REPORT TO

Alaskans

Alaska Housing FINANCE CORPORATION

ANNUAL REPORT 2013

Our Mission

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

Since 1986, Alaska Housing Finance Corporation (AHFC) has contributed close to $2 billion to Alaska through cash transfers, capital projects and debt-service payments.

FINANCING FOR MULTI-FAMILY COMPLEXES AND SINGLE-FAMILY HOMES

ENERGY + WEATHERIZATION PROGRAMS, LOW-INCOME RENTAL ASSISTANCE IN 17 COMMUNITIES

OFFICES IN 16 COMMUNITIES STATEWIDE

PROGRAMS FOR THE HOMELESS AND THOSE SEEKING TO BECOME SELF-SUFFICIENT

Loan options for low- to moderate-income borrowers, veterans, teachers, nurses, public safety officers and those living in rural areas of the state.

AS OF THE END OF 2013, AHFC ASSETS TOTALED

$1.53 BILLION

AHFC is an independent public corporation.

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Letter to the Governor

The Honorable Sean Parnell
Governor, State of Alaska
Juneau, Alaska

Dear Governor Parnell:

For more than 40 years Alaska Housing Finance Corporation (AHFC) has been on a mission to give residents of the state access to safe, quality and affordable housing.

We are proud of our work to fulfill the need for affordable housing, while acknowledging that more needs to be done. Our commitment to Alaska in fiscal year 2013 manifests with a $10.7 million dividend to the state, bringing the cumulative contribution close to $2.0 billion since 1986.

National market conditions and historically low mortgage interest rates continued to work against AHFC this year, forcing us to report a fourth consecutive net loss, $17.9 million. That is an improvement from the previous year when the net loss totaled $30.5 million.

A return to profitability for AHFC is directly linked to 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 $6.4 million in 2013.

While AHFC is aggressively tackling the issues we can control, we applaud the Alaskans who have taken advantage of historically low interest rates and refinanced their homes. This action, while good for the consumer and for the Alaska economy as a whole, has the ripple effect of causing AHFC's loan portfolio to decrease by 8.7 percent to $2.31 billion.

The lower investments in combination with a smaller volume of mortgage loans primarily contributed to the decrease in AHFC's total net assets by 1.8 percent to $1.53 billion.

The bright side is that the corporation remains among the strongest housing finance agencies in the country according to Standard & Poor's (S&P) Ratings Service, which retained its strong rating of AA+ for AHFC.

AHFC is financially significant to Alaska. Even more importantly, we make lives better for Alaskans. A few examples:

- **In fiscal year 2013, our mortgages assisted 1,640 families and individuals getting into a new home. Roughly half were buying their first home.**
- **AHFC supported close to 6,000 individuals and families through our Public Housing Division.**
- **AHFC weatherized more than 3,000 homes throughout the state – making them safer and more energy efficient.**
- **More than 12,000 people will benefit from funds available through our Homeless Assistance Program (HAP).**
- **Three new Village Public Safety Officer (VPSO) housing units were funded during 2013. In aggregate, AHFC has completed 244 new housing units in rural Alaska for teachers, health professionals and public safety officers since 2004.**
- **AHFC continued its strong support for public housing and affordable housing through new construction projects: Mountain View and San Roberto in Anchorage and Vista Drive in Juneau.**
- **The AHFC Board of Directors adopted Rent Reform in public housing that will assist "work-able" residents in becoming more independent during a five-year timeline.**

Our outlook for fiscal year 2014 is cautiously optimistic based on changing market conditions favoring AHFC late in 2013. We value the support given to AHFC by the Alaska Legislature and appreciate the opportunity to work together to make Alaska an even better place to live.

In closing we would also like to acknowledge AHFC's former CEO and Executive Director Dan Fauske for his dedicated work during his 18-year tenure, and we wish him well in his new role as CEO of Alaska Gasline Development Corporation (AGDC), an organization that started as a subsidiary of AHFC but now operates independently under the state's Department of Commerce, Community and Economic Development.

Franklin C. Roppel
CHAIR

Bryan D. Butcher
CEO, EXECUTIVE DIRECTOR

Board of Directors and CEO

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Chair

N. CLAIBORNE PORTER JR., AIA
Vice Chair, NCP Design/Build Ltd., President

BRENT LEVALLEY
Denali State Bank, Senior Vice President, Construction Loan Officer

MARTY SHURAVLOFF
Kodiak Island Housing Authority, Executive Director

ANGELA RODELL
Department of Revenue, Commissioner

BILL STREUR
Department of Health and Social Services, Commissioner

SUSAN BELL
Department of Commerce, Community and Economic Development, Commissioner

BRYAN D. BUTCHER
AHFC, CEO and Executive Director

"My rent kept going up so much, soon I'd be paying more than 50 percent of my income in rent alone. My friends encouraged me to buy a place. I had good credit but I didn't think I could do it."

DEBORAH

Public Housing

"I really can work toward getting out of rental assistance, and I really can work toward owning my own home."

DEBORAH'S DREAM OF INDEPENDENCE AND A HOME COME TRUE

Ten years ago life dealt Deborah a sobering blow. Her mother, thousands of miles away, was facing a cancer scare. Deborah decided right then that she needed to be closer to family. She packed and moved from Cleveland to Alaska to be nearer to her mother and sister who had been living in Anchorage for close to a decade.

Deborah arrived and immediately faced another obstacle. Housing prices were higher than what she was paying in Cleveland. She applied for assistance through AHFC, was assigned a case manager and soon became a participant in the Housing Choice Voucher Program. With that help she was able to find and rent a small apartment in midtown.

Although pleased to have found stable housing, Deborah wasn't content using rental assistance for long. "My rent kept going up so much, soon I'd be paying more than 50 percent of my income in rent alone," she explains. "My friends encouraged me to buy a place. I had good credit, but I didn't think I could do it."

Buoyed by the encouragement of her friends, Deborah turned again to AHFC. She found support to enroll in the Family Self-Sufficiency (FSS) Program. The program is voluntary for AHFC Public Housing and Housing Choice Voucher participants. It combines housing assistance with education, job training and other support services to help residents meet employment and financial goals.

FSS case managers help residents locate childcare assistance, on-the-job training, remedial education, vocational training, credit counseling and financial literacy courses. When program participants' income goes up, AHFC invests a portion of the subsequent rent increase in an interest-bearing escrow account. When FSS participants' goals are met, and they have been off public assistance for 12 consecutive months, those funds are dispersed on a tax-free basis to the participant.

"They were so welcoming and encouraging," Deborah says of AHFC staff. "I decided I really can work toward getting out of rental assistance, and I really can work toward owning my own home."

Deborah took advantage of all that FSS had to offer, meeting milestones and checking in with a case manager every month. "I took it very seriously," she explains. "I realized if these people are willing to help me get a better life, then I'm willing to take it seriously and go through with it."

Deborah attended AHFC's HomeChoice™, a free class developed to assist prospective homebuyers work through all the steps that purchasing a home entails including finding lenders and real estate professionals, obtaining title insurance and a home inspection and practicing sound money management.

Today Deborah lives in Anchorage in a home she owns thanks to a 30-year mortgage. In regard to homeownership, she says she's thankful for the little things like having her own driveway and her own washing machine. "In my apartment there was no elevator and I had to walk down three floors to the main level and three more to the basement to do laundry," she says. "That's six floors! Every time I do a load of laundry at my new place I think, 'What a gift.'"

Deborah encourages others to find out what AHFC has to offer in terms of support and resources for renters and potential homeowners. "It's worth it to do the work," she says. "It may sometimes feel like you have to check in and do a lot, but it's really important, and it made me take responsibility for my life. I'd like to encourage people —they really can get off public assistance. It's really worth it."

EAST NINTH AVENUE PROPERTY OPEN FOR BUSINESS

The 1248 East Ninth Avenue four-plex project in Anchorage was completed in fiscal year 2013. The building features two one-bedroom units and two efficiency units that are each fully accessible to individuals with disabilities. Rent for each of the units is moderately priced. The one-bedroom units rent for $750 a month and the efficiency units are $650 a month. Completion of the project resulted in additional units to AHFC's inventory for the first time since the Riverbend housing project, located near Juneau in Mendenhall Valley, was completed in 1998.

1248 East Ninth Avenue four-plex project in Anchorage.

NEW TOOL FOR MORE AFFORDABLE HOUSING

Increasing Alaska's affordable housing options is one of AHFC's primary goals. The state Legislature unanimously passed House Bill 50, and Governor Parnell signed it into law during Alaska's 28th Legislature. This bill expanded AHFC's authority to participate in multi-unit, mixed-use housing projects. AHFC may now finance projects that contain commercial space such as retail, office or hospitality uses.

AHFC may now finance residential projects that contain commercial space such as retail, office or hospitality facilities.

An integrated housing facility will not only provide affordable housing opportunities but also offers the convenience of adjacent family-friendly businesses. The bill was explicit in precluding adult entertainment, substance abuse treatment facilities and tobacco shops.

For developers, income generated from commercial uses can be used to offset the lower rent structure associated with affordable housing, which in turn provides an opportunity to develop more affordable units. As construction costs rise, having retail or office lease income generated within the project offsets these costs by allowing the project to carry more debt.

ALASKA CORPORATION FOR
affordable
housing

MORE AFFORDABLE HOUSING IN MOUNTAIN VIEW

Fiscal year 2013 saw the establishment of Alaska Corporation for Affordable Housing (ACAH), a subsidiary of AHFC created to acquire, develop, manage or operate affordable housing. ACAH immediately developed a plan to build new units on three properties acquired in the Mountain View community with Neighborhood Stabilization Program (NSP) funds. The plan calls for completion of 70 affordable housing units by 2015. Both Mountain View Community Council and Anchorage Community Land Trust have expressed support and are working closely with the project development team to ensure that the project integrates seamlessly into the community.

BOOST TO HOMELESS VETERANS

In September 2012, AHFC received an additional 15 Veterans Affairs Supportive Housing (VASH) vouchers to support homeless veterans. This brings the total number of VASH vouchers to 210.

MORE AHFC FAMILIES STRIVING FOR INDEPENDENCE

The Family Self-Sufficiency Program (FSS) graduated 21 participants in 2013 and ended the fiscal year with 250 enrollees, compared to 18 graduates and 201 enrollees in fiscal year 2012. FSS is a voluntary program designed to promote economic self-sufficiency. Families living in public housing or those receiving a Housing Choice Voucher 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.

HOUSING FOR TEACHERS

Helping people feel safe, earn a good education and have access to affordable healthcare are benefits of AHFC's Teacher, Health Professional and Public Safety Housing grant program in rural Alaska communities. In 2013, AHFC awarded more than $7 million to seven projects that will rehabilitate or build 43 housing units, including four in Stebbins, one in Nanwalek, eight in Kotlik, 14 in Selawik, five in Allakaket, five in Kaltag and eight in Gambell.

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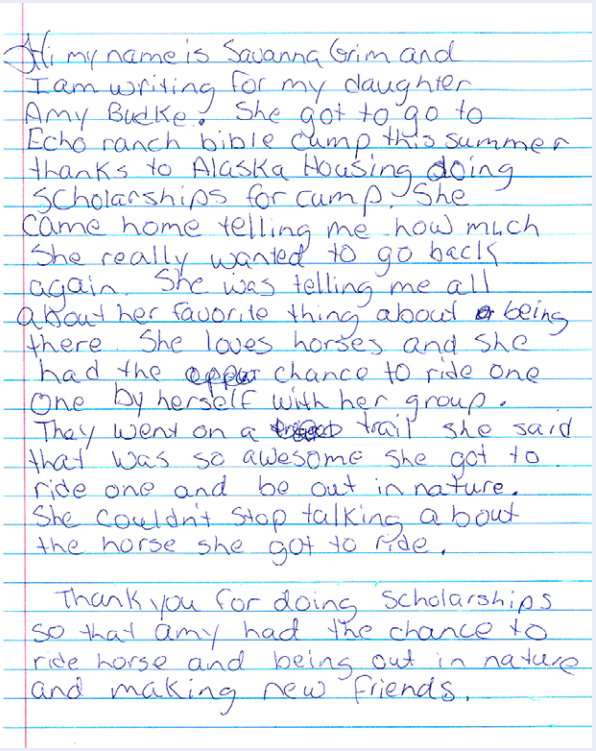
RIDE OF A LIFETIME

For 10-year-old Amy Budke and 140 other kids throughout Alaska, AHFC made a positive difference the summer of 2013 through its third annual Youth Summer Camp Scholarship program. The program served 101 families in 10 communities. Amy participated in a four-day retreat at Echo Ranch's "Girls Wilderness Discovery Camp" in Auke Bay. Amy's mother, Savanna Grim, showed her appreciation in a letter to AHFC.



Hi my name is Savanna Grim and I am writing for my daughter Amy Budke. She got to go to Echo ranch bible camp this summer thanks to Alaska Housing doing scholarships for camp. She came home telling me how much she really wanted to go back again. She was telling me all about her favorite thing about being there. She loves horses and she had the chance to ride one one by herself with her group. They went on a trail she said that was so awesome she got to ride one and be out in nature. She couldn't stop talking about the horse she got to ride.

Thank you for doing scholarships so that amy had the chance to ride horse and being out in nature and making new friends.

SEVEN NEW LOW-INCOME AND SENIOR PROJECTS

The Greater Opportunities for Affordable Living (GOAL) program received 13 proposals requesting $102.1 million in funding in 2013. Available funding totaled $34.2 million.

Seven projects in six communities, including Wasilla, Soldotna, Kodiak, Anchorage, Homer and Eagle River were funded, resulting in 120 newly constructed rental units plus 79 units of renovated housing benefitting seniors and low-income households.

7 PROJECTS IN 6 COMMUNITIES

120 NEW RENTAL UNITS

79 RENOVATED UNITS FOR SENIORS & LOW-INCOME HOUSEHOLDS

JUNEAU FIRE SPURS NEW CONSTRUCTION

Photo by Michael Penn

At the end of 2012, Juneau's already-tight housing market was hit with an additional setback: a single fire destroyed 42 units at Gastineau Apartments.

AHFC quickly responded to the needs of the community, making $7.6 million in federal grant funds and low-income housing tax credits available through a competitive bidding process. In May 2013, AHFC awarded Volunteers of America National Services, Volunteers of America, Alaska and development partners Trapline, LLC and V2 the contract for constructing and managing Vista Drive in Douglas. The 40-unit project is expected to exceed $10 million. A Rasmuson Foundation grant and an AHFC mortgage will help cover the cost.

Fifteen units will be available for any eligible renter; however, rent will be capped. Twenty-five units will be reserved for low-income families or families with disabilities.

The housing will be built to AHFC's highest energy efficiency standards, the 2012 International Energy Conservation Code (IECC), and will also use geothermal energy as a source of heat to help lower operational costs. Groundbreaking is planned for the spring of 2014.

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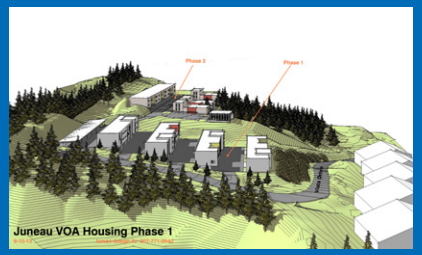

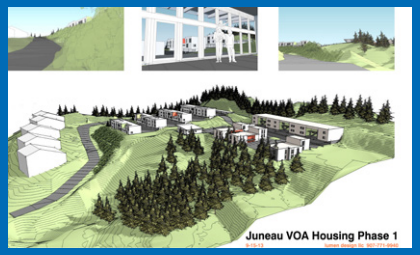

25 HOMELESS PROJECTS GET $5.8 MILLION

Through the Homeless Assistance Program (HAP), 25 projects were awarded $5.8 million in state funds to benefit approximately 8,759 households and 12,382 people.

$5.8 MILLION BENEFITTING 8,759 HOUSEHOLDS & 12,382 PEOPLE

FUNDS FOR HOMELESS SHELTERS

The Emergency Solutions Grant (ESG)program awarded $155,478 to four homeless shelters: Fairbanks Rescue Mission, Kodiak Brother Francis Shelter, AWARE Shelter and Glory Hall in Juneau. ESG also provided funding to Interior Center for Non-Violent Living in Fairbanks and Alaska Housing Development Corporation in Juneau. Together the shelters assisted 1,795 homeless individuals during 2013.

LEVERAGING IS KEY

Statewide, 16 homeless services projects were able to continue operations thanks to a grant match from Department of Housing and Urban Development (HUD) Continuum of Care Supportive Housing Program. The projects, including Covenant House's Right of Passage and RurAL CAP's Homeward Bound, both transitional housing programs for young adults, were awarded $1.25 million by AHFC—leveraging an additional $3.8 million in federal/HUD funding.

HOUSING BUILDS SAFER VILLAGES

AHFC continued its support of Governor Sean Parnell's "Choose Respect" initiative by funding $1.1 million toward development of three Village Public Safety Officer housing units in Koyuk (Bethel area), Napaskiak and Napakiak (Nome area). Since 2004, AHFC has placed 244 new housing units for teachers, health professionals and public safety officers into service in rural Alaska, representing almost 60 percent of the rental housing units produced in rural Alaska from 2005 to 2012.

ASSISTING VICTIMS OF DOMESTIC VIOLENCE

In November 2012, AHFC launched the Empowering Choice Housing Program to meet housing needs of victims of domestic violence and sexual assault. The program offers referral-based transitional housing and was created in cooperation with Alaska Network on Domestic Violence and Sexual Assault and the Alaska Council on Domestic Violence and Sexual Assault. The program was made possible by a $1.328 million appropriation included in Governor Sean Parnell's FY 13 budget, as well as $1 million in contributions from AHFC's federal Moving to Work voucher allocation.

STABILITY IN HOUSING REDUCES LIKELIHOOD OF REOFFENDING

AHFC's Special Needs Housing Grant Program provides grants to nonprofit service providers and housing developers for construction of housing for Alaskans with special needs. In fiscal year 2013, AHFC awarded $1.5 million in capital funding to New Life Development for the acquisition of an Anchorage facility with 35 single-room occupancy rental units that will serve individuals recently released from prison. Three years of operating and supportive service funding totaling $900,000 was also added to facilitate necessary support and service structure capable of reducing participants' recidivism rates. Without community support, two-thirds of all prisoners released will become repeat offenders. The cost of the funded housing represents 50 percent of hard costs per day for incarceration.

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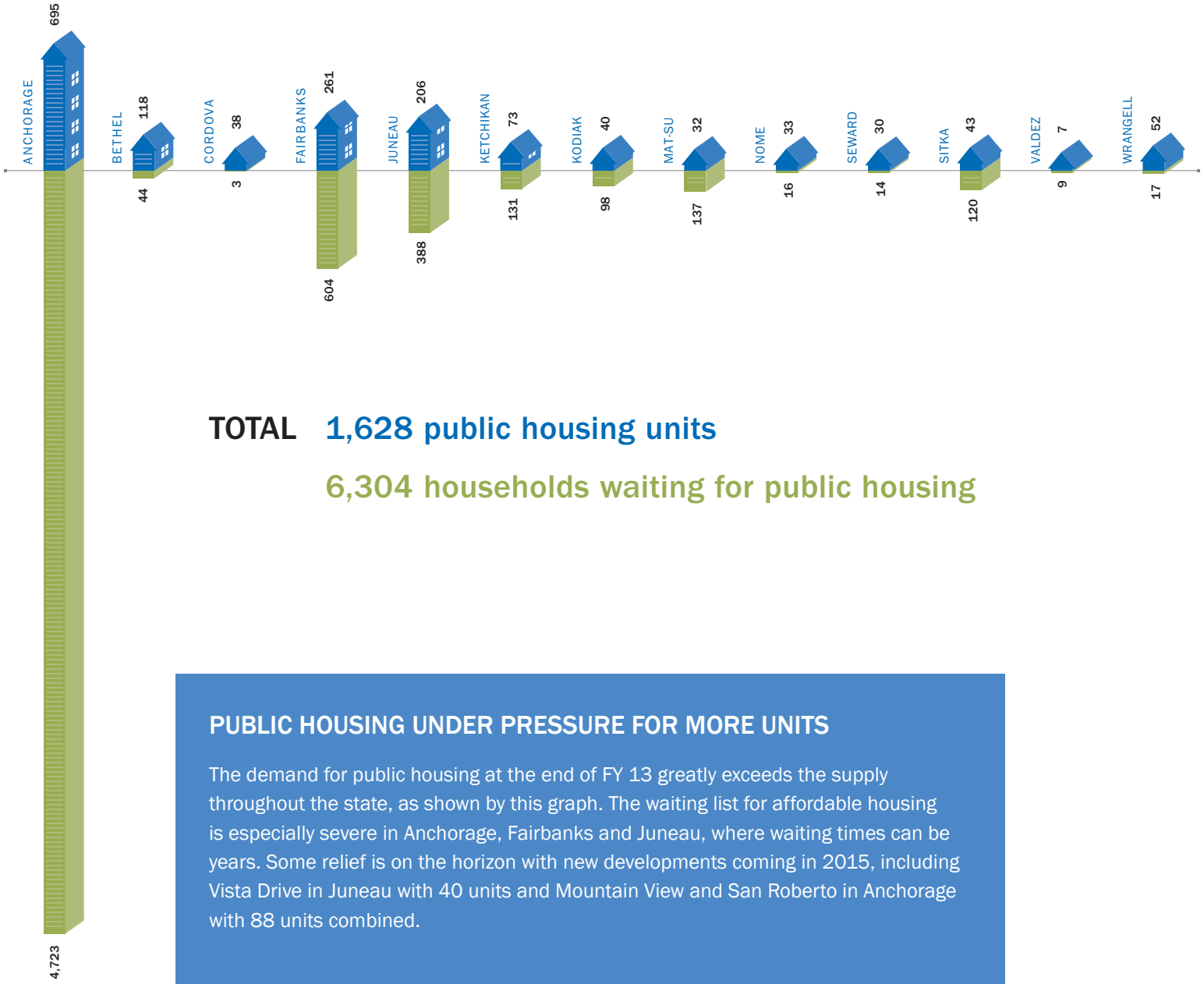
AHFC's Public Housing



TOTAL **1,628 public housing units**

6,304 households waiting for public housing

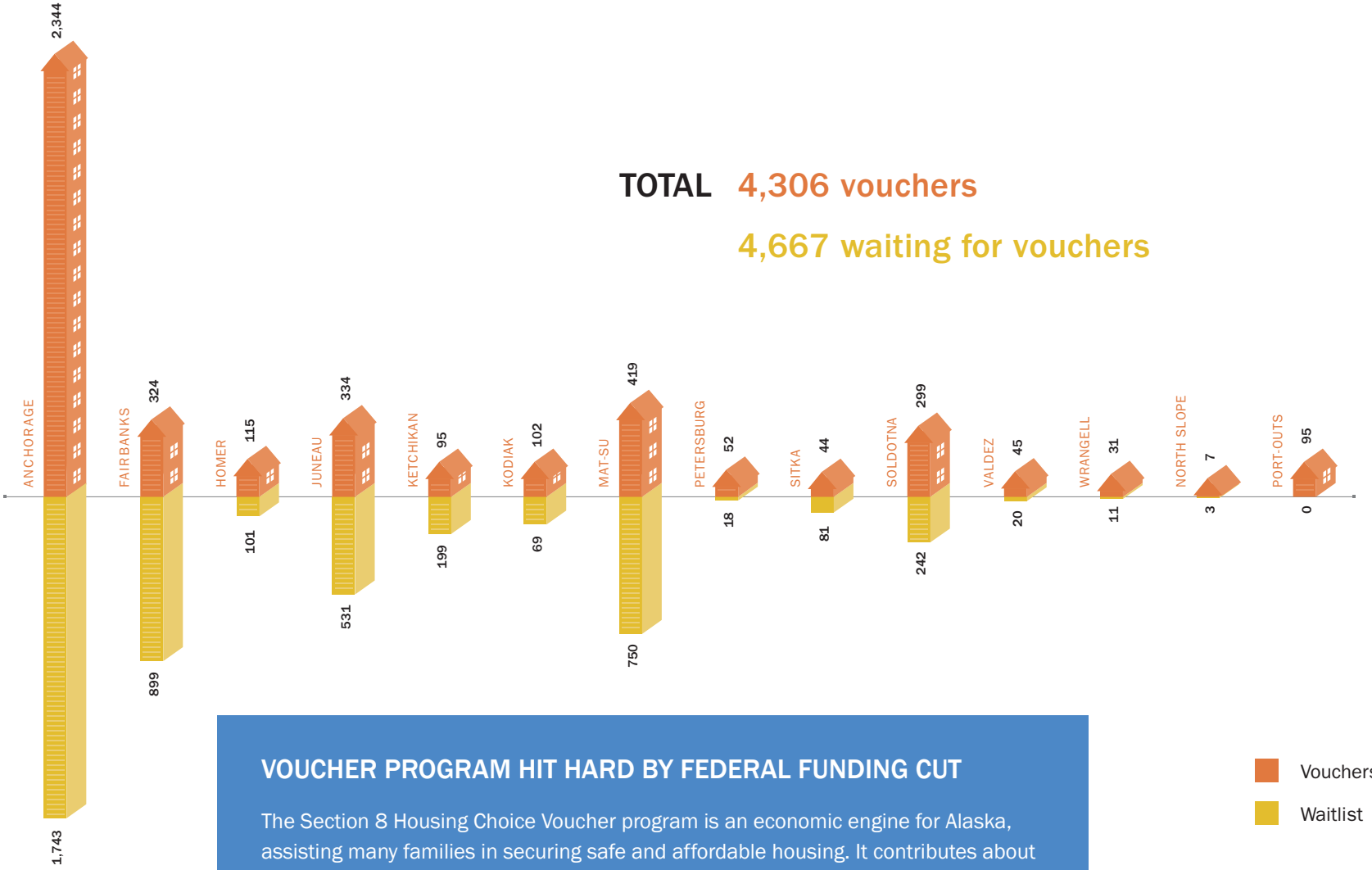
Public Housing Units

Waitlist

PUBLIC HOUSING UNDER PRESSURE FOR MORE UNITS

The demand for public housing at the end of FY 13 greatly exceeds the supply throughout the state, as shown by this graph. The waiting list for affordable housing is especially severe in Anchorage, Fairbanks and Juneau, where waiting times can be years. Some relief is on the horizon with new developments coming in 2015, including Vista Drive in Juneau with 40 units and Mountain View and San Roberto in Anchorage with 88 units combined.

Housing Choice Voucher Program



TOTAL 4,306 vouchers

4,667 waiting for vouchers

Vouchers

Waitlist

VOUCHER PROGRAM HIT HARD BY FEDERAL FUNDING CUT

The Section 8 Housing Choice Voucher program is an economic engine for Alaska, assisting many families in securing safe and affordable housing. It contributes about $30 million per year to the private sector. As a direct consequence of the federal sequester during FY 13, AHFC's Public Housing Division lost $1.8 million in funding, equivalent to 222 Housing Choice Vouchers, forcing AHFC to stop issuing vouchers and close many of its waiting lists. The graph gives a picture of supply and demand for vouchers in AHFC locations statewide.

BETHEL FAMILY FINDS A PLACE TO CALL HOME

"We applied and got into housing. It was definitely a plus for my family and me. We have a place to stay based on our income and how many children we have. It's really helped."

Samantha was raised in Kipnuk, a village near Bethel with a population of only about 600. She later spent time in Kodiak and graduated high school in Dillingham. In 2006, Samantha earned an associate degree from the University of Alaska Fairbanks' Kuskokwim campus in Bethel. She's remained there ever since, raising a family with her partner, Glenn. Together they have five children: Bianca is seven years old, Mary Jane is six, Ethan is four, Kirsten is three and Justina is two.

Juggling the inherent demands of a young family along with school and careers is always a challenge, but that's especially true for a family growing up in Bethel, where the cost of living is much higher than urban Alaska. "It's not easy to rent a home here," Samantha says. "There aren't many options, and people take what they can get. I rented for eight years and even with my job as a supervisor, water and sewer and rent cost too much. I realized we had to do something."

Samantha and Glenn turned to AHFC to help find a solution. "I talked to AHFC and asked them how the public housing program worked and what I had to do," she says. "We applied and got into housing. It was definitely a plus for my family and me. We have a place to stay based on our income and how many children we have. It's really helped."

The family moved into their new home in June 2011. The home has four bedrooms and a washer and dryer – a huge plus considering the amount of laundry a family of seven generates.

Although the home is full of welcome amenities, it's the service provided by AHFC employees that has really stood out and made a difference in Samantha and Glenn's lives. "AHFC is really flexible, but you have to let them know what is going on in your life, whether it's volunteering, taking care of someone or going to school. You have to show them you are active and doing things outside your home," Samantha explains. "I worked as a supervisor; now I take care of my dad who is very ill. Glenn is able to go to school fulltime now, which was our goal. He'll be done with school this year, and then we can move on."

Empowering Alaskans to achieve their goals and become financially independent – it's the mission of AHFC's public housing program, and Samantha's family is just one of its success stories.

HOME ENERGY REBATE PROGRAM
JUNEAU COUPLE SAVES BIG BEING ENERGY SMART

Energy

Julie and John have lived in Juneau since 2001 and currently reside in a 1400-square-foot, ranch-style home in Mendenhall Valley. Like many Alaskans, John first arrived because of a job opportunity, and he and Julie fell in love with the state. They have called it home ever since.

Neither John nor Julie set out to become a poster child for innovation in energy efficiency. What began as a mundane task – replacing their home's old, uneconomical boiler – has since evolved into something much more exciting. They are one of the first families in Juneau to harness naturally occurring geothermal heat from the ground and use it to warm their home. AHFC's Home Energy Rebate Program was a key factor in their decision to convert to geothermal.

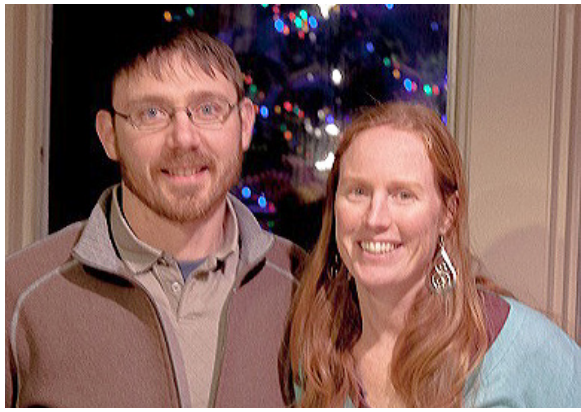
To participate in AHFC's Home Energy Rebate Program, homeowners sign up at www.akrebate.com, where they are placed on a list and await assignment to an energy rater. Once assigned, the rater contacts the homeowner and schedules a time to visit the home and conduct an "as-is" assessment of the home's energy use. The rater then recommends needed improvements that will boost the home's energy rating. Once the homeowner makes these improvements, a second assessment takes place. Depending on how much the home's energy rating has improved, the homeowner may be eligible for a rebate of up to $10,000.

John and Julie became aware of the program through advertising and followed up with their own research online. The more they looked into it, the more geothermal started to make sense. "We wanted to find an alternative to fuel oil, and a geothermal heat pump option seemed like a good way to go," says John, who received $10,000 from the Home Energy Rebate Program for improving the energy efficiency of the home.

Post-weatherization, John and Julie estimate their utility bill has been cut in half.

"We spend about half as much as we did on fuel oil," John says. "It's a more comfortable heat, too."

Julie and John recommend AHFC's Home Energy Rebate Program to other Alaskans hoping to be more efficient with their energy use. "The program is very straightforward," says John. "The geothermal part, for us, took a lot more legwork. Finding the right contractors can be trying, but the rebate itself is definitely the easy part."



"We spend about half as much as we did on fuel oil," John says. "It's a more comfortable heat, too."

HOME ENERGY REBATE PROGRAM FY 13

- Legislative appropriation received from State of Alaska in spring 2013: $20 million
- Total dollars received from the Legislature in fiscal year 2013: $217.5 million
- Total rebates paid: 18,915
- Total as-is energy ratings paid: 33,954
- Average rebate: $6,889
- Total 5 Star Plus rebates paid: 1,943
- Annual average energy saving per home: $1,464

HOME ENERGY REBATE PROGRAM 2008-2013

	Running Total in Dollars	Running Total of Rebates
2008		
September	$ 309,914	49
December	1,481,443	241
2009		
March	3,240,364	539
June	5,489,643	906
September	9,797,139	1,605
December	17,547,836	2,851
2010		
March	29,024,209	4,659
June	42,973,261	6,885
September	55,703,186	8,898
December	68,254,588	10,865

	Running Total in Dollars	Running Total of Rebates
2011		
March	$ 81,531,391	12,888
June	92,784,678	14,604
September	98,900,456	15,482
December	102,135,895	15,959
2012		
March	104,554,995	16,386
June	106,592,633	16,701
September	109,910,307	17,146
December	114,036,467	17,764
2013		
March	118,479,107	18,431
June	121,713,374	18,915

WEATHERIZATION TOKSOOK BAY SAYS THANKS

AHFC's Weatherization Program completed energy efficiency improvements to 3,019 homes during fiscal year 2013, pushing the total completed to 11,166 homes statewide since 2008. The average annual energy savings amounts to about $1,300 per home. Rural Alaska was a huge benefactor of the $65 million spent during the fiscal year, and efforts are appreciated as the letter below from Toksook Bay, signed by 73 residents, demonstrates.

"It has already shown the benefit of saving fuel for heating and providing us warmer homes, and the village of Toksook Bay homes look better," proclaims the letter from the residents. "**The final product is a village with 74 homes weatherized that cut costs for heating fuel and electricity for all homes served, and has added value to the sustainability of the village by substantially reducing their energy burden**" stated Kent Banks, weatherization director for RurAL CAP, whose crews performed the work. AHFC provides funds to service providers such as RurAL CAP to upgrade homes, whose occupants of which are income-eligible for the assistance.

Re: Toksook Bay Appreciation letter

Mimi, attached is an appreciation letter from the village of Toksook Bay that came in Dec. 17, 2012 expressing their appreciation through their Traditional Council for the weatherization work we are performing in the village. I included before and after photos of 2 homes in the village that we have completed.

The village has taken on a new appearance from the original weathered wood and driftwood colors to attractive bright colors of the homes we have wrapped and weatherized. Residents select their colors for their homes and once weatherized, the new bare wood is painted to protect the newly added siding and add longevity to the home.

Photos by RurAL CAP

HOME ENERGY REBATE EXPANDED

In January 2013, AHFC expanded its popular Home Energy Rebate Program, allowing homeowners to participate more than once. To qualify again, the homeowner must have moved into a new primary residence at least two years after the date their last rebate check was issued. Since the start of the program in 2008, a total of 18,915 Home Energy Rebates have been paid, saving on average 30 percent in annual energy cost for participants.

"6 STAR" NEW ENERGY NORM

In April 2013, AHFC increased the building energy efficiency standards (BEES) for homes. BEES set building energy use standards for thermal resistance, air leakage, moisture protection and ventilation. BEES now follows the 2012 International Energy Conservation Code (IECC) with amendments unique to Alaska.

As of July 1, 2013, new construction may qualify for a "6 Star" energy rating. The sixth star will be awarded for homes that meet the highest energy rating, and the homeowners may be rewarded with a $10,000 rebate. Previously, the highest energy efficiency standard recognized by AHFC was the "5 Star Plus" rating. The "5 Star Plus" program continues, but homeowners will be incentivized by a $7,000 rebate.

WEATHERIZATION FY 13

- Legislative appropriation received from the State of Alaska in spring 2013: $30 million
- Total dollars received from the Legislature for weatherization at the end of fiscal year 2013: $292.5 million
- Funding expended fiscal year 2013: $65 million
- Number of units completed: 3,019
- Total units completed through June 30, 2013: 11,166
- Total spent, including administrative costs: $224,325,981
- Annual average energy saving per home: $1,300

PUBLICLY OWNED BUILDINGS FERTILE FOR ENERGY EFFICIENCY IMPROVEMENTS

The Home Energy Rebate Program and the Weatherization Program have improved energy efficiency in homes and saved Alaskans millions of dollars in energy. A November report by AHFC documented the need for improvements and energy savings in publicly owned buildings. The report was completed using American Recovery & Reinvestment Act (ARRA) funds after conducting energy audits of 327 state-, municipal- and school district-owned buildings. Data pointed to the fact that there are more than 5,000 publicly owned buildings in Alaska. The estimated energy cost to the public each year totals approximately $641,245,000. At the average projected savings of $25,000 per building per year, potential savings generated from energy-efficient improvements could total $125 million. AHFC offers financing for energy efficiency measures to publicly owned buildings through its $250 million Alaska Energy Efficiency Revolving Loan Program.

SUPPLEMENTAL HOUSING GRANTS NEAR $7 MILLION

The Supplemental Housing Development Grant Program awarded 13 grants worth almost $7 million to 11 regional housing authorities. Grants were awarded in conjunction with new construction of 157 units, 110 single-family homes, 47 multi-family units, plus rehabilitation of 32 units to provide safer, decent and affordable housing for residents in rural and urban Alaska. Funds were distributed for development in the following categories:

- **$5,106,833**
  for energy efficiency design features
- **$566,422**
  for water and sewer systems
- **$481,628**
  to help build access roads
- **$382,078**
  in electrical distribution

STIMULUS DOLLARS FOR UPGRADES

The State Energy Program, managed by AHFC's Research and Rural Development Department, closed the book on the $28 million, multi-year funding from ARRA. The funds were used for eight major projects, including expansion of the AkWarm Energy Modeling Software and Alaska Retrofit Information System (ARIS) database, as well as public facility retrofits, school and municipal energy audits and development of an energy efficiency education curriculum.

TRACKING ENERGY CONSUMPTION

During fiscal year 2013, AHFC's Research and Rural Development Department initiated a building monitoring project with the goal of discovering where energy savings can be made and to create guidelines for future monitoring. The project also aimed at making operators more aware of energy costs related to the way they operate their buildings and to provide tools needed to manage building energy consumption.

Phase I of the project encompassed the monitoring of three AHFC buildings: AHFC Headquarters, Chugach Manor in Anchorage and Glacier View in Seward. Three additional AHFC buildings will be chosen for monitoring in Phase II during fiscal year 2014.

Homeownership

HomeChoice™ GAINS 11 PERCENT

AHFC's statewide homebuyer education class, HomeChoice™, kept the corporation's three instructors busy with well-attended classes. Supported by radio and television advertising, as well as print and online ads, the number of participants climbed to 1,942, an increase of 11 percent compared to fiscal year 2012. HomeChoice™ participants qualify for up to $250 toward AHFC's commitment fee if they choose an AHFC loan.

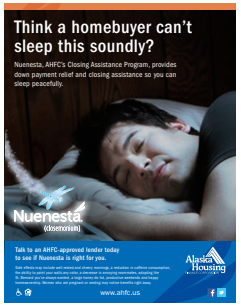
	FY 13	FY 12
> Attendance, statewide	1,942	1,749
> Number of classes taught	104	113

INCREASED PARTICIPATION OF **11%**

RELIEF FROM CLOSING ANXIETY

Fear of not having enough cash for a down payment or closing costs is frequently a barrier that prevents would-be homeowners from taking the leap into homeownership. In April 2013, AHFC started to offer a solution called the Closing Assistance Program, aimed at making it less stressful for potential homebuyers to get into a new home.

The Closing Assistance Program, a first-ever for AHFC, provides money for a down payment or closing costs while maintaining a competitive 30-year, fixed interest rate valid for owner-occupied residence purchases. At launch it offered 3 percent (changed to 4 percent in fiscal year 2014) of the initial principal balance of a mortgage loan to eligible homebuyers. The money is provided to the lender by AHFC. All Federal Housing Administration (FHA), Veterans Affairs (VA) and U.S. Department of Agriculture – Rural Development (USDA-RD) fixed-rate loans are eligible. First National Bank Alaska, Mt. McKinley Bank and Alaska Pacific Bank are the current approved lenders.



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LOAN PROGRAMS BREAKDOWN

	ALL PROGRAMS	FIRST-TIME HOMEBUYER	VETERANS MORTGAGE	RURAL HOUSING	MULTI-FAMILY	OTHER
Total Number of Loans	1,640	665	32	217	43	683
Total Dollar Volumes	398,531,914	134,247,168	10,357,097	51,368,803	50,910,964	151,647,882

BARBARA'S LONG JOURNEY HOME

She is 71 years old and moves around with a little help from a cane. But don't let the stick fool you into thinking Barbara is frail. She is one heck of a strong woman.

Picture this: just a few months ago, Barbara was living comfortably in a rental senior living apartment in Hemet, Southern California. She was surrounded by friends and an abundance of sunshine. Life was good.

Still, there was emptiness in her soul. She missed her family. Her son Ron, his wife, Rita, and granddaughter Gracie had moved to Alaska six years ago.

"It slowly came to me how much I have missed through the years by not being close to my granddaughter," says Barbara.

So when Ron asked her if she ever would consider moving to Alaska, Barbara didn't hesitate.

"I made the decision within two weeks and all my friends thought I was crazy, but I had been three times to Alaska so I knew what I was getting into—sort of," remembers Barbara, who didn't waste time after that decision was made. She had already selected a lot and a newly constructed home.

"All of a sudden I was dealing with contractors, picking materials and deciding on colors," says Barbara, who worked closely with First National Bank Alaska in Wasilla and loan originator Misty Massie to finalize the deal.

Without knowing it, Barbara would become the first customer to use the new Closing Assistance Program, a 30-year, fixed interest rate loan that provides 3 percent of the loan amount in down payment and closing cost assistance.

"I really think I couldn't have bought the home without help with the closing costs. It was just perfect for me in my situation," says Barbara.

In late May, Barbara was ready to start the near 4,000 mile journey to her new life.

The Saturn Vue went on a trailer, and Barbara and her mixed-breed, miniature poodle, Baby, got into the U-Haul truck packed to the gills with all her belongings.

BEHIND THE WHEEL, A FRIEND OF HER SON

"His wife was nice enough to let me borrow him for a while," says Barbara and chuckles.

"The 3,660-mile-long trip turned out to be more like 5,000. We got a little lost," says Barbara.

Eight days later, they pulled up outside her new home in Wasilla, a pastel-colored, two-bedroom house with a full basement and garage on an acre lot with magnificent mountain views from the back deck.

"It's wonderful, and it's going to be even better when the landscaping is done and I have a vegetable garden. So far I've enjoyed every minute. People are so nice," says Barbara "and the best part is my next door neighbor."

It's Ron, Rita and Gracie.

Welcome home, Barbara.

2013 Financial Highlights

TOP RATING FROM WALL STREET

AHFC is among the strongest finance agencies in the country according to Standard and Poor's (S&P) Rating 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 2013.

AHFC REPORTS IMPROVED OPERATING INCOME

AHFC posted an operating loss of $17.8 million for fiscal year 2013, compared to an operating loss of $30.5 million in 2012. As of June 30, 2013, AHFC's total net assets were $1.53 billion. During fiscal year 2013, AHFC's net mortgage loans, notes and other loans decreased 8.7 percent to $2.31 billion, while investments decreased 1.1 percent to $1.22 billion. Net bonds and notes decreased 6.2 percent to $2.26 billion.

BOND DEBT ISSUED

AHFC issued $482.015 million of long-term debt to continue its ongoing lending program. As of June 30, 2013, $2.26 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 2013.

BOND ISSUE TITLE & AMOUNT	RATINGS: S&P FITCH	DATE ISSUED	PROGRAM PURPOSE	TAX STATUS
$145,890,000 General Mortgage Revenue Bonds II, 2012 Series A	AA+ AA+	July 12, 2012	Refunding	Tax-Exempt
$50,000,000 General Mortgage Revenue Bonds II, 2012 Series B	AA+/A-1+ AA+/F1+	July 12, 2012	Single-Family	Taxable
$99,360,000 State Capital Project Bonds III, 2012 Series A	AA+ AA+	October 17, 2012	Refunding	Tax-Exempt
$50,000,000 State Capital Project Bonds III, 2012 Series A	AA+/A-1+ AA+/F1+	October 17, 2012	Single-Family	Taxable
$86,765,000 State Capital Project Bonds II, 2013 Series A	AA+ AA+	May 30, 2013	Refunding	Tax-Exempt
$50,000,000 State Capital Project Bonds II, 2013 Series B	AA+ AA+	May 2, 2013	Single-Family	Taxable

Awards

The National Council of State Housing Agencies (NCSHA) rewarded AHFC with three Program of Excellence Awards at NCSHA's national conference in Orlando, Florida in October 2012:

- **Management Innovation:** Operations for retooling AHFC's multi-family development application and rating processes to help get safe and quality rental units built faster for Alaskans at optimal costs.
- **Tenant-Based Assistance for Former Prisoners Program:** Identifies and provides low-cost housing for former prison inmates to help them re-enter society and reduce the re-incarceration rate of 66 percent. The program is a cooperative effort between AHFC and the Alaska Department of Corrections. It helped 76 people in fiscal year 2013.
- **Special Needs Housing Grant:** Helps Alaskans who are homeless and have special needs by expanding long-term housing options. The program expanded in recent years and has helped more than 200 Alaskans at risk of homelessness. On this project, AHFC partners with Alaska Mental Health Trust Authority (AMHTA) and Alaska Council on the Homeless.

The Public Relations Society of America (PRSA) Alaska chapter recognized AHFC through its Aurora Awards:

- AHFC 101, an agency-wide employee orientation class, took top honors in the category "Internal Communications."
- The Jen and Matt mortgage marketing campaign took first place in the category "Marketing Communications."

Other AHFC Highlights

- **23 UNITS** of low-income, single-family homes were rehabilitated during fiscal year 2013 using Owner-Occupied Rehabilitation Program funding.
- The Senior Housing Accessibility Modification Program provided more than **$1.1 MILLION** toward improvements to 116 senior households, making the homes easier to access and live in.
- AHFC managed **319 GRANTS** with $98 million in annual grant payments; the average payment was made in fewer than two weeks.
- The Anchorage Family Investment Center and Gateway Learning Center moved into an improved office space at Benson and Denali Street. This space functions as a hub for all **2,344 VOUCHER HOLDERS** and those applying for housing assistance, educational service and job training.
- With rental markets tight throughout the state, the Public Housing Division managed a **98 PERCENT OCCUPANCY RATE** in its 1,628 public housing units.
- The Public Housing Division opened a new property maintenance and management office at the corner of Boniface and Benson in Anchorage. The new office provides service to **257 FAMILIES** in the Muldoon and Mountain View communities.
- The adult scholarship program assisted six housing clients with **$2,500 SCHOLARSHIPS** to various universities and secondary schools throughout the state.
- At the beginning of 2013, AHFC launched a **TOTALLY REVAMPED WEBSITE**, www.ahfc.us, putting critical housing resources and information at the fingertips of Alaskans. The new website streamlines all of the information AHFC offers online and is the beginning of AHFC's work to create a more robust online user experience.

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