing Finance Corporation helps Alaskans on a path to a better life for themselves and their families.





## Success Story: Dorothy Walunga

### Helping Alaskans Become Self-Sufficient

*"I knew education would be my biggest advantage if I wanted to better myself and my family in the long run."*

**Dorothy Walunga, Student**

After learning about AHFC's Family Self-Sufficiency (FSS) Program, Dorothy Walunga knew this was her opportunity to get her life on track. She applied to the program and was connected with an AHFC coach.

*"I knew education would be my biggest advantage if I wanted to better myself and my family in the long run. The program put me on the right path to reaching my educational goals and becoming the person I wanted to be for myself and my children."*

Through the FSS program, Dorothy received valuable guidance from her coach and was able to enroll in career development courses and training programs that provided her with the skills necessary to seek and apply for jobs. The courses also helped her earn an educational reward, a \$500 incentive to financially support the completion of her G.E.D.

AHFC works with families through the Family Self-Sufficiency Program to help them develop individualized goals, introduce or direct them to resources and support their progress toward meeting their goals. AHFC monitors each family's progress and determines if the family is eligible for a financial incentive or reward.

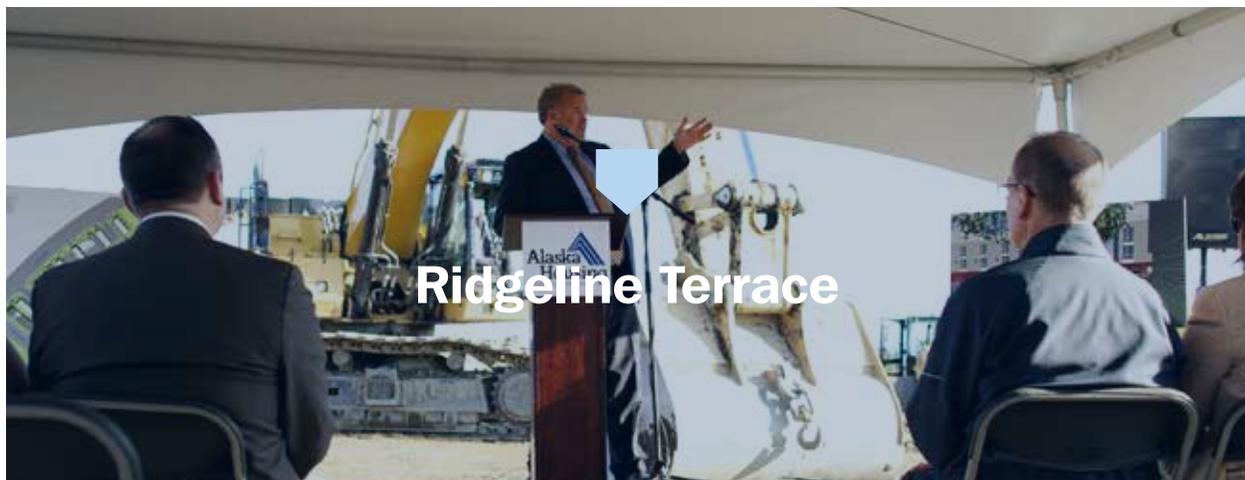
Through monthly check-ins and her own hard work and commitment, Dorothy completed the program in the beginning of 2015. Not only did she achieve her initial goal of receiving her G.E.D. and becoming financially independent, she is now a full-time student at UAA, taking more than 30 hours a semester.

Dorothy used the \$500 incentive she received for her achievements to purchase school books and supplies.

*"I am beyond grateful and excited for the opportunity and guidance to be able to continue my education. I see a bright future ahead."*

## Family Investment Center Expansion

With added space, reconfiguration of functions and a renovation of the first floor, the Anchorage Family Investment Center on Benson Boulevard readied itself to better serve and support our community in FY15. With the Gateway Learning Center in the building, the Family Investment Center is a one-stop-shop for housing, education and job training for those on the road to self-sufficiency.



## Earthquake Rattles Ridgeline Terrace Groundbreaking

Ridgeline Terrace in Mountain View and its sister development Susitna Square in the Russian Jack neighborhood both broke ground in September of FY15 in Anchorage.

Together the two developments will provide 88 units of affordable housing, 70 for Ridgeline Terrace and 18 for Susitna Square, when completed in FY16.

The ceremonial groundbreaking at Ridgeline Terrace on September 25, preceded by an earthquake of magnitude 6.2 on the Richter scale, was attended by a string of community leaders and business partners: Daniel George, president Mountain View Community Council; Jewel Jones, executive director Anchorage Community Land Trust; Joseph Murry, vice president & senior relationship manager KeyBank; and Dirk Shumaker, executive director Kids' Corps, Inc.

Ridgeline Terrace will feature a total of 14 buildings, including a community center with services offered to residents by Kids' Corp, Inc. The new community center, named after longtime Mountain View advocate Jewel Jones, 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.

### **New Model for Development of Affordable Housing**

AHFC's subsidiary, Alaska Corporation for Affordable Housing, created in FY14, was used for the first time in the development of Ridgeline Terrace and Susitna Square. The \$29.5 million project is funded with a combination of federal and state funds.

Alaska Corporation for Affordable Housing was granted non-profit 501(c)3 status by the Internal Revenue Service in FY14. The non-profit makes it possible for AHFC to joint venture with private developers and investors to add low- to moderate-income housing. It also allows access to different types of 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, and local developers Trapline LLC and V2 LLC.

### **HUD Praise for Ridgeline Terrace**

U.S. Secretary of Housing and Urban Development (HUD) Julian Castro paid Anchorage a visit in FY15 to discuss affordable housing with different groups and organizations in the community. During a field trip, AHFC CEO/Executive Director Bryan Butcher had the opportunity to show Secretary Castro the Ridgeline Terrace development in Mountain View.



## Affordable Housing

### Affordable Housing Remains Scarce Statewide

Access to affordable public housing is still a major issue statewide in rural and urban areas. By opening and closing waiting lists during the fiscal year, AHFC was able to work more efficiently, bringing down the total number of households in line for a unit from 5,584 in FY14 to 3,448 in FY15.

#### AHFC Public Housing as of June 30, 2015:

**Available units statewide: 1,608**

**Waitlist: 3,448**

*(seniors 598, family 1,423, multi-family 1,427)*

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

Available units statewide

**1,608**



**3,448**

Waitlist

# Voucher Program

## Supply Falls Short of Voucher Program Demand

The Housing Choice Voucher Program is crucial for thousands of people seeking safe and decent housing. It also generates more than \$30 million per year for private landlords. Just like in public housing, demand for an affordable place to live surpasses supply. The 4,431 available vouchers in FY15 left close to 1,391 on waitlists.

### Housing Choice Vouchers as of June 30, 2015:

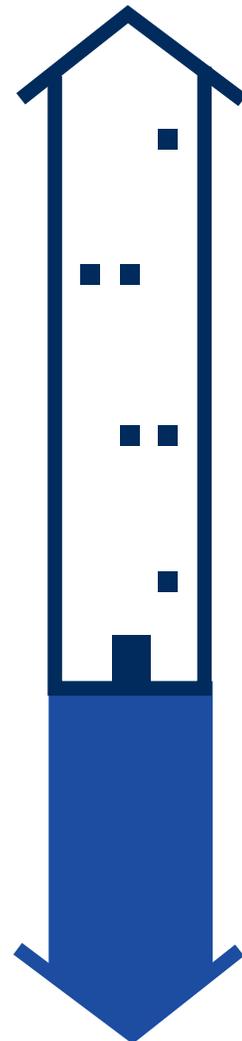
**Available vouchers statewide: 4,431**

**Waitlist: 1,391**

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

Available vouchers statewide

**4,431**



**1,391**

Waitlist



## Increased Support for Veterans

U.S. Department of Housing and Urban Development (HUD) awarded AHFC 17 additional Veterans Affairs Supportive Housing (VASH) vouchers in FY15 bringing the total number administered statewide up to 247.

VASH is a rental assistance program intended for homeless veterans and their families. Applicants must be referred to AHFC by the Alaska VA Healthcare System, and is available in Anchorage, Fairbanks, Juneau, Kenai and Mat-Su. AHFC has been recognized as a top five housing authority in the country in utilizing the VASH vouchers.

According to the Point in Time homeless count AHFC does every year in February, the number of homeless veterans has declined since 2011. That year the count revealed 265 unsheltered and sheltered veterans. In FY15 it was down to 180.

## Support for Low-Income Alaskans with Disabilities

In FY15 U.S. HUD awarded AHFC a new \$7,722,343 federal grant for the purpose of providing rental assistance and services for about 200 Alaskans with disabilities and with extremely low income. The goal of the grant is to keep individuals with disabilities from being unnecessarily institutionalized or becoming homeless. Funding of the award was made possible through HUD's Section 811 Project Rental Assistance Program that enables individuals with disabilities who earn less than 30 percent of their area's median income to live in integrated housing at an affordable cost.

## Moving Home Made Possible

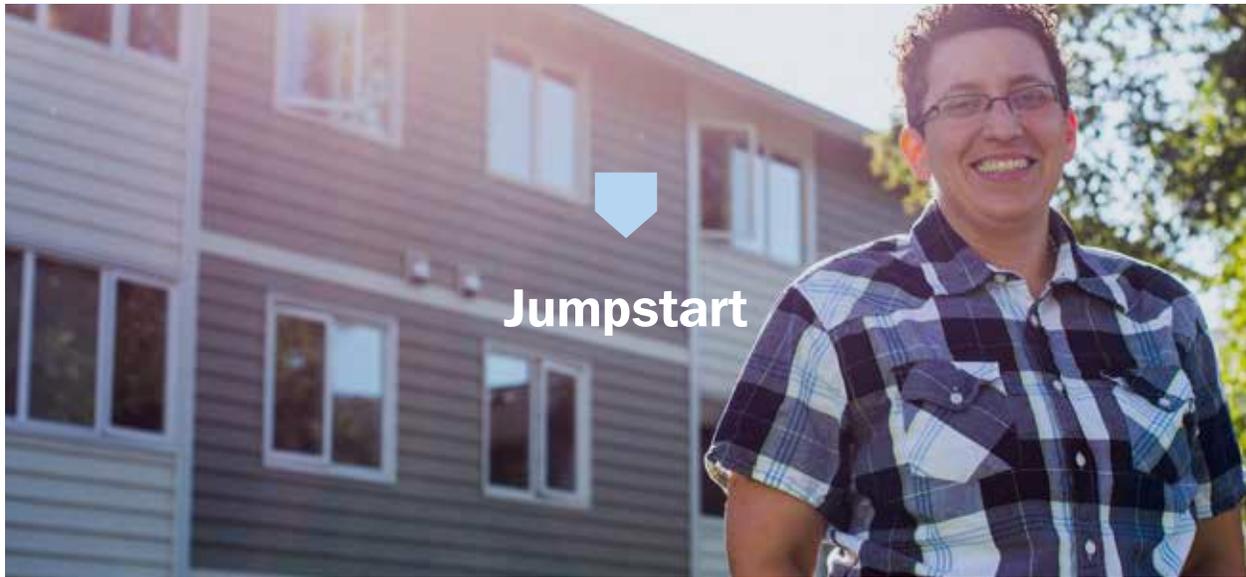
The Moving Home Program was created during FY15 through a partnership between AHFC and State of Alaska Department of Health and Social Services (DHSS). Moving Home is a rental assistance program designed to help people with disabilities transition into housing from homelessness or institutional settings. To make the program a reality AHFC set aside 150 of its FY15 Moving to Work vouchers. Moving Home is available in every AHFC community that administers the Housing Choice Voucher Program. Applicants must be referred to AHFC by DHSS, a process that ensures appropriate supportive services are provided to the family.

## **Assistance for Survivors of Domestic Violence**

The Empowering Choice Housing Program is designed to assist survivors of domestic violence, dating violence, stalking and sexual assault to find secure housing. It offers rental assistance for up to 250 low-income families each year. Seventy-eight percent of the families served are extremely low-income (earning less than 30 percent of area median income).

More than 349 Alaskan families have benefited since the inception of the program in November 2012. Of the 537 individuals served with Empowering Choice vouchers in FY15, 303 are children.

The Empowering Choice Housing Program was developed by AHFC in partnership with the Alaska Network on Domestic Violence and Sexual Assault and the State of Alaska Council on Domestic Violence and Sexual Assault.



## jumpstart

### **Public Housing Amps Up Service with Jumpstart**

AHFC's Public Housing Division continued to develop its Moving to Work plan in FY15 by working on its next phase: the introduction of Jumpstart, that in FY16 will replace the Family Self-Sufficiency Program.

Jumpstart will be available to participants of AHFC's rental assistance programs who wish to increase income from employment and decrease dependence on housing assistance. The program is viewed as a key component to supporting families who are working toward economic independence. The Step Program, now in its second fiscal year, showed great progress during FY15. Here are some statistics for the time period of September 2014 to August 2015:

- Working families increased from 44 percent to 58 percent
- Families working at least 20 hours per week increased from 38 percent to 50 percent
- Families working at least 40 hours per week increased from 27 percent to 35 percent
- Families claiming Temporary Assistance for Needy Families (TANF) unemployment and General Assistance decreased



### **Maintenance Crew Gets the Job Done**

They're literally the Public Housing Division's boots on the ground. They're shoveling snow, repairing busted pipes, changing whatever needs to be changed, and keeping furnaces humming for the benefit of AHFC's tenants in public housing.

They are the go-to people – wizards of all things. Meet Public Housing's hard-working maintenance crew, 70 men and one woman spread over 13 locations statewide. In FY15 they processed 15,877 work orders for the 1,608 rental units owned by AHFC. Efforts were noticed by HUD's Project Physical Inspection Scores, and the Alaska crew was awarded a high ranking.

### **Scholarships**

AHFC awarded 119 scholarships for Youth Summer Camp in FY15 through federal funding. The scholarships made it possible for 93 families from Anchorage, Bethel, Fairbanks, Homer, Juneau, Ketchikan, Kodiak, Mat-Su, Petersburg, Soldotna and Wrangell to send their children to educational and fun experiences.



# Grants

Alaska Housing Finance Corporation is exploring new ways to help build stronger communities in rural and urban Alaska. With programs that provide housing and assistance from grants, AHFC empowers communities to overcome obstacles and build on foundations.





## Senior Housing: Ptarmigan Heights

### Helping Aging Alaskans Stay Close to Home

*"The residents are so happy and their families love that they have a quality and affordable place to live right here in Delta Junction."*

**Dave and Barb Flynn, founders and former board members of Ptarmigan Heights Senior Apartments in Delta Junction**

With 120,000 Alaskans older than the age of 65 and 19 Alaskans who are turning 65 years old every day, the need for senior housing and care in the state continues to grow. Together with their community, Dave and Barb Flynn of the Deltana Community Services Partnership, Inc. identified this acute need in the interior and dedicated their efforts during the course of a few years to bringing Ptarmigan Heights Senior Apartments to Delta Junction.

Funded in large part by AHFC's Greater Opportunities for Affordable Living (GOAL) program, Ptarmigan Heights offers six units to qualifying seniors – three 2-bedroom apartments, two 1-bedroom apartments and one studio. The complex is filled to capacity and is already developing a growing waitlist.

*"Outside of Fairbanks, this is the only facility like it in the Interior. The residents are so happy and their families love that they have a quality and affordable place to live right here in Delta Junction," says Dave.*

Along with the GOAL program, the City of Delta Junction played a vital part in the project, donating four acres of land and making a \$25,000 cash contribution. The housing complex was also made possible through generous corporate and community support, including grant money for a back-up power system provided by the Rasmuson Foundation.

Bringing the senior housing complex to Delta Junction was truly a community effort and one that Dave and Barb Flynn consider to be their legacy. Additionally, a strong commitment from the developer Rouse & Associates, the builder Heritage Contracting and the designer Architects Alaska, brought the project to completion on time and on budget.

*"We are proud of the work that Deltana Community Services Partnership, Inc. has done to bring this kind of support to our community," says Dave.*

As a state with the fastest growing population of senior citizens in the nation for the fifth year in a row, Alaska is in dire need of quality and affordable in-state senior housing.

To address this ongoing need, AHFC has financed an estimated 65 different senior housing developments in 37 communities through its GOAL program during the past 25 years.

With projects like Ptarmigan Heights, AHFC is making it possible for aging Alaskans to stay close to home.



## Housing Program Benefits Quality of Life in Rural Alaska

The Teachers, Health Professionals and Village Public Safety Officers grant program is essential to life in rural Alaska since its inception in 2004. In FY15 AHFC awarded \$7,303,834, including \$650,000 from Rasmuson Foundation, to eight communities. Funding will create 24 housing units through rehabilitation or new construction.

In a tighter budget environment, inclusion of private funds assists AHFC to add to quality housing stock statewide for public servants living outside urban areas where turnover negatively impacts communities. To be considered for a grant, applicants go through an online application process followed by a review and an objective scoring phase resulting in a ranking.

### Communities, dollar award and unit count selected for the FY15 grants are:

- Alaska Island Community, Wrangell, **\$444,044**, three units
- Aleutian Housing Authority, Sand Point, **\$625,560**, two units
- Bering Strait School District, Shismaref, **\$1,283,844**, four units
- Bethel Community Services, Bethel, **\$1,682,000**, six units
- City of Akutan, Akutan, **\$694,586**, two units
- City of Tanana, Tanana, **\$846,400**, three units
- Native Council of Port Heiden, Port Heiden, **\$945,000**, two units
- Northwest Arctic Borough, Ambler, **\$782,400**, two units

AHFC has awarded a total of \$88 million, generating 418 housing units for teachers, health professionals and village public safety officers since 2004. The very first housing built using the program, was four units in Savoonga on St. Lawrence Island in the Bering Sea.



## **AHFC Adds Over 200 Housing Units for Low-Income Families and Seniors**

AHFC strives to make communities stronger by providing access to safe, quality, affordable housing. The 2015 GOAL grants and tax credits valued at \$36.2 million makes it possible for 201 units to be developed and upgraded.

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 reduce homelessness.

The 2015 program awards generate more than \$58 million in economic impact to Alaska's economy. Three of the projects successfully leveraged AHFC's awards with \$2.2 million from the Rasmuson Foundation.

Since the early 1990s the program has funded 5,285 units across the state. Summaries of each of the projects funded in FY15 are listed below. These developments include AHFC's first combined residential and commercial space that takes advantage of expanded authority AHFC was granted by the state legislature in 2014 to allow for streamlined financing.

- **Juneau** – Juneau Senior Housing will result in 49 new rental units for low-income seniors, feature solar energy, and is supported by \$400,000 in Rasmuson Foundation funding. (Developer: GMD Development)
- **Juneau** – Sleepy Spruce, a 24-unit property, will be acquired and renovated for low-income families and will feature solar energy systems. (Developer: GMD Development)
- **Cordova** – Cordova Mews, a 22-unit property, will be substantially renovated and upgraded for low-income families. (Developer: Cordova Mews Associates)

- **Soldotna** – Silverwood Housing Phase III will be a newly constructed five-unit property for mixed-income seniors. (Developer: Kenai Peninsula Housing Initiatives)
- **Anchorage** – Creekview Plaza will add 49 new rental units for low-income seniors. This development combines residential and commercial space, solar and geothermal energy, and is supported by \$1.4 million in Rasmuson Foundation funding. (Developer: Cook Inlet Housing Authority)
- **Anchorage** – Grass Creek North will create 52 new affordable rentals for families, feature solar, electric and thermal energy, and is supported by \$400,000 in Rasmuson Foundation funding. (Developer: Cook Inlet Housing Development Corporation)



## **\$6 Million in Addressing Basic Needs of the Homeless**

AHFC’s Basic Homeless Assistance Program (BHAP) awarded more than \$6 million benefitting 12,500 homeless individuals and those threatened by homelessness in FY15. Funding was distributed to 37 organizations in 20 communities statewide, providing operating assistance for emergency shelters, transitional housing, permanent supportive housing and supportive services, street outreach and rent/utility arrearage assistance. Applicants are evaluated based on program priorities, utilization, performance and community need. Recipients are determined through a competitive application process.

## Basic Homeless Assistance Program

APPLICANT   COMMUNITY	AWARD AMOUNT
ABUSED WOMEN'S AID IN CRISIS - AWAIC   ANCHORAGE	\$255,274
ALASKA MENTAL HEALTH CONSUMER WEB   ANCHORAGE	\$96,279
ANCHORAGE COMMUNITY MENTAL HEALTH SERVICES   ANCHORAGE	\$240,135
CATHOLIC SOCIAL SERVICES   ANCHORAGE	\$837,213
COVENANT HOUSE   ANCHORAGE	\$392,881
NEW LIFE DEVELOPMENT   ANCHORAGE	\$249,545
PARTNERS FOR PROGRESS   ANCHORAGE	\$146,431
RURAL CAP   ANCHORAGE	\$295,643
SHILOH COMMUNITY HOUSING, INC.   ANCHORAGE	\$149,425
THE SALVATION ARMY - MCKINNELL HOUSE   ANCHORAGE	\$80,124
TUNDRA WOMEN'S COALITION   BETHEL	\$63,873
FAIRBANKS RESCUE MISSION   FAIRBANKS	\$298,245
FAIRBANKS YOUTH ADVOCATES   FAIRBANKS	\$183,073
INTERIOR CENTER FOR NON-VIOLENT LIVING   FAIRBANKS	\$50,000
THE SALVATION ARMY - FAIRBANKS   FAIRBANKS	\$148,769
SOUTH PENINSULA HAVEN HOUSE   HOMER	\$95,795
GASTINEAU HUMAN SERVICES   JUNEAU	\$598,730
LOVE INC OF THE KENAI PENINSULA   KENAI	\$307,260
THE LEE SHORE CENTER   KENAI	\$51,235
LOVE INC GATEWAY AFFILIATE   KETCHIKAN	\$98,489
KODIAK BROTHER FRANCIS SHELTER   KODIAK	\$231,126
NOME EMERGENCY SHELTER TEAM - NEST   NOME	\$117,085
THE SALVATION ARMY   STIKA	\$72,160
THE SALVATION ARMY - SMALL COMMUNITY   SOUTHEAST	\$27,825
UNALASKANS AGAINST SEXUAL ASSAULT - USAFV   UNALASKA	\$27,571
	<b>\$6,021,886</b>



### **Increased Funding for Shelters**

Department of Housing and Urban Development (HUD) Emergency Solutions Grant (ESG) program increased by \$17,000 from FY14, making it possible to award \$215,620 to four homeless shelter services supporting five shelters:

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

### **Included in the ESG grant was also support for three prevention programs:**

- Kodiak Brother Francis Shelter
- Valley Charities, Inc.
- Interior Alaska Center for Non-Violent Living



### **Reducing Recidivism by Supplying Housing Assistance**

The Tenant Based Rental Assistance (TBRA) Program supported Parolee Re-entry Housing Assistance in FY15 with \$607,715 in Housing Choice vouchers. By assisting former prisoners with affordable housing, recidivism has dropped dramatically because of this population's eased re-introduction to society.

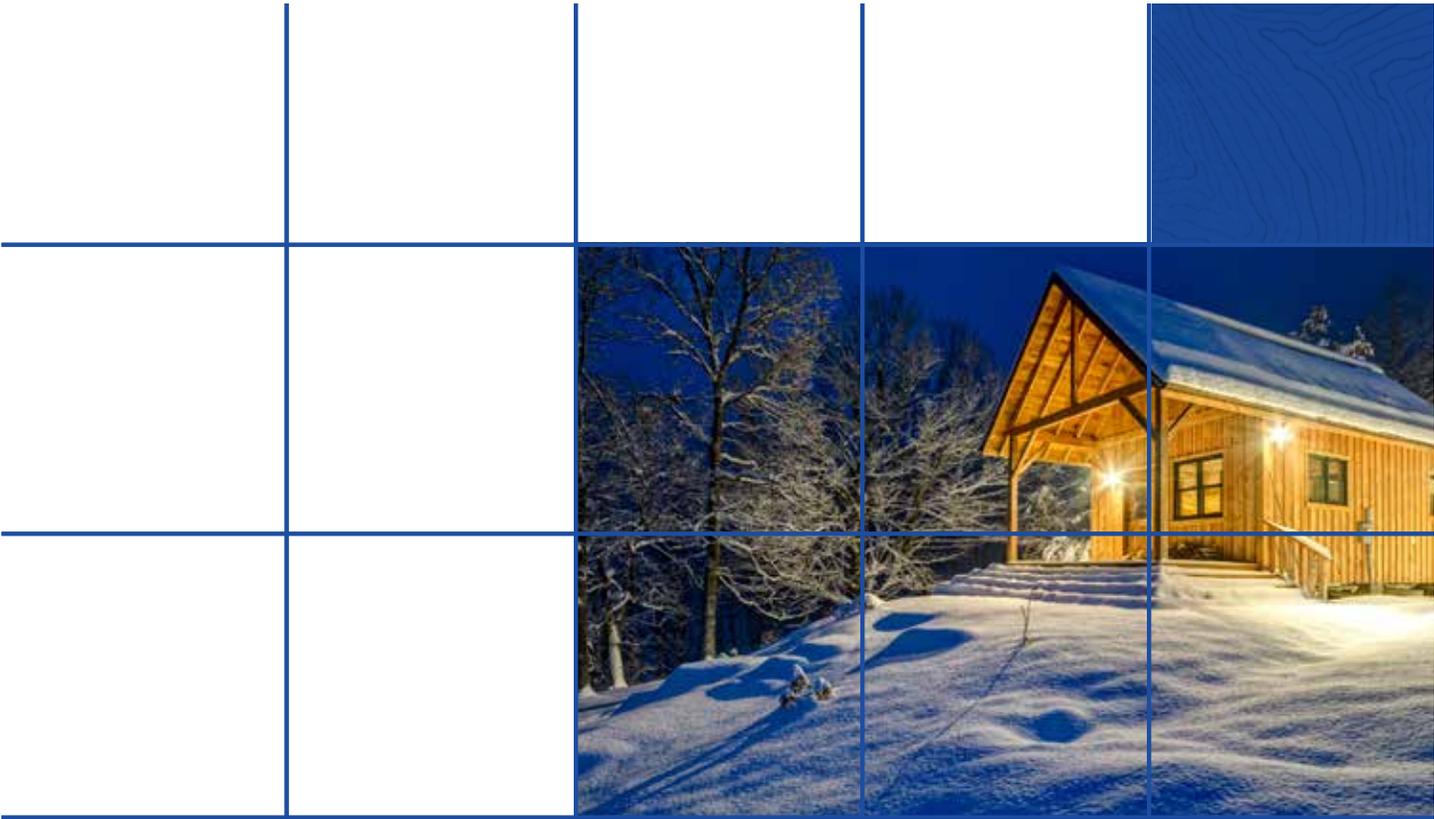
Before the start of the TBRA program in 2009, 66 percent of prisoners released by Department of Corrections (DOC) went back to prison. For the group participating in the program jointly developed between AHFC and DOC, only 20 percent were re-incarcerated. Aside from giving former prisoners a better chance 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.



## Efficient Grant Management

AHFC managed a total of 263 grants with \$81 million in annual payments during FY15, with the average payment made in less than two weeks. Here are some examples of programs supported by the grants managed by AHFC:

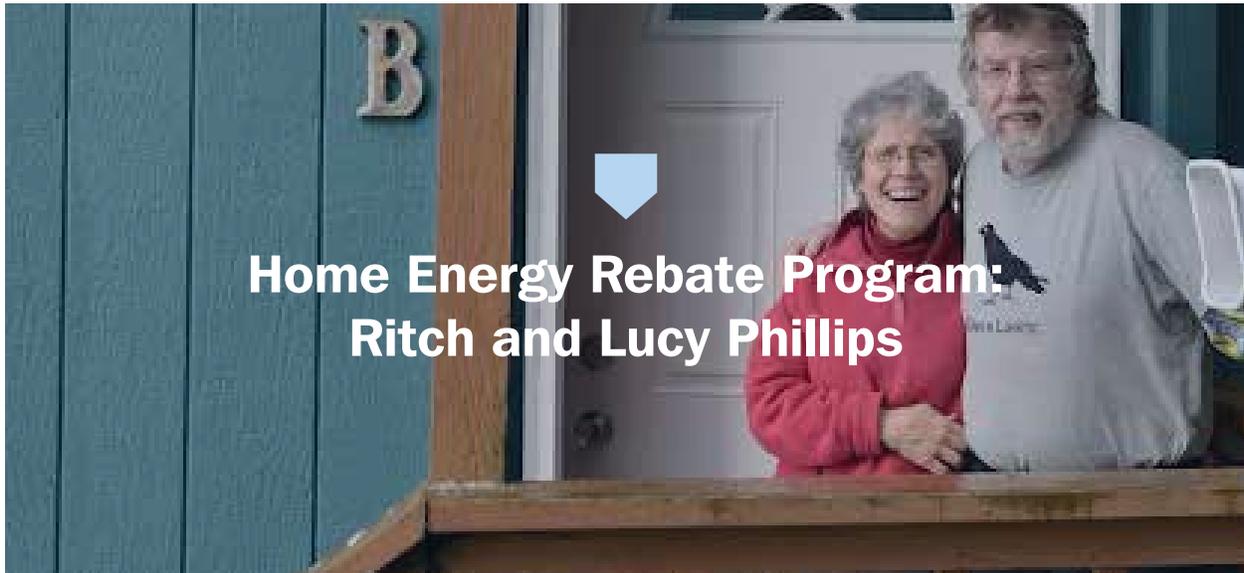
- The Senior Housing Accessibility Modification Program provided \$1 million toward improvements to 75 senior households making them easier to access and live in.
- \$1.25 million was awarded through the Grant Match Program for the Department of Housing and Urban Development (HUD) Continuum of Care Supportive Housing Program that leveraged \$3.5 million federal/HUD funding and enabled 19 homeless services projects statewide to continue operations.
- The Home Opportunity Program funds for developing low-income home ownership assisted 30 homeowners by providing \$1,358,258.



# Energy

Few know their way around energy efficiency like the Alaska Housing Finance Corporation. By introducing groundbreaking technology, setting statewide standards and providing education and resources to help homeowners become brighter consumers, AHFC joins its state agency counterparts like Alaska Energy Authority to help lead more Alaskans toward affordable energy.





## Home Energy Rebate Program: Ritch and Lucy Phillips

### Helping Alaskans Save

*"Not only are our homes much more snug and comfortable, but our fuel bills for the condo association have dropped 40 percent. It's incredible!"*

**Lucy Phillips, Sitka condo owner and participant in the Home Energy Rebate Program**

Ritch and Lucy Phillips have lived in Sitka's Bayview Condos for nearly seven years.

One of the island's few affordable housing units, Bayview Condos was built in the 1980s and still used the original oil-fired boilers to heat its 24 homes. In Ritch and Lucy's condo, older cellulose insulation was blowing into their home every time the wind blew, creating high amounts of dust.

Last spring, the couple, along with a small group of concerned residents, was appointed by the condo association's board of directors as the energy improvement committee. Together, they enlisted the energy and cooperation of the association and the condo owners to enroll Bayview Condos in AHFC's Home Energy Rebate Program (HERP).

*"All the owners were in agreement right from the start. This was going to protect our investment! We also wanted to live in a warmer, quieter and more pleasant environment. Thanks to the Home Energy Rebate Program, we got it all."*

Through the program, energy efficiency upgrades were made to 13 units, including installing new boilers in six buildings, upgrading thermostats and ceiling fans, insulating roofs, and caulking and sealing around doors and windows. Energy raters helped Ritch and Lucy address the leaking insulation from their walls and ensured that each of the homeowners had a carbon monoxide detector installed in their units.

Within three months of the initial energy rating, all of the energy efficiency improvements had been made at Bayview Condos.

*"I can't tell you what a difference it's made! Our homes are so much quieter and it stays warmer. It's wonderful. We couldn't be more pleased."*

### **Home Energy Rebate Program Pays Off**

2,024 homeowners fully participated in AHFC's Home Energy Rebate Program during FY15, bringing total participation up to 23,496 since inception of the program in 2008. The average rebate paid out amounted to \$6,889, with homeowners experiencing, on average, 30 percent in energy savings and increased home comfort.

**Average rebate: \$6,889**

### **Save More – Take a Class!**

A study from Cold Climate Housing Research Center (CCHRC) 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 percent for non-class takers. AHFC's Research and Rural Development Department offered free classes FY15 in Southcentral, Fairbanks and Juneau with 1,377 Alaskans attending.



## Weatherization: Lena Hanna

### Helping to Keep Alaskans Warm

*"Weatherization improvements to my home have really made a difference."*

**Lena Hanna, Inupiat elder representative for the Kotzebue tribal council and participant in AHFC's Weatherization Program**

While the cold Kotzebue winter is nothing new to longtime resident Lena Hanna, this winter feels a whole lot warmer thanks to weatherization improvements made to her home through AHFC's Weatherization Program.

Like most Kotzebue residents, Lena is accustomed to steep energy prices in her region. After hearing about AHFC's Weatherization Program on the radio, she applied and qualified to enroll in the program. She hoped the upgrades to her home might help to decrease her monthly bills.

*"A lot of people here in our region are low on funds, especially during wintertime. We hardly have any money to spend on stove oil or electricity, it's so expensive here."*

Through the program, Lena was able to make weatherization upgrades to her 20-year-old home. According to Kent Banks of the Rural Alaska Community Action Program, the main thing lacking in Lena's home was moisture control. To address this deficiency, the range hood was vented out and a heat recovery ventilator was installed. A number of minor health and safety measures were also made to the home, including door adjustment and weather stripping; replacing an older, drafty window with a new, energy-efficient model; and installing carbon monoxide and smoke detectors. LED lights replaced incandescent bulbs for more energy savings.

Immediately following the upgrades, Lena noticed a drop in her electricity bill.

*"It really works, I'm so happy with the difference it's made already."*

Lena hopes to spread the word about the program to other residents in her region and even called it one of her priority messages at the next tribal council meeting.

### **Prioritizing Funding for Weatherization**

AHFC's Weatherization program offers free health and safety improvements and energy efficiency upgrades to income-qualified applicants. Seventeen service providers statewide, with the help of local hires, weatherized 1,768 homes in FY15, which is 47 percent less than the previous fiscal year. Available funding is prioritized for low-income seniors, families with disabilities or young children in their home.



Photo Credit: Timothy Leach

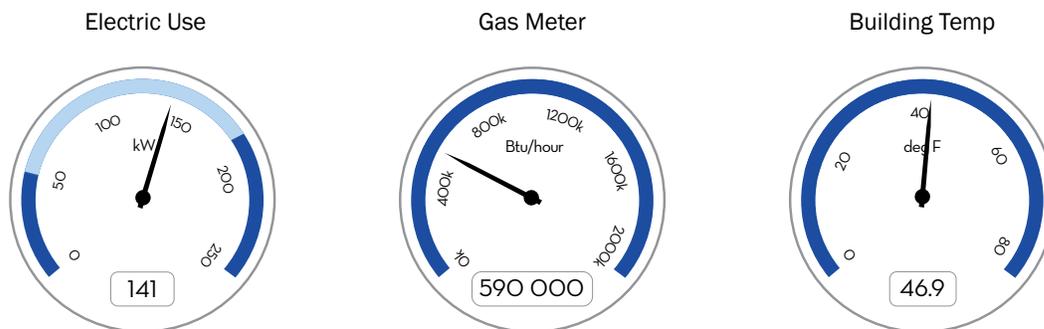
In spring 2015, AHFC's Research and Rural Development Department hosted Energy Efficiency NOW: An Energy Performance Summit for Commercial & Public Buildings in Anchorage.

The conference attracted nearly 100 attendees from across the state with backgrounds in engineering, architecture, building management and more. A second conference, with added content including residential buildings, is planned for January 12 and 13, 2016. Save the date for Energy Efficiency NOW: Elevating Energy Performance in Commercial & Residential Buildings.



## Big Energy Savings with New Building Monitoring System

In FY15 AHFC unveiled a new building monitoring system that tracks real-time energy use in a building — a valuable tool in a state with some of the highest energy costs in the country. The system that AHFC developed is designed to save energy, along with building owners' and managers' time and money.



The Building Monitoring System, or BMS, can track a wide range of data including building occupancy, temperature, electricity and fuel use, as well as information from multiple sources, including established weather stations, building automation systems and databases. With the help of sensors that relay up-to-the-minute information, building systems can be monitored for proper operation, shutdown during unoccupied periods, aid in design considerations, and help troubleshoot operational difficulties.

The BMS has proved a valuable resource for AHFC. With buildings spread over a large geographic area and in varying climates, the BMS allows for real-time monitoring of information for remote sites from inside Anchorage headquarters. The application to its own facilities across Alaska led to a realization of the systems' potential beyond AHFC's own needs. An example of the value that BMS provides is AHFC headquarters. By using BMS the HQ building in itself is saving 18 percent in energy costs per year.

The software extends the role of AHFC's energy efficiency work and connects to the public housing operation. Federal funds were used by AHFC in development of the software, and it is now open source and available at no cost by visiting <https://code.ahfc.us/energy/bmon>.



## Housing Grants

### Top Energy Rating Reached Through Supplemental Housing Grants

The Supplemental Housing Development Grant Program received \$7 million from the state legislature for FY15, and applied an additional \$1,473,000 million from the prior year's budget for a total of \$8,473,000. Fourteen grants, totaling \$7,289,509, were awarded to 12 regional housing authorities for new construction of 176 units, 115 single-family homes, 61 multi-family units and rehabilitation work on 170 units to provide safer and affordable housing for residents in rural and urban Alaska. Four housing authorities achieved the highest energy efficiency rating, 6 Star, on 47 homes, 33 single-family and 14 multi-family.

Energy efficiency design features: **\$5,289,606**

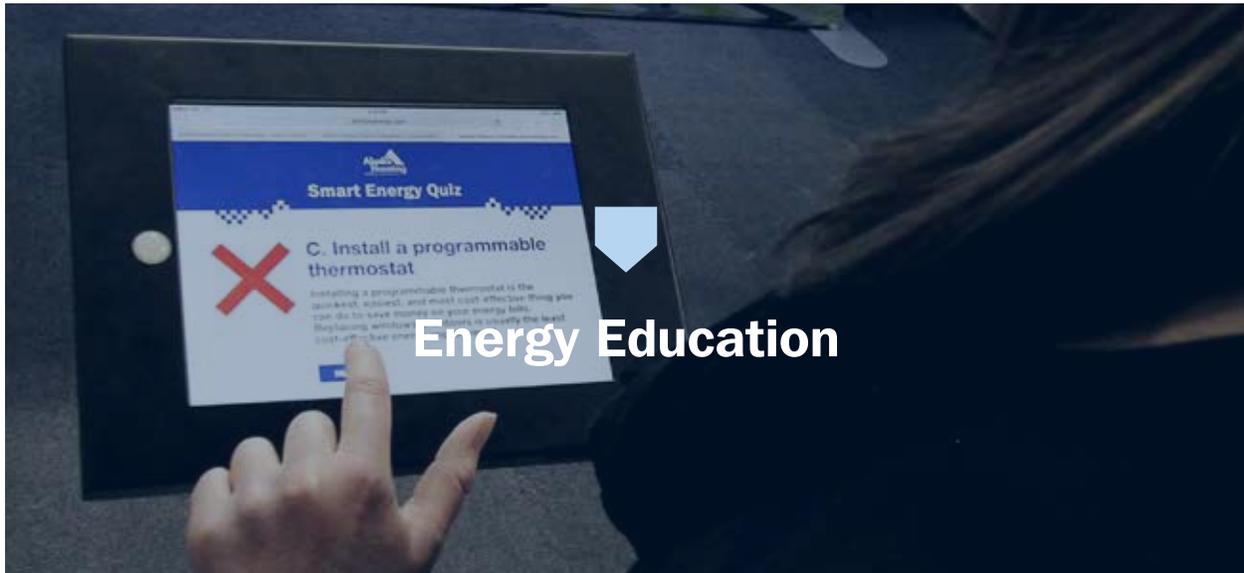
Onsite water and sewer system: **\$1,282,308**

Access roads to development project sites: **\$353,611**

Electrical distribution to houses in project sites: **\$363,984**

A total of **\$7,289,509** was expended for development in the categories above.

In 1981, the Alaska State Legislature established the Supplemental Housing Development Grant Program to supplement the HUD Indian Housing Development funds for projects constructed by regional housing authorities. Each state dollar contributed to this program is supported by approximately five dollars in federal funds.



### Smart Energy Questions Online

Improving Alaskan’s energy literacy ranks high on the department of Research and Rural Development’s task list since awareness of energy use leads to energy efficiency and savings. For FY15 the department developed and promoted a web-based smart energy quiz. The initiative allowed for thousands of interactions with visitors to five home shows held around the state. More than 600 email addresses were captured and added to the distribution list for Home Delivery, AHFC’s customer/partner newsletter.

You’ll find the quiz here <http://ahfcbrainergy.com>

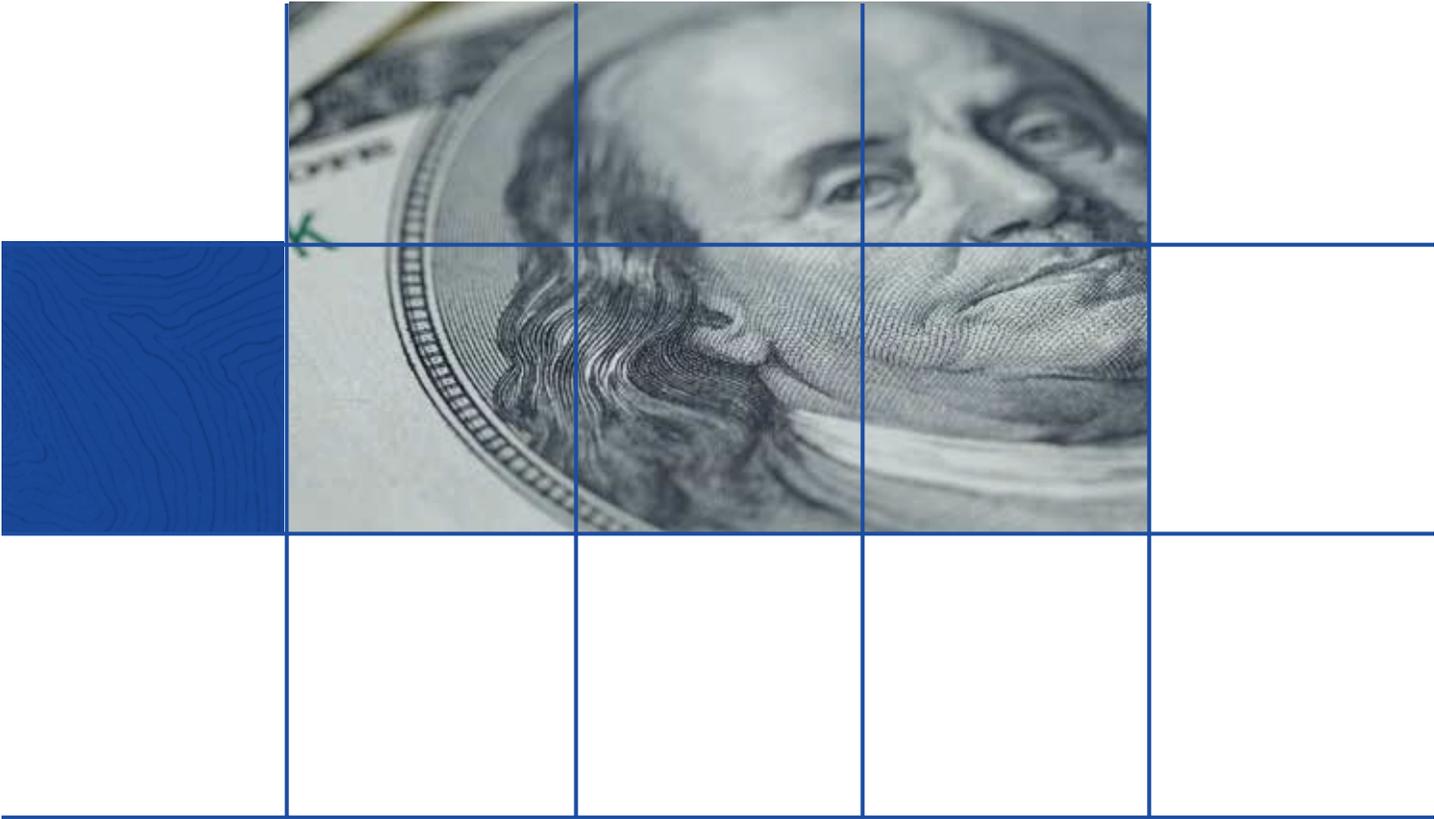
### AHFC Joins Forces with ENERGY STAR



In FY15 AHFC formed a partnership with Home Performance with ENERGY STAR that aims to raise awareness and bolster support for home energy efficiency programs in Alaska. Home Performance with ENERGY STAR is a U.S. Department of Energy program geared toward improving energy efficiency and comfort in homes. The well-recognized ENERGY STAR logo is now used to promote AHFC’s Energy and Weatherization Programs.

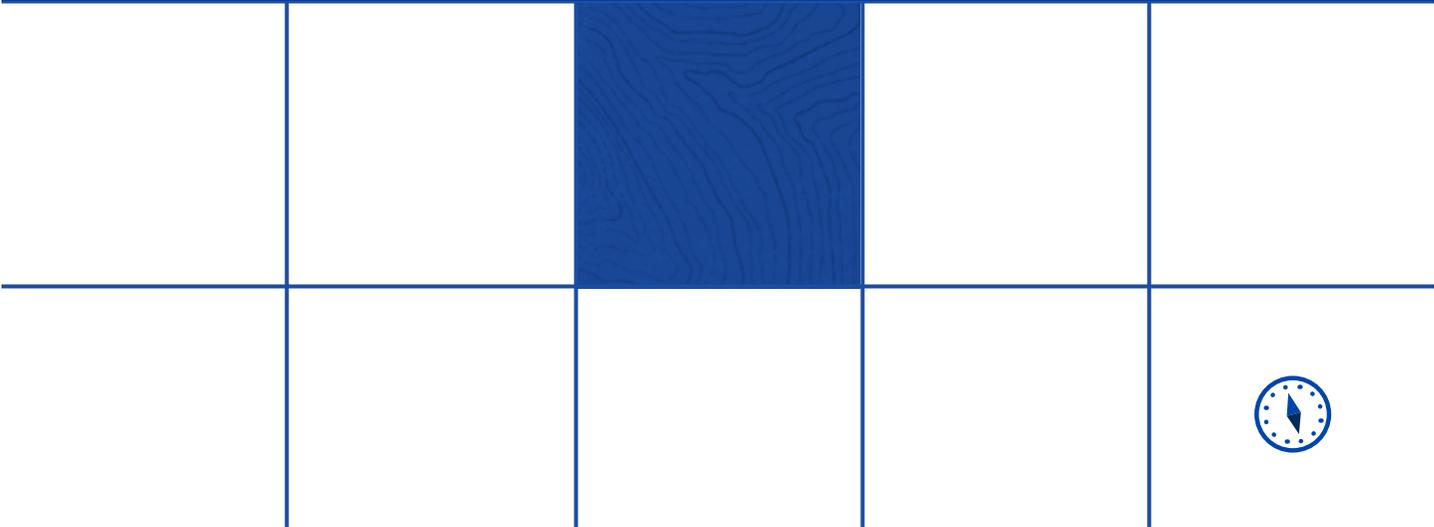
### Important Energy Lesson for Kids

During FY15, 1,794 students were introduced to AHFC’s K-12 curriculum AK EnergySmart that teaches kids about energy use and why energy efficiency is so important in Alaska. Additionally, 42 energy kits were distributed to schools across the state, and 88 teachers and administrators were trained in the use of the AK EnergySmart curriculum. AHFC’s contractor, Renewable Energy Alaska Project (REAP), presented lessons and conducted trainings in Anchorage, Fairbanks, Kodiak, Nome, Kotzebue and Kokhanok.



# Finance

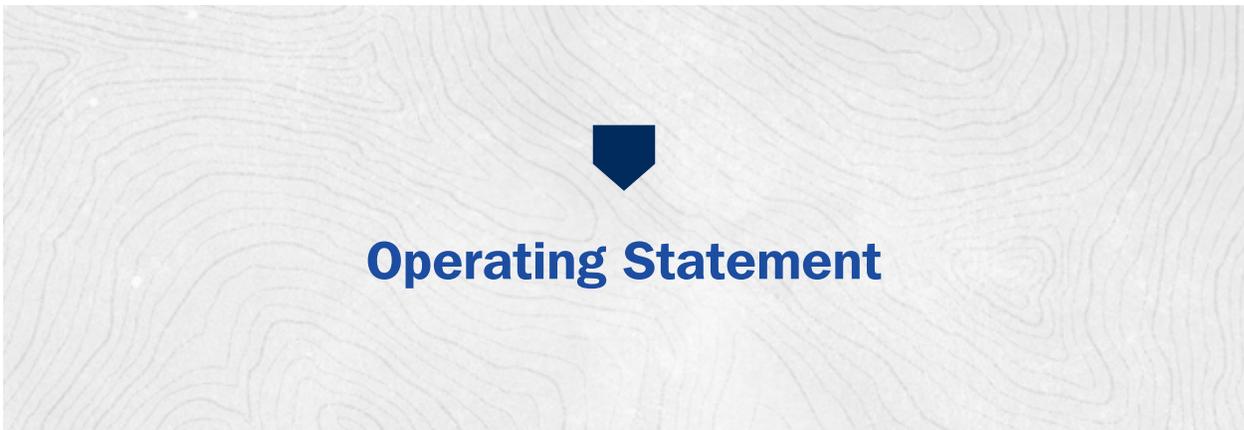
Annual dividend contributions to the state plus leadership in the housing finance industry are a bright star in Alaska's sky. Many Alaskans benefit from Alaska Housing Finance Corporation's responsible investments, from home mortgages to housing infrastructure.





### **Solid News from Wall Street**

AHFC continues to be among the strongest housing finance agencies in the country according to Standard and Poor's Ratings Services, an independent source of credit ratings and a leader in providing financial market intelligence and investment research. AHFC maintained its high general obligation credit rating at AA+ throughout FY15.



### **AHFC Reports Positive Operating Income**

AHFC posted operating income of \$8.5 million for FY15, compared to an operating loss of \$3.4 million in 2014. As of June 30, 2015, AHFC's total net position was \$1.49 billion after adjustments for accounting changes. During FY15, AHFC's mortgage loan portfolio increased 5.0 percent to \$2.66 billion, while the bond portfolio decreased 4.6 percent to \$2.2 billion.



## Bonds Issued

AHFC issued \$423 million of long-term debt to refund higher cost debt and lower debt service payments, and to continue its ongoing lending programs. As of June 30, 2015, \$2.2 billion of long-term debt was outstanding, net of associated discounts and premiums. The table below presents long-term debt issued by AHFC in FY15.

BOND ISSUE TITLE & AMOUNT	RATINGS: S&P FITCH	DATE ISSUED	PROGRAM PURPOSE	TAX STATUS
\$140,000,000 State Capital Project Bond II, 2014 Series C	AA+	8/27/2014	Current Refunding	New Money Taxable
\$78,105,000 State Capital Project Bonds II, 2014 Series D	AA+	11/6/2014	Current Refunding	Reimbursement Tax-Exempt
\$111,535,000 State Capital Project Bonds II, 2015 Series A	AA+	3/19/2015	Current & Advance Refunding	Refunding Tax-Exempt
\$93,365,000 State Capital Project Bonds II, 2015 Series B	AA+	6/30/2015	Current & Advance Refunding	Reimbursement Tax-Exempt



### Debt Service Savings

During FY15, AHFC achieved \$29.5 million of net present value savings from advance refundings.



Operating income is in positive territory again and the portfolio of mortgages is increasing. AHFC is an investor that buys mortgages from lenders (Residential Mortgage, Alaska USA, First National Bank, etc.) and issues bonds backed by the mortgages.

Here's a simple example showing how AHFC makes its money:

<b>3.750% mortgage rate</b>	<b>3.000% bond yield</b>
<b>-0.375% servicing costs</b>	<b>+0.125% issuance costs</b>
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<b>3.375% revenue</b>	<b>3.125% expenses</b>

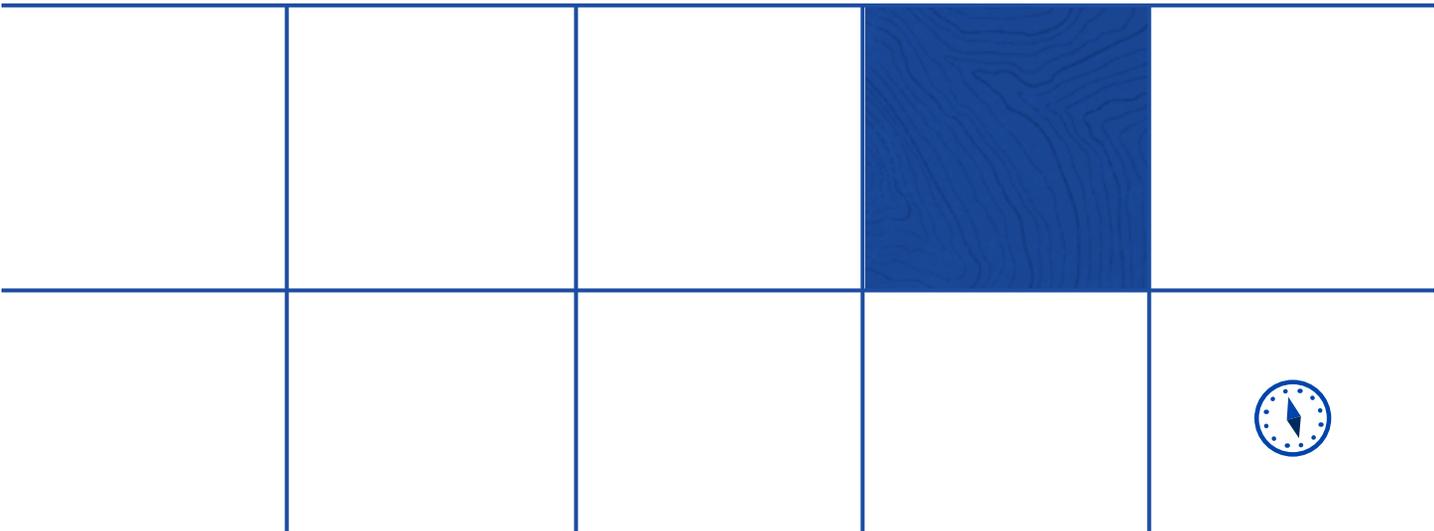
The difference between mortgage revenue and bond expenses is called the net spread. In this example, it's a 0.250% positive spread, which enables AHFC to continue its mission to provide Alaskans access to safe, quality, affordable housing and to also help support state programs.

Find current rates here: <https://www.ahfc.us/buy/resources/current-rates/>.



# Other Highlights

Alaska Housing Finance Corporation is committed to guiding Alaskans toward a better quality of life – through housing-related services or giving back to the community in public schools and in shelters.





## Bean's Cafe

### Food for the Homeless

Supporting homeless Alaskans is a cornerstone activity for AHFC, and in FY15, staff continued on a voluntary basis the longstanding tradition of serving lunch at Bean's Café in Anchorage once a month. The average plate count on any given Friday: more than 300.



## Youth Scholarships

### Sponsorships Send Youth to Business School

AHFC supported the Alaska Business Week (ABW) summer program in FY15 by giving two students, Radames J. Maldonado-Rios and Tammalivis S. Salanoa, both from Anchorage, the opportunity to participate in the camp held at University of Alaska Fairbanks. A total of 37 high school students from around the state attended the weeklong program. Working directly with a mentor from the business community, students gained knowledge about business, leadership and teamwork preparing them for their future careers.



### **AHFC Volunteers Go Back to School**

AHFC entered into a School Business Partnership with Scenic Park Elementary School located at 3933 Patterson Street in Anchorage, close to AHFC headquarters, during the fiscal year.

National Walk to School Day kicked off the partnership with volunteers from AHFC walking students to school and serving hot chocolate.

The Reading Buddy program is also a part of the partnership. The program allows an employee to be matched with a student who needs help reading. They meet once per week for an hour. Scenic Park Elementary has 400 kindergarten through fifth grade students, of which 30 percent are considered economically disadvantaged. The school strongly believes that social and emotional learning are the foundation of academic achievement.



### **Two Communication Awards for AHFC**

The FY14 annual report “Building Alaska” scored big with two awards for AHFC during the fiscal year:

- First Place Award of Excellence, Public Relations Society of America (PRSA) Alaska Chapter, Aurora Awards
- Best Annual Report, American Marketing Association Alaska Chapter, Prism Awards



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