

2006

ANNUAL REPORT

ABOUT AHFC

HISTORY

CELEBRATING 60 YEARS

Alaska Housing has been providing Alaskans access to safe, quality, affordable housing for 60 years, with various name changes as the Legislature expanded its responsibilities.

The Alaska Territorial Legislature first created the Alaska Housing Authority (AHA) in 1946 to help alleviate a serious post-war housing shortage. The national Housing Act of 1949 provided federal funds for loans and grants to be used for slum clearance and redevelopment. AHA was appointed the agency to work with Alaska's communities in this urban renewal program.

Under the 1959 Alaska Statehood Act, AHA became the Alaska State Housing Authority (ASHA). Throughout the '60s, ASHA was the key source of housing opportunities, offering Alaskans affordable rental and homeownership programs, bonding for government office space, and urban renewal—especially following the devastation of the 1964 earthquake.

In 1971, the Legislature created the Alaska Housing Finance Corporation (AHFC) to expand affordable homeownership opportunities. During AHFC's first two years of operation, and with a staff of just 10, the Corporation provided nearly \$10 million in conventional mortgages in 40 communities, along with financing a 98-unit apartment building in Juneau. This year the staff of more than 300 financed \$440 million in single- and multi-family loans and provided rental assistance for more than 5,000 families.



CELEBRATING
60
YEARS OF HOUSING
ALASKANS

CONTINUES

ALASKA HOUSING FINANCE CORPORATION

In 1972, the Legislature created the Department of Community & Regional Affairs (DCRA), repealing ASHA's community-planning authority and transferring the duties to DCRA.

During the 1970s and '80s, AHFC, ASHA, and DCRA provided needed housing services to distinct segments of Alaska's population. For a short time in the mid-'80s, ASHA was renamed the Alaska State Building Authority, but soon reverted back to ASHA.

In 1992, recognizing the need for the state's housing programs to come together, the Legislature merged AHFC, ASHA, and the housing and energy programs of DCRA. Today, AHFC's Public Housing Division continues the role AHA began 60 years ago, while AHFC's Research & Rural Development Division carries on the duties previously administered by DCRA.

AHFC is one of just a few housing finance corporations in the United States with a public housing program under its umbrella. With \$5.2 billion in assets, the public corporation is self-sustaining and has provided revenue to the state's general fund totaling more than \$1.5 billion through cash transfers, capital projects, and debt-service payments. AHFC has been recognized with numerous national awards and continues to be looked to as a model for housing finance agencies throughout the nation.

ACCOMPLISHMENTS OF ALASKA HOUSING FINANCE CORPORATION BY FISCAL YEAR

1971

- Alaska Legislature creates AHFC as a public corporation having a legal existence independent of and separate from the State to provide affordable housing for low- and moderate-income residents. Enabling legislation allows for tax-exempt issuance of bonds to finance the purchase of mortgages on single-family dwellings and requires AHFC, in determining the eligibility for assistance of persons of lower and moderate income, to take into consideration the amount of income available for housing needs, size of family, ability to compete successfully in the home mortgage market, and the cost and condition of housing available. (AS 18.56.010)

1972

- Principal balance of mortgages held: \$10.2 million

1973

- Initiates Conventional Loan Program made possible by a \$5 million loan commitment by Alaska Dept. of Revenue for the housing development fund. Legislature authorizes a special revolving fund to make mortgage and construction loans which are not federally insured or guaranteed. Assigns all loans to the Dept. of Revenue as security and pays 6 percent interest on borrowed funds.
- Issues \$18,750,000 in bond debt
- Principal balance of mortgages held: \$47.4 million

1974

- Enters Agreements with State of Alaska and Alaska State Housing Authority, borrowing \$3.9 million from the State for a term of 36 years at an annual interest rate of 3 percent. AHFC then loans funds to ASHA for an equal term and interest rate for construction of a 98-unit high-rise apartment building (Marine View) for lower- and moderate-income families and elderly persons in Juneau.
- Issues \$49 million in bond debt
- Principal balance of mortgages held: \$86.4 million



CONTINUES

1975

- Implements the State Mortgage Insurance Program authorized under Alaska Statutes 18.56.095. The program was made operational with AHFC money pledged to the State Mortgage Insurance Fund. Conventional loans (with loan-to-value ratios of greater than 80 percent) made under this program are insured by private mortgage insurance and the State Mortgage Insurance Fund. Additionally, this statute allows AHFC to issue bonds for conventional mortgages which were previously funded by the State (see 1973).
- Initiates two pilot programs in remote areas using unrestricted funds: rehabilitation loans for homeowners with a \$2,000 maximum loan and material loans for construction of new homes
- Issues \$47 million in bond debt
- Principal balance of mortgages held: \$105.3 million

1976

- Issues \$5,500,000 in bond debt
- Principal balance of mortgages held: \$145.6 million

1977

- Issues \$83.5 million in bond debt
- Principal balance of mortgages held: \$248.9 million

1978

- Works to expand mortgage programs to rural Alaska
- Issues \$144,025,000 in bond debt
- Principal balance of mortgages held: \$336.8 million (serving 55 Alaskan communities)

1979

- Establishes General Insured Rural Mortgage Program and issues \$5.6 million in bonds to expand mortgage programs to rural Alaska
- Issues \$171,620,000 in bond debt
- Principal balance of 8,782 mortgages held: \$496.6 million

1980

- Legislature expands AHFC loan programs. In legislation enacted June 1980, the Legislature finds that the conventional sources of finance for residential dwellings in Alaska are inadequate and identifies the following problems: serious shortage of capital available to finance residential housing; continually fluctuating conventional mortgage interest rates; and mortgage interest rates far above what most Alaskans can afford. So it mandates AHFC to provide financing without regard to income limits. AHFC is no longer restricted to purchasing only those loans made to low- and moderate-income families. The statutes now allow refinancing for home improvements; purchase financing for owner-occupied, single-family and duplex residences without restrictive income limitations; and an easing of loan-to-value ratios. (AS 18.56)
- Legislature fixes interest rate, mandates subsidy. Interest rate cannot exceed 9 percent on first \$90,000 of a mortgage for a veteran; cannot exceed 10 percent on first \$90,000 for other than a state veteran. (AS 18.56.098)

CONTINUES

- Legislature mandates home ownership assistance program (HOF Program). Subsidy increases for those of low-to moderate-incomes. (AS 18.56.091).
- [Later, it was found that the net effect of Legislative action in FY80 caused loan volume to surge by \$850 million.]
- Congress substantially reduces and limits AHFC's ability to raise lower-cost capital through the sale of tax-exempt Mortgage Revenue Bonds. (Mortgage Subsidy Bond Tax Act)
- AHFC implements PAM (Pledged Account Mortgage), allowing borrowers to offset their monthly payment with accumulated savings.
- Implements Rural Housing Loan Program and Non-Owner Occupied Rural Mortgage Purchase Program
- Sets Up Mobile Home Loan Program
- Issues \$148.8 million in bond debt
- Principal Balance of 15,879 mortgages held: \$986.4 million

1981

- Legislature fixes interest rate subsidy at no more than 3 percent. (AS 18.56.098)
- Legislature mandates Seconds Program. AHFC allowed to purchase second mortgages for the purpose of improvement of the residences; not restricted to purchasing a second only if refinancing.
- Legislature allows lenders to receive additional loan origination fees when lending in rural Alaska. (AS 18.56.107)
- Legislature mandates that Mobile Home Loan Program be brought under Special Mortgage Loan Purchase Program. The effect of this directs AHFC to apply the lower-interest rates to mobile-home loans and treat the personal property as real estate. (AS 18.56.098)
- Legislature expands rural programs. Loan maximums increase, loan-to-value ratios and terms increase to 95 percent on 30-year loan from 90 percent on a 20-year loan
- Legislature allows Mortgage Pass-Through Certificates as sources of funding
- Legislature requires implementation of due-on-sale provisions (assumptions not allowed)
- AHFC issues \$620 million in bond debt
- Principal balance of 20,351 mortgages held: \$1.6 billion (fiscal year end changes from 11/30 06/30 to bring into line with state fiscal year)

1982

- Nationally, 1982 was considered a bad year for housing. However, it was a year of success and accomplishment for AHFC. By virtue of the state's generous appropriation of funds, AHFC continues to offer financing for mortgage loans at an interest rate far below the national average.
- Legislature enacts programs establishing Owner-Occupied Loan Programs for triplexes and fourplexes (AS 18.56.098)
- Legislature votes to place an amendment to the State Constitution to allow General Obligation bonds for veterans housing
- Legislature approves international borrowing to obtain access to international capital markets (AS 18.56.084)

CONTINUES

- Legislature transfers rural loan programs to the Alaska Dept. of Community & Regional Affairs
- AHFC implements HOF as mandated by the Legislature in 1982. The program was designed to assist low- to moderate-income families by further subsidizing the mortgage payments. The program was initially funded with an appropriation of \$2.5 million in cash and \$50 million in mortgages from the State. AHFC receives an additional \$43 million appropriation.
- AHFC implements the ABE Mortgage. Disruption and volatility in the capital markets cause mortgage interest rates to rapidly increase from previously fixed rate of 10 percent to 12-3/8 percent on the first \$90,000 of a loan. In response, AHFC implements the Alaska Building Equity (ABE) mortgage. The ABE mortgage enhances a corporation's ability to access the less expensive short-term capital mortgage market. (Under the ABE mortgage, the interest rate is fixed on the life of mortgage, but in years four through nine, the monthly payment increases by 5 percent each year, with the increased portion going directly to principal.)
- Issues \$802 million in bond debt
- Principal balance of 29,037 mortgages held: \$2.075 billion

1983

- Legislature raises loan limits for lending on single-family homes
- Legislature creates Alaska Housing Finance Revolving Fund. The fund consists of appropriations made to the revolving fund by the Legislature, money or other assets transferred to the revolving fund, and unrestricted payments of principal on loans made or purchased by the Corporation. Amounts deposited into the revolving fund must be expended for purposes of the Corporation. (AS 18.56.082)
- Legislature authorizes special election for voter approval of issuance of \$500 million of General Obligation bonds for the Veterans Mortgage Program
- Legislature requires AHFC to be in compliance with Executive Budget Act (AS 18.56.089)
- AHFC implements two new loan programs: The Triplex/Four-plex Program is developed in response to the concerns about the shortage of rental units throughout the state and as mandated by the Legislature the prior year. The Veterans Mortgage Program is implemented after voter passage of an amendment to the Constitution and a bonding authorization of \$400 million.
- Issues \$760 million in bond debt
- Principal balance of 37,323 mortgages held: \$2.8 billion

1984

- Loan activity increases due to long-awaited drop in interest rates
- Congress extends the ability of states to sell tax-exempt bonds for first-time homebuyers
- Voters approve second Veterans Mortgage Program General Obligation bond issue of \$500 million
- Legislature mandates changes to the HOF and Mobile Home Programs to expand the group of low- to moderate-income borrowers who are eligible to participate
- Legislature extends residential mortgage assistance for members of the Alaska Congressional Delegation. (AS 18.56.205)
- AHFC obtains the first AAA rating on taxable bond issues, when an agreement is reached with Federal National Mortgage Association (Fannie Mae), a large national purchaser of mortgages in the secondary market

CONTINUES

- Becomes first U.S. public agency to sell bonds in the European bond market
- Issues \$980 million in bond debt
- Principal balance of 46,973 mortgages held: \$3.8 billion

1985

- Legislature establishes Non-Conforming Housing Loan Program in AHFC. The Non-Conforming Loan Program is for borrowers who are purchasing housing that does not meet typical structural standards as required by other private mortgage lenders. The program transfers from the Alaska Dept. of Community & Regional Affairs. (AS 18.56.106)
- Government National Mortgage Association (Ginnie Mae) approves AHFC as issuer
- AHFC receives no state general funds for the first time. All programs and operations now funded by Corporation funds.
- Signs Pool Purchase Contract with Federal National Mortgage Association (Fannie Mae), allowing the funding of tax-exempt loans, and AAA ratings for the tax-exempt Home Mortgage Bonds and Veterans Mortgage Bonds
- Implements Delegated Underwriting Program, allowing seller/servicers to approve and purchase loans, giving them more flexibility and resulting in shorter turnaround times for borrowers
- Issues \$604,935,000 million in bond debt
- Principal balance of 52,000 mortgages held: \$4.3 billion

1986

- Legislature approves refinancing, allowing AHFC borrowers to take advantage of new low interest rates now at 9.25 percent. AHFC offers some of the lowest interest rates available in the country. Six-hundred and eight borrowers take advantage of the program, saving an average of \$240 per month and making \$7 million available for spending elsewhere in the economy. Full credit and property package still required.
- AHFC implements Rental Refinance Program, allowing AHFC borrowers an alternative to selling their homes.
- Adopts regulations allowing assumptions; reaches agreement with the Federal National Mortgage Association (Fannie Mae) restructuring bond maturities to allow for refinancing
- Sells second European bond issue for \$100 million
- Obtains Approval of ABE Loan Structure from FHA, easing down-payment requirements for moderate-income borrowers
- Issues \$1,277,445,000 in bond debt, a record year for obtaining capital because of refinancing and refunding of outstanding tax-exempt debt
- Principal balance of 53,121 mortgages held: \$4.6 billion

1987

- The Alaska economy slows; no employment growth; oil prices decline, cutbacks in industry. AHFC's delinquency rate increases; foreclosures on properties begin; loan portfolio balance decreases for the first time.

- Homeowners and AHFC grapple with declining income and property values. AHFC experiences increasing delinquency and foreclosures due to the slow economy. Most private-mortgages insurers and mortgage lenders pull out of Alaska. AHFC implements new procedures and programs; and with multi-layers of insurance, weathers the situation without serious impact.
- Legislature approves Refinance Program, allowing AHFC borrowers to refinance existing loans to lower-interest-rate loans with minimal qualifications and no appraisal. Program approval is for only one year, with a one-year extension.
- Legislature allows non-conforming housing to be located on land to which borrower has agricultural rights. (AS18.56.106 (b))
- AHFC expands Special Credits department; implements a real-estate-owned (REO) broker program, employing real-estate firms across Alaska.
- Restructures the Mobile Home Loan Program, changing the basis of valuation from real estate to personal property
- Purchases \$70 million in mortgage loans from the Alaska Dept. of Community & Regional Affairs, Housing Assistance Division
- Issues \$482 million in bond debt
- Principal balance of 51,973 mortgages held: \$4.25 billion

1988

- Another difficult year for the economy and housing market. Population and employment drop, delinquency rates are in the double digits, and foreclosures are at record levels. AHFC's portfolio of foreclosed properties swells to more than 4,000. AHFC develops an extensive marketing plan. Develops and refines forbearance and workout plans.
- AHFC experiences first net loss. A \$12.6 million net loss results from substantial increases in loan-loss reserves, a decrease in the value of real-estate-owned, and a decrease in the collective value of the real-estate-owned.
- Legislature approves Housing Stabilization legislation to stabilize the market price and demand for residential housing. (AS 18.56.210) The legislation: 1) allows for conveyances for borrowers; 2) allows for exchanges of condominiums; 3) allows AHFC to demolish substandard housing; 4) allows AHFC to convert resident housing to other uses; 5) provides financing to promote the sale of resident housing owned by AHFC; and 6) establishes a stabilization fund to permit grants by the Corporation to fund the cost to demolish resident housing. Bulk sales of properties are allowed.
- Legislature mandates loan servicing requirements. (AS 18.56.135)
- AHFC implements HOAP, the Home Owners' Assistance Program, designed to make mortgage payments more affordable for AHFC borrowers experiencing involuntary economic hardships.
- Signs \$200 million commitment contract with Federal Home Loan Mortgage Corporation (Freddie Mac). AHFC discontinues ABE mortgage
- Doubles the size of the staff to 80 to take on the increasing number of properties and special programs
- Issues \$447 million in bond debt
- Principal balance of 44,815 mortgages held: \$3.76 billion

1989

- Delinquency and foreclosure rates steadily decrease; property sales increase substantially, averaging 200 to 400 percent higher than prior year
- Legislature permanently approves ability of AHFC to refinance mortgages. (AS 18.56.108)
- AHFC purchases 9,081 loans totaling \$868.4 million
- Establishes the Condominium Stabilization Program
- Adds 74 staff positions to handle increasing workloads; staff totals 154
- Reports net loss of \$124 million due to increased loan losses and reduction in values of loan portfolio
- Processes six thousand refinances under HOAP
- Continues Condominium Stabilization Program by adding Special Retail Sales Financing Program and Condominium Association Loan Program
- Implements Health and Safety Repairs Program for borrowers with AHFC loans who have properties in need of improvement because of a threat to the homeowners' health or safety
- Opens branch office in Fairbanks
- Issues \$635 million in bond debt
- Principal balance of 42,785 mortgages held: \$3.52 billion

1990

- Alaska's real estate market strengthens. Past-due loans decrease by 5 percent, foreclosure rate decreases to low of 120 properties per month from a high of 230 per month; portfolio of foreclosed properties down from 4,653 to 2,504.
- Legislature mandates subsidy phaseout over three years. AHFC returns focus to serving low- to moderate-income Alaskans. (AS 18.56.098)
- Legislature increases Board of Directors membership from five to seven. (AS 18.56.030)
- Legislature mandates Construction Standards/Inspection Program effective June 1992. (AS 18.56.300)
- Legislature creates Senior Housing Loan Program in Dept. of Community & Regional Affairs; appropriates \$10 million in AHFC funds to the program; authorizes AHFC to issue bonds not to exceed \$30 million. (AS 18.56.083)
- AHFC earns \$34.3 million following two years of losses
- Implements bulk sales
- Issues \$567 million in bond debt
- Principal balance of 42,330 mortgages held: \$3.39 billion

1991

- Alaska's housing indicators improve; delinquencies at or below national averages; real-estate-owned decreases to 1,000 properties
- Legislature allows AHFC to lend to public and private corporations to develop housing for low- to moderate-income Alaskans. (AS 18.56.900 (14).
- Legislature requires annual accounting of AHFC's assets. (AS 18.56.089)
- Legislature requires five construction inspections of new homes to qualify for AHFC financing.
- Board of Directors approves Dividend Plan; AHFC pays \$17,171,000 in dividends to State.
- Moody's Investors Service upgrades credit ratings of three AHFC bond issues, citing its ability to withstand economic and financial instability such as occurred in the 1980s.
- AHFC posts \$99.9 million net income.
- Leads collective effort in solving state's housing problems, including the Comprehensive Housing Affordability Strategy
- Becomes first state or local housing entity in the U.S. to be assigned a short-term rating on an unsecured financing; Moody's Investors Service assigns Prime-1 rating to AHFC's Euro Commercial Paper Program
- Issues \$831,103,544 million in bond debt
- Principal balance of 42,723 mortgages held: \$3.2 billion

1992

- Alaska's housing indicators favorable; 330 foreclosed properties in portfolio; phaseout of mortgage subsidy continues.
- Legislature mandates merger of all State housing functions into AHFC; mandates purchase of rural housing portfolio from Alaska Dept. of Community & Regional Affairs; mandates that Public Housing report under the Executive Budget Act. Housing functions of the Alaska Dept. of Community & Regional Affairs and the Alaska State Housing Authority merge into AHFC. AHFC now has 350 employees in 27 offices statewide.
- MGIC settles lawsuit, \$58 million in payments to AHFC.
- Standard & Poor's affirms A+ rating of AHFC's general obligation debt, following passage of legislation which merges two State housing departments into the Corporation
- U.S. Dept. of Energy recognizes AHFC's residential energy-efficiency program, Alaska Craftsman Home Program, as one of the most outstanding state energy programs in the nation.
- AHFC posts a \$147.4 million profit; pays \$19.4 million dividend to the State
- Revises Homeownership Assistance Program (HOF Program) to allow for subsidized loans to low- to moderate-income borrowers
- Begins Multi-Family Loan Programs. Finances \$15.4 million purchase of 476 units in Anchorage, refinances a property loan in Juneau

- Grants \$285,000 for emergency shelters for homeless
- Sells Anchorage property to the Salvation Army for \$10 to be used as a temporary home for women and children
- Grants \$580,000 and the use of 10 Fairbanks properties to the Permafrost Technology Foundation for permafrost mitigation research
- Issues \$831,104,544 in bond debt
- Principal balance of 40,405 mortgages held: \$3.0 billion

1993

- Survey shows average rents in Alaska up sharply since 1990; rental vacancy rates drop significantly; single-family homes more affordable with lower interest rates and sales prices and higher incomes.
- Moody's upgrades seven AHFC bond issues.
- AHFC posts earnings of \$89.4 million; pays \$40.7 million dividend to State.
- Implements Streamlined Refinance Program
- Finances \$16.5 million in multi-family and special needs housing
- Approves \$54 million in long-term financing to provide 366 units of military housing on Eielson Air Force Base under Section 801 Military Construction Authority Act
- Provides \$250,000 in homeless emergency grants
- Receives \$269,000 HUD grant for prevention and elimination of drug problems in public housing and literacy and basic education
- Receives award from the National Council of State Housing Agencies for Warm Homes for Alaskans program as most outstanding in the nation for serving low- and moderate-income citizens in the area of homeownership, home improvement, and rehabilitation
- Implements rural loan program that allows a portion of the home to be used for in-home business purposes
- Enters into agreement with Idaho, Oregon, and Washington to promote residential energy efficiency and export Alaska's energy know-how to the Pacific Northwest; enters into similar agreement with United Kingdom's National Energy Foundation
- Grants property in the Anchorage Muldoon area to Habitat for Humanity for construction of a home for a low-income family
- Issues \$200 million in bond debt
- Principal balance of 35,310 mortgages held: \$2.56 billion

1994

- Alaska's rental market continues to stabilize; rents unchanged in many markets; slight increase in overall vacancy rate; Anchorage construction costs increase less than inflation.
- AHFC realizes net earnings of \$72,519,000; pays \$16,983,000 dividend to State of Alaska general fund; Board approves "State Payment Plan" calling for payment of \$200 million to the general fund in \$50 million installments over one year.

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- Implements Small Building Material Loan Program for rural Alaskans
- Implements Interest-Rate Reduction for Energy Efficiency Program
- Awards \$230,000 Emergency Housing Assistance Grant to build temporary emergency housing for Koyukuk flood victims
- Develops HomeChoice, a statewide homebuyer counseling program
- Installs three experimental multi-point, rigid-frame foundation systems (tridetic foundations) in rural Alaska
- Implements Affordable Housing Enhanced Loan Program (AHELP)
- Awards \$735,000 in grants to statewide electric utilities to develop electrical savings programs
- Makes five-year commitment of \$37.4 million to the Warm Homes for Alaskans Initiative
- Purchases 8,110 loans totaling \$732.5 million under Streamlined Refinance Program
- Contributes \$8 million to Supplemental Housing Development Grant Program
- Completes construction of 47 three- & four-bedroom units in Fairbanks to replace Birch Park public housing
- Purchases 20 Family Self-Sufficiency housing units in Anchorage
- Approves \$51 million in Multi-Family and Special Needs loans
- Awards \$4.9 million in Low-Income Housing Tax Credits
- Receives \$997,672 HUD grant for Housing Opportunities for Persons with AIDS
- Receives national "best in category" award for Energy Technology and Education from the U.S. Dept. of Energy for its role in transforming the state's housing market by mainstreaming the concept of energy efficiency through its Energy Rated Homes of Alaska Program
- Awards \$728,000 in HOME grants to low-income homeowners for energy-efficiency and moderate rehabilitation improvements; \$150,000 in CHDO operating assistance funds; and \$2.6 million under the Owner-Occupied Rehabilitation Program
- Receives one of four National Agency Awards of Excellence in Program Innovation: Direct Client and Resident Services from the National Association of Housing & Redevelopment Officials for Juneau's "Breakfast Club"
- Receives awards from the Alaska Chapter of the Public Relations Society of America: first place for "Mortgage Problems" brochure; third place for 1992 annual report; and third place for the video "Making Your House a Home"
- Issues \$514,060,000 in bond debt
- Principal balance of 35,320 mortgages held: \$2.25 billion

1995

- Alaska's rental housing market continues to tighten, with average contract rents increasing in eight of ten selected areas of Alaska. Rural loan activity doubles to \$33.5 million.
- Today's Environment features AHFC's energy-efficient mortgage on its national television series.
- AHFC posts net earnings of \$96,058,000; pays \$20,043,000 dividend to the State.
- Approves \$200 million "State Payment Plan"; pays to the State of Alaska general fund in four installments
- Approves a Series (State) Transfer Plan and authorizes an agreement between the State of Alaska Commissioner of Revenue and the Corporation, which provides for the transfer of \$270 million to the State's general fund in a series of scheduled installments during the subsequent five fiscal years
- Provides \$12 million for energy and weatherization programs
- Awards grants totaling \$603,270 under the HOME Rental Development Program
- Implements a 10-year modernization and rehabilitation plan for public housing
- Completes reconstruction of 31 homes at Bethel Heights, Bethel, and 28 three- and four-bedroom units at Birch Park, Fairbanks
- Provides \$5.6 million in financing under the Multi-Family and Special Needs Loan Program
- Awards \$815,000 in Low-Income Housing Tax Credits
- Awards \$8.3 million in grants and loans toward development of senior housing
- Obtains judgments of more than \$75,000 in three fraud cases against former AHFC public housing tenants
- Awards \$150,000 in Operating Assistance Funds
- Awards \$2,720,758 in grants for acquisition, rehabilitation, or new construction of single-family, multi-family, and senior facilities
- Funds \$460,000 in low-income rental assistance Coupons outside Anchorage
- Establishes Family Self-Sufficiency (FSS) Program in Anchorage
- Opens AHFC's first computer learning lab at Geneva Woods, Juneau
- Awards \$9,443,310 in Supplemental Housing Development grants
- Awards \$2.7 million in grants for emergency and supportive housing assistance
- Offers Affordable Homeownership Guaranteed Loan Program—also known as the 5 percent Program. Purchased 910 loans, for a total of \$92.6 million, under the program
- Maintains an average real-estate-owned (REO) inventory of 60; average mortgage portfolio delinquency rate of 3.9 percent; forecloses on 109 loans and disposes of 68 properties
- Issues \$365 million in bond debt; reaches milestone of \$10 billion in bonds issued since inception
- Principal balance of 31,426 mortgages held: \$2.27 billion

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1996

- Miller's Reach Fire devastates Wasilla/Big Lake area 60 miles north of Anchorage in June; more than 37,500 acres burn, 344 buildings destroyed, valued at \$8.8 million. Survey shows an increase in Alaska's homeless women and children; chronic homelessness increases; transient population in economically-distressed areas of the state declines. Alaska's homeownership increases by 7.5 percent from 1993 to 1996, while increasing 2 percent nationally. Construction costs decrease in rural Alaska; slight increase in urban areas.
- Legislature authorizes the University of Alaska to borrow \$33 million from AHFC to finance the construction of student housing and dining facilities in Anchorage.
- Institutional Investor names AHFC's \$335 million mortgage-backed governmental-purpose bond issue "Deal of the Year."
- Standard & Poor's issues improved outlook on AHFC's rating from negative to stable; affirms single 'A'-plus rating on AHFC's G.O. bonds and 'A-1' rating on its Eurocommercial paper program.
- Family Self-Sufficiency Program has first successful "graduate" participant.
- AHFC posts net earnings of \$114,805,000; pays \$70 million to the State of Alaska general fund pursuant to Series (State) Transfer Plan.
- Provides grants, gap financing, and initial construction funds to nearly 100 fire victims
- Awards \$8,879,010 in Supplemental Housing Development grants
- Maintains an average real estate-owned (REO) inventory of 51; average mortgage portfolio delinquency rate of 4.24 percent
- Purchases 417 home loans totaling \$51 million under the Conventional Loan Programs
- Purchases 584 loans under the First-Time Homebuyer Program
- Purchases \$1,762,300 in loans under the Non-Owner-Occupied Loan Program
- Participates in Homeownership Demonstration Project by donating a 6250 sq. ft. lot in Mountain View, Anchorage, to establish affordable homeownership opportunities for five targeted communities
- Receives a 1996 national "Significant Achievement" award from the National Council of State Housing Agencies for encouraging new production of affordable housing through Building Homes to Build Communities, a video and workbook package
- Grants \$250,000 to organizations to assist homeless or near-homeless families
- Receives HUD's "High Performer" rating for the 1995 Public Housing Management Assessment Program (PHMAP)
- Provides Supportive Housing matching grants totaling \$775,000
- Obtains a \$716,166 Housing Opportunities for Persons with AIDS grant
- Provides grants of \$60,000 to the Alaska Native Health Board and \$175,000 to the Association of Alaska Housing Authorities
- Uses \$6,229,967 for comprehensive weatherization of homes in rural Alaska
- Obtains judgments of \$131,439 in two fraud cases against former public housing and Section 8 tenants

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- Amends public housing lease to allow evictions for “any drug-related activity on or off” AHFC’s property to implement President Clinton’s “One-Strike-You’re-Out” Policy
- Approves Resident Home Business Policy & Procedures to allow tenants in AHFC’s public housing properties to operate home businesses
- Offers new Interest-Rate Reduction for Energy Efficiency Program, for new and existing homes
- Approves \$1 million loan to Fairbanks Neighborhood Housing Services under the Loans to Sponsors Program
- Amends Multi-Family Loan Program to include participation from the private lending institutions and equity extraction
- Commits to loans of \$11,440,250 under the Multi-Family and Special Needs Loan Program
- Awards \$790,970 in Low-Income Housing Tax Credits
- Purchases \$1,762,300 in loans under the Non-Owner-Occupied Loan Program
- Originates \$283,850 in Building Material loans
- Provides \$790,970 in start-up funding for senior housing
- Awards \$100,000 in operating grants to development organizations
- Awards \$3,661,400 in rental development grants
- Issues \$365 million in long-term debt to continue various ongoing lending programs
- Adopts Fiscal Policies for investments, securities lending, reverse-repurchase agreements, underwriter selection, and the issuance of long-term debt
- Completes reconstruction of final 31 units at Bethel Heights, Bethel
- Receives \$800,003 in HUD Supportive Housing grants
- Completes replacement of 33 houses and an office/maintenance building at Beringvue, Nome; exterior/interior renovation of 17 units at Cedar Park Annex, Juneau; and demolition of 50 units at Cedar Park, Juneau
- Establishes AHFC website, www.ahfc.state.ak.us
- Issues \$370,055,000 in bond debt; completes refundings of two issues totaling \$5,055,000
- Principal balance of 29,015 mortgages held: \$2.2 billion

1997

- Survey shows continuing decline in percentage of homeless veterans.
- AHFC posts net earnings of \$101,346,000; pays \$50 million to the State of Alaska general fund pursuant to Series (State) Transfer Plan.
- Family Self-Sufficiency Program “graduates” 20 participants.
- AHFC employees reject ASEA union representation.
- AHFC finances \$180 million in home loans.

CONTINUES

- Issues 1024 HomeChoice Certificates of Completion at 71 classes held in 36 communities; holds record class of 139 participants.
- Approves \$4 million in loans and \$1.8 million in grants for senior housing
- Completes construction of the 50 replacement units and multipurpose room at Cedar Park, Juneau
- Uses the Weatherization Assistance Program to increase energy efficiency of 1140 homes
- Receives A Blue Ribbon Practices in Community Development Award for 1997 for Effectively Leveraging HOME Funds from HUD's Office of Community Planning and Development
- Receives an Annual Award for Significant Achievement for Homeownership: Home Improvement and Rehabilitation from the National Council of State Housing Agencies
- Receives a 1997 Merit Award for Administrative Innovation from the National Association of Housing & Redevelopment Officials for "The Raven Makes a Home—Alaskar-miut enilii Tulukaruum—Program"
- Receives a 1996 International Blue Pencil Competition Award, First Place for Publications for a Technical Audience, from the National Association of Government Communicators for the Alaska Affordable Housing Development Workbook
- Receives a score of 100 percent on HUD's 1996 Public Housing Management Assessment Program (PHMAP)
- Provides \$15 million to Alaska DEC for water and sewer projects and \$1.5 million to Alaska DHSS for Mental Health Trust beneficiaries
- Provides \$33 million in financing to the University of Alaska to build student housing in Anchorage
- Contributes \$2.6 million to DHSS for Pioneer Home renovations
- Contributes nearly \$2 million toward construction of the Bethel sea wall and the Valdez Harborview study
- Finances the purchase of the Bank of America building in Anchorage for future occupancy by State agencies, estimated to result in cost savings of more than \$100 million to the State over the life of the building
- Contributes \$1 million toward the design and construction of a multipurpose center in Mountain View, Anchorage
- Awards \$11,753,532 in development grants and Low-Income Housing Tax Credits
- Grants \$250,000 under the Emergency Reconstruction HOME Program
- Awards \$60,000 to match a USDA Emergency Housing Preservation Grant
- Awards \$200,000 to the Northwest Arctic Borough to match a federal grant to study the feasibility of relocating the village of Kivalina
- Awards \$7,353,828 in Supplemental Housing Development grants
- Releases AkWarm, a Windows-based home-energy-rating-and-weatherization-assessment software developed by AHFC
- Provides \$6.1 million in HOME Single-Family Owner-Occupied Program funds to improve the health and safety and energy efficiency of homes
- Provides \$180 million in financing for 1535 Alaskans to purchase or refinance homes

- Maintains an average real-estate-owned inventory of 41; average mortgage-portfolio delinquency rate of 3.92 percent
- Purchases 821 home loans for more than \$76 million under the tax-exempt First-Time Homebuyer Program, 340 loans for \$52 million under the Veterans Mortgage Program, and 97 loans for nearly \$19 million under the taxable loan programs
- Approves \$5 million loan commitment to Tlingit-Haida Regional Housing Authority under the Loans to Sponsors Program
- Implements Interest-Rate Reduction for Low-Income Borrowers Program to provide a sliding-scale interest-rate reduction for borrowers with incomes at or below the median income for their location
- Purchases \$2 million in loans under the Non-Owner-Occupied Loan Program
- Approves nearly \$4 million in financing for senior housing
- Revises Multi-Family and Special Needs Participation Loan Program to allow for equity extraction
- Provides lower mortgage interest rates for 580 existing and new homes under the Interest-Rate Reduction for Energy-Efficient Homes
- Purchases the largest volume of loans in the history of the rural loan program: 292 loans at \$40.1 million
- Purchases first straw-bale home under the rural loan program
- Provides loan commitments of more than \$27.1 million under the Multi-Family and Special Needs Program
- Creates a Regional Housing Authority (RHA) Exchange Program to enable RHAs to initiate and service loans in rural Alaska to expand AHFC's housing services into remote areas of the state
- Provides \$1,209,950 for Emergency Reconstruction loans to people who suffered a loss in the Miller's Reach fire
- Issues \$594,781,477 in bond debt; reaches milestone of \$11 billion in bonds issued since inception
- Principal balance of 27,466 mortgages held: \$2.05 billion

1998

- Survey shows decrease in reported homeless; increase in homeless veterans. Alaska's rental vacancy rates continue to decline.
- Legislature directs \$17,444,000 of AHFC's \$50 million dividend toward school funding, with the balance available for debt-service payment on capital-project bonds.
- Legislature authorizes AHFC to issue \$224 million in bonds to finance projects of the State and municipalities.
- Legislature appropriates \$37,795,000 of AHFC's capital budget for non-housing purposes, including \$33,246,700 for water and sewer projects.
- Family Self-Sufficiency Program "graduates" eight participants.
- AHFC posts net earnings of \$95,916,000; pays \$50 million to the State of Alaska general fund pursuant to Series (State) Transfer Plan.
- Opens the Gateway Learning Center in Anchorage

CONTINUES

- Implements a Section 3 Program to give a preference to public housing tenants or applicants who qualify as low-income
- Increases the energy efficiency of 1504 low-income homes
- Processes more than 1500 home-energy ratings, a 50 percent increase from FY97
- Becomes an Ally of the U.S. Environmental Protection Agency's ENERGY STAR Homes Program
- Completes nearly \$1 million in statewide energy upgrades at public-housing properties
- Provides \$112.5 million in lower-interest mortgage loans under the Energy Efficiency Interest-Rate Reduction program
- Provides financing of \$33 million for the University of Alaska to build student housing in Anchorage
- Contributes \$700,000 to DHSS for Pioneer Home renovations
- Awards \$1 million to non-profits under the Owner-Occupied Rehabilitation Program
- Finances \$2.7 million in senior housing complexes
- Completes total renovation of Golden Ages, a 20-unit senior facility in Fairbanks
- Provides \$706,541 in Low-Income Housing Tax Credits, \$1,878,300 in HOME funds, and \$1,581,700 in Senior Citizen Housing Development (SCHDF) funds
- Develops the Assistance Provider Interest Rate Reduction Program
- Provides loan commitments of nearly \$19 million under the Multi-Family and Special Needs Loan Program
- Awards \$1.9 million in HOME rental development funds
- Solicits and hires two firms for Investment Management Services (IMS)
- Provides \$14.6 million to Dept. of Environmental Conservation for water and sewer projects throughout the state and \$1.7 million toward joint housing programs with the Alaska Dept. of Health & Social Service for Mental Health Trust beneficiaries
- Transfers \$27.6 million from the State Mortgage Insurance Fund (SMIF) to the State after it became legally available upon the redemption of AHFC's remaining Insured Mortgage Program Bonds
- Increases urban loan activity by 130 percent; rural loan activity by 88 percent
- Conducts 114 HomeChoice workshops in 30 communities, with 2,219 certificates issued
- Provides \$384 million in financing for 3159 Alaskans to purchase homes
- Purchases 1615 First-Time Home Buyer loans totaling \$156 million
- Provides \$85.5 million to finance 864 loans under the Interest-Rate Reduction for Low-Income Borrowers Program
- Implements a Streamline Refinance Program; uses \$99 million to refinance 1145 loans
- Provides financing for 597 low-interest loans under the Veterans Mortgage Program
- Implements Rural Initiative Housing Pilot Program in Bethel and Aniak

- Awards \$7,735,696 in Supplemental Housing Development Grants to regional housing authorities
- Completes construction of 50 replacement units at Cedar Park and 45 new units at Riverbend in Juneau
- Receives a score of 100 percent on HUD's 1997 Public Housing Management Assessment Program (PHMAP)
- Receives John J. Gunther award from HUD for using HOME funds to provide assistance to low-income homeowners following the Miller's Reach fire
- Contributes more than \$132.5 million toward state revenues and capital projects
- Completes purchase of the Bank of America building
- Contributes \$1 million toward the design and construction of a multipurpose community center in the neighborhood of Mountain View in Anchorage
- Forms a Y2K team, writes a plan, accesses all hardware and software for compliancy, and begins remediation and testing of all systems
- Uses \$233,500 in funds from the U.S. Dept. of Energy for consumer energy education, institutional conservation, Healthy House training, and rural technical assistance
- Maintains a 2.2 percent average vacancy rate for the Conventional Low Rent housing program
- Provides public housing or Section 8 rental assistance to 1819 new individuals or families
- Develops workshop curriculum for Realtors •, builders, and lenders; receives approval for Continuing Education Units for Realtor • training
- Maintains an average real estate-owned inventory of 27; average mortgage portfolio delinquency rate of 3.83 percent
- Maintains a delinquency rate of zero percent for multi-family loans
- Approves \$1 million loan to Fairbanks Neighborhood Housing Services under the Loans to Sponsors Program
- Receives a \$572,800 HUD grant for AIDS supportive services and rental assistance
- Awards \$125,700 in matching funds under the USDA Housing Preservation Grant program and \$750,000 in grant matching funds under the Continuum of Care, Supportive Housing Program
- Awards \$386,000 in grants under the Homeless Assistance Program
- Holds statewide workshops for more than 200 agencies and individuals in housing quality standards, internal controls, supported housing, reasonable accommodations, and fair housing
- Partners with the Dept. of Health & Social Services and the Alaska Mental Health Trust Authority for a housing-grant program to provide \$1.1 million to non-profit service providers for housing Alaskans with special needs and \$150,000 for home accessibility modifications
- Issues \$470,404,750 in bond debt
- Principal balance of 26,044 mortgages held: \$2.1 billion

1999

- Loan portfolio increases slightly to 26,776; delinquency rate rests at less than 4 percent
- Posts net earnings of \$79,850,000
- Develops a northern housing and development Web site—www.north.rthn.org—in cooperation with the Canada Mortgage Corporation and Yukon College
- Receives annual Award for Significant Achievement from the National Council of State Housing Agencies for Homeownership: Encouraging New Production, recognizing the Rural Initiative Housing Pilot Program
- Approves new loan program: Interest-Rate Reduction for Housing for Disabled (later renamed Assistance Provider Interest-Rate Reduction Program)
- Receives design award from the Pacific Northwest Regional Council and Award of Merit from the National Association of Housing & Redevelopment Officials for landscaping improvements and playground equipment installed on a special surface at Etolin Heights in Wrangell
- Receives \$338,000 HUD Drug Elimination grant
- Receives 100 percent score on HUD's 1998 Public Housing Management Assessment Program (PHMAP)
- Receives National Recognition Award from the U.S. Dept. of Energy for outstanding contributions to the Weatherization Assistance Program
- Issues \$93 million in non-housing bonds to pay for deferred maintenance and capital projects throughout Alaska; 10 percent of the bonds purchased by Alaskan investors prior to major investor offering
- Receives National Award of Merit for Project Design from the National Association of Housing & Redevelopment Officials for the Cedar Park Affordable Housing Program in Juneau
- Receives National Award of Merit for Project Design from the National Association of Housing & Redevelopment Officials for the Riverbend Affordable Housing Program in Juneau
- Receives 1998 Award of Excellence from the Alaska Chapter Public Relations Society of America for Second Place Tie for 1997 Annual Report
- Principal balance of 26,776 mortgages held: \$2,367,754,221

2000

- Loan portfolio increases to 28,325; delinquency rate rests at less than 3.8 percent; homeownership rate stabilizes at 66.4 percent
- Alaska sees highest percentage increase of any state in homeownership throughout the '90s
- Posts net earnings of \$81,802,000
- Receives HUD Secretary's commendation in recognition as a High Performer
- Receives Standard & Poor's highest rating of "strong" for AHFC's Public Housing Division
- Receives 2000 HUD Best Practices Award for the HOME Opportunity Program

CONTINUES

- Receives HUD's John J. Gunther Blue Ribbon Best Practices Award for the Supplemental Housing Development Grant Program
- Receives 1999 Award of Excellence from the Alaska Chapter Public Relations Society of America for Third Place for 1998 Annual Report
- Contributes \$103.6 million toward state revenues and capital projects
- Develops an Intranet
- Becomes HUD contract administrator for 24 Section 8 Project-Based contracts throughout Alaska
- Provides a \$6.75 million loan to Alaska Pacific University for housing and student-activity-center renovations
- Approves a \$38.8 million loan to Aurora Military Housing LLC to build and own 780 units of military housing on Elmendorf Air Force Base
- Awards 52 grants for a total of \$14.8 million
- Awards \$6 million in Supplemental Housing Development grants for new construction of 222 houses in 27 communities statewide, including Kwigillingok, Koyuk, Chignik Lagoon, Rampart, Nanwalek, and Hoonah, leveraging \$30 million in federal funds
- Increases Energy-Efficiency Interest-Rate Reduction Program (EEIRR) loans by 12 percent, to 1,345
- Expands EEIRR program to include previously owned energy-efficient homes
- Weatherizes 941 homes
- Co-sponsors the Energy Northwest weatherization conference
- Trains 405 persons in the application of computerized home-energy ratings and 118 builders in energy-efficient residential construction
- Responds to 3,632 requests for energy and construction information from 2,979 users in 67 communities in Alaska and throughout the world
- Issues \$103,980,000 in State Capital Project Bonds, 1999 Series B—the second of two issues to provide financing for capital projects throughout Alaska
- Legislature authorizes AHFC to issue \$77 million in general obligation debt for state capital projects
- Legislature authorizes AHFC (or a subsidiary) to purchase 40 percent of the State of Alaska's right to receive tobacco-settlement proceeds and issue bonds secured by the tobacco settlement payments to finance \$93 million of school construction projects
- Legislature authorizes the issuance of bonds to fund the construction of various State capital projects; extends the Transfer Plan authorizing transfer of \$103 million annually from AHFC to the State until the year 2008
- Conducts 214 HomeChoice workshops in 28 communities; issues 5,446 certificates
- Holds 41 classes for 1,319 home buyers, home builders, housing agencies, subcontractors, lenders, real estate agents, and general audiences on AHFC loan and energy programs
- Provides \$229 million to finance 2,205 homes under the Tax-Exempt First-Time Home Buyer Program

CONTINUES

- Implements Taxable First-Time Home Buyer Program; purchases 285 loans, totaling \$42.4 million
- Provides \$561 million for 4,295 Alaskans to purchase homes
- Increases 1–4 residential loan activity by 20 percent in the urban loan programs
- Provides \$153 million to lower mortgage rates for 1,530 low-income borrowers under the Interest-Rate Reduction for Low-Income Borrowers Program
- Graduates 22 families from the Family Self-Sufficiency Program
- Receives a set-aside from HUD of 652 Welfare to Work vouchers
- Provides \$250,000 to the Dept. of Health & Social Services for housing modifications for people with special needs
- Expands role of Senior Housing Office to help special needs groups and developers increase accessible housing
- Renovates five single-family public housing units in Anchorage for sale to low-income first-time home buyers under HUD's 5(h) Public Housing Homeownership Program; Completes sale of five homes under this program
- Receives funding for 310 new vouchers with approximately 50 set aside for people with disabilities or families receiving a Medicaid waiver
- Purchases/closes 76 Multi-Family Loans in 14 communities totaling \$54.5 million for 1,468 units of affordable housing
- Provides \$6.2 million in funds under the Loans to Sponsors Program
- Issues \$883,535,000 in long-term bond debt
- Principal balance of 28,325 mortgages held: \$2,714,816,145

2001

- Loan portfolio increases to 30,239; delinquency rate remains low at 3.47 percent; homeownership rate stabilizes at 66.4 percent
- Posts net earnings of \$96,353,000, up 18 percent from FY00 and 21 percent from FY99.
- Sees 13 percent increase in mortgage-loan interest from 16 percent increase in net mortgage loans
- Submits score of 100 percent "High Performer" under HUD's Public Housing Assessment System (PHAS)
- Submits score of 100 percent under HUD's Section 8 Management Assessment Program (SEMAP)
- Receives 2000 Award of Excellence from the Alaska Chapter Public Relations Society of America for Third Place for 1999 Annual Report
- Increases loan applications from 3,940 to 4,742 and loan purchases to \$647.6 million
- Completes construction of 15 low-income rental duplexes and a multi-purpose building at Spruce Park in Fairbanks
- Provides grants of \$6,454,147 under the Supplemental Housing Development Grant Program to 11 regional housing authorities to facilitate the construction of 198 single-family homes and 68 multi-family units of housing in rural Alaska
- Constructs multi-purpose building at Riverbend public housing development in Juneau

CONTINUES

- Completes replacement of seven public-housing units in Valdez
- Weatherizes 1,127 homes
- Awards 92 grants for a total of \$25 million
- Establishes AHFC Toastmasters Club
- Completes video production of Alaska Log Building Construction Techniques
- Conducts 198 HomeChoice workshops in 41 communities; issues 4,464 certificates
- Graduates 11 families from the Family Self-Sufficiency Program; 112 participants enrolled in the program.
- Renovates five single-family public housing units in Anchorage for sale to low-income first-time home buyers under HUD's 5(h) Public Housing Homeownership Program; Completes sale of five homes under this program
- Responds to 4,056 requests for energy and construction information—the highest number on record—from 3,105 users in 56 communities in Alaska and throughout the world
- Provides \$190 million for 1,230 home buyers under the Energy-Efficiency Interest-Rate Reduction
- Provides \$176 million to finance 1,764 homes under the Tax-Exempt First-Time Home Buyer Program and \$270 million to finance 1,768 homes under the Taxable First-Time Home Buyer Program
- Provides \$648 million for 4,816 Alaskans to purchase homes
- Provides \$155 million to lower mortgage rates for 1,527 low-income borrowers under the Interest-Rate Reduction for Low-Income Borrowers Program
- Purchases/closes 117 Multi-Family Loans in 14 communities totaling \$103.8 million for 2,976 units of affordable rental housing
- Issues \$156,635,000 in Mortgage Revenue Bonds and \$62,450,000 in Housing Development Bonds
- In October 2001, AHFC creates subsidiary, the Northern Tobacco Securitization Corporation (NTSC), to purchase from the State 40 percent of the revenues to be received from the Master Settlement Agreement between major tobacco producers and the State of Alaska.
- NTSC sells \$116,050,000 of Tobacco Settlement Asset-Backed Bonds, Series 2000. The net proceeds of \$93 million are made available for the capital projects authorized by the Legislature.
- Legislature authorizes NTSC to purchase an additional 40 percent of the tobacco-settlement revenues for \$109,942,839, and issue bonds for additional State capital projects.
- Issues \$74,535,000 in State Capital Project Bonds for State construction and renovation projects throughout Alaska
- Principal balance of 30,239 mortgages held: \$3,215,722,000

2002

- Loan portfolio increases to 30,263; delinquency rate steady at 3.8 percent; homeownership rate drops slightly to 65.2 percent
- Posts net earnings of \$75,660,000, down 21 percent from FY02 and 8 percent from FY00
- Receives HUD Secretary's commendation in recognition as a High Performer

CONTINUES

- Receives 2002 Energy Star Labeled Homes Outstanding Achievement Award from the U.S. Environmental Protection Agency
- Receives three national awards and a local award for the Assistance Provider Interest-Rate Reduction program for increasing the quality of life for Alaskans who experience a developmental disability
- Receives award from the National Association of Housing and Redevelopment Officials (NAHRO) for the 5(h) Homeownership Program in which 19 former public housing homes are sold to low-income first-time home buyers
- Receives Award of Excellence from the Alaska Chapter Public Relations Society of America for Third Place for 2001 Annual Report
- Distributes \$15.5 million to 30 grantees
- Weatherizes nearly 900 homes
- Responds to 3,525 requests from 2,955 users in 74 Alaskan communities for RIC library and information services
- Conducts 240 HomeChoice workshops in 35 communities; issues nearly 4,000 certificates
- Provides \$514.8 million for 3,721 Alaskans to purchase homes
- Provides \$160.2 million to finance 1,475 homes under the Tax-Exempt First-Time Home Buyer Program and \$159.1 million for 1,023 homes under the Taxable First-Time Home Buyer Program
- Provides \$79.3 million to lower mortgage rates for 782 low-income borrowers under the Interest-Rate Reduction for Low-Income Borrowers Program
- Provides \$125 million in financing for 791 homes under the Rural Owner-Occupied Loan Program
- Closes 21 Assistance Provider Interest-Rate Reduction loans totaling \$4.4 million
- Purchases/closes 94 Multi-Family Loans totaling \$58.477 million for 1,368 units of affordable housing
- Renovates six single-family public housing units in Anchorage for sale to low-income first-time home buyers under HUD's 5(h) Public Housing Homeownership Program
- Issues \$370,170,000 in Governmental Purpose Bonds; \$137,190,000 in Mortgage Revenue Bonds; \$50 million in Veterans Collateralized Bonds; and \$200 million in Home Mortgage Revenue Bonds
- Principal balance of 30,263 mortgages held: \$3,366,184,042

2003

- Loan portfolio decreases to 27,816; maintains delinquency rate of 3.8 percent; homeownership rate increases to a new high of 67.3 percent, slightly below the nationwide rate of 68.0 percent
- Interest rates on mortgage loans decline to levels not seen in 40 years. Mortgage-loan portfolio experiences \$960 million in prepayments. AHFC receives a record \$1.2 billion in new mortgage-loan applications.
- Posts net earnings of \$67.1 million, down 11 percent from FY02 and 30 percent from FY01. Mortgage-loan portfolio decreases by about \$80 million. When combined with lower interest rates on new loans, results in a 1 percent decrease in mortgage-loan interest. Investment income decreases 6 percent over the prior fiscal year due to lower interest rates earned on short-term investment portfolio.

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- Alaska Legislature passes and Governor Murkowski signs into law SCS HB256, codifying the Transfer Plan between AHFC and the State of Alaska, which calls for payments by AHFC in FY 04–06 of \$103 million, with the amounts thereafter equaling a percentage of the Corporation's Change in Net Assets: 95 percent in FY 07, 85 percent in FY 08, and 75 percent thereafter.
- Alaska Legislature passes and Governor Murkowski signs into law SB181, providing for changes and enhancements to rural loan programs. Effective October 3, 2002, streamline refinances allowed under Rural Owner-Occupied Loan Program.
- Receives HUD Secretary's commendation in recognition as a High Performer for 10th consecutive year
- Receives Award of Excellence from the Alaska Chapter Public Relations Society of America for Third Place for 2001 Annual Report
- Receives 2003 Communications Contest Award from the Alaska Press Women for Second Place for 2001 Annual Report
- Receives 2003 Energy Star for Homes Outstanding Achievement Award from the U.S. Environmental Protection Agency
- Receives Certificate for Outstanding Accomplishment from the U.S. Dept. of Agriculture, USDA Rural Housing Loan Programs, for superior efforts in providing homeownership training
- Receives 2002 National Award of Merit from the National Association of Housing and Redevelopment Officials for Program Innovation – Community Revitalization – for the Fairmont Home Ownership Program
- Receives 2002 National Award of Merit from the National Association of Housing and Redevelopment Officials for Program Innovation – Resident and Client Services – for the Fairmont Home Ownership Program
- Receives 2002 National Award of Merit from the National Association of Housing and Redevelopment Officials for Program Innovation – Affordable Housing – for the Fairmont Home Ownership Program
- Receives 2002 National Award of Merit from the National Association of Housing and Redevelopment Officials for Program Innovation – Resident and Client Services – for the Assistance Provider Interest-Rate Reduction Program
- Receives 2002 National Award of Merit from the National Association of Housing and Redevelopment Officials for Program Innovation – Affordable Housing – for the Assistance Provider Interest-Rate Reduction Program
- Receives Affiliate Honors Awards from the Mat-Su Valley Board of Realtors FY03
- Distributes \$12 million to 30 grantees
- Weatherizes 900 homes
- Responds to 6,284 requests from 3,506 users in 76 Alaskan communities for RIC library and information services, a 29 percent increase over FY02
- Renovates two single-family public housing units in Anchorage for sale to low-income first-time home buyers under HUD's 5(h) Public Housing Homeownership Program; Completes sale of seven homes under this program
- Conducts 256 HomeChoice workshops in 33 communities (45 in rural areas); issues 4,283 certificates; 1,658 obtain AHFC loan commitments
- Provides \$536.9 million for 3,501 Alaskans to purchase homes
- Purchases 1,835 Streamline Refinance loans with an average monthly savings of \$137 per month

- Provides \$92.3 million to finance 807 homes under the Tax-Exempt First-Time Home Buyer Program and \$222.2 million for 1,301 homes under the Taxable First-Time Home Buyer Program
- Purchases 890 loans for \$152 million under Energy-Efficiency Interest-Rate Reduction
- Provides \$38 million to lower mortgage rates for 394 low-income borrowers under the Interest-Rate Reduction for Low-Income Borrowers Program
- Provides \$108 million in financing for 609 homes to be purchased under the Rural Owner-Occupied Loan Program
- Provides \$61 million for 458 Alaskans to refinance homes under the Rural Owner-Occupied Loan Program
- Closes two Assistance Provider Interest-Rate Reduction loans totaling \$386,000
- Purchases/closes 62 Multi-Family Loans totaling \$47.4 million for 979 units of affordable housing
- Issues \$125 million in Housing Development Bonds; \$150 million in General Mortgage Revenue Bonds; and \$107.7 million in State Capitol Project Bonds
- Contributes more than \$12.7 million in servicing fees to Alaskan lenders
- Contributes \$27 million to private landlords for low-income rental assistance under the Section 8 Housing Choice Voucher Program
- Approves 16 new condominium/PUD projects (1493 housing units)
- Principal balance of 27,816 mortgages held: \$3,285,612,327, a decrease of \$80 million

2004

- Continued record-low interest rates prompt Alaskans to continue refinancing. Mortgage prepayments exceed \$640 million, while AHFC keeps mortgage interest rates at levels sufficiently attractive to maintain its portfolio.
- Finances \$867 million in new and refinanced loans
- Loan portfolio decreases to 26,439; delinquency rate drops slightly to 3.75 percent; homeownership rate increases to a new high of 70 percent, above the nationwide rate of 68.3 percent
- Assists more than 21,000 Alaska families, approximately one in every 10 families in the state
- Finances 4,812 mortgages, 15.5 percent of which are refinances with average monthly savings of \$137
- Finances 1,941 homes under the First-Time Home-Buyer Programs
- Finances 1,070 homes under the rural loan programs
- Legislature authorizes and governor signs into law a program designed to help attract and retain teachers and nurses in rural Alaska. AHFC implements a new homeownership option that provides 100 percent financing for home loans to full-time teachers and nurses. The bill also allows regional education areas to apply for AHFC's multi-family lending programs to build or purchase housing for teachers.
- Provides \$21 million for the Teachers and Nurses Loan Program for 100 percent financing to 112 teachers and nurses in 18 communities
- Develops new grant program for teacher and health professional housing in rural areas; awards \$2.1 million for the construction of \$6 million in teacher housing in Kotzebue and Savoonga

CONTINUES

- Provides financing for 125 veterans under the Veterans Mortgage Program
- Invests \$57.4 million in arbitrage to lower mortgage interest rates for 526 families under the Interest-Rate Reduction for Low-Income Borrowers
- Invests \$198 million in arbitrage to lower mortgage interest rates for 1,075 families under the Energy-Efficiency Interest Rate Reduction
- Provides \$87.3 million for 63 multi-family loans for 1,588 units of privately owned rental housing
- Phase One of a \$48 million military housing project financed by AHFC at Elmendorf Air Force Base in Anchorage is completed. Board commits another \$110 million for the second phase to replace, renovate, or add an additional 1,200 homes for military families at Elmendorf.
- Provides rental assistance to 4,000 low-income families in the private sector under the Housing Choice Voucher Program
- Provides assistance to 6,000 individuals and/or families under the Homeless Assistance Program, the Low-Income Weatherization Program, the GOAL Program, and other grant programs that address housing for Alaskans with special needs
- Awards \$5.6 million in 29 grants to eight Native Regional Housing Authorities under the Supplemental Housing Development Grants, leveraging an additional \$28 million in federal funds to build or rehabilitate 1,300 homes statewide
- Assists 10 disabled clients in obtaining homeownership under HUD's Housing Choice Voucher Homeownership Program
- Renovates one former public housing home for sale to a first-time home buyer in Anchorage under HUD's 5(h) Public Housing Homeownership Program
- Holds 243 HomeChoice and HomeOptions pre-homeownership classes with 4,239 attendees in 46 communities
- Receives more than \$1.2 million in federal awards from three grant applications for AHFC and public housing programs
- Receives \$800,000 Aging and Disability Resource Center grant from the Centers for Medicare Services and Administration on Aging for five senior resource centers
- Weatherizes 680 homes under the Low-Income Weatherization Program
- Contributes \$13 million in servicing fees to Alaska lenders
- Receives HUD's High Performer ratings, with a PHAS score of 94 percent and a SEMAP score of 95 percent
- Establishes two additional domain names for the public to access AHFC's website: www.ahfc.us and www.alaskahousing.us
- Transfers \$100 million dividend to the State of Alaska, bringing the total dividends provided since 1986 to \$1.5 billion
- Governor establishes Interagency Council on Homelessness, chaired by AHFC CEO/Executive Director

- Awards \$750,000 under the Homeless Assistance Program; \$1 million under the Grant Match Program for the HUD Supportive Housing Program; \$2.1 million under the Home Opportunity Program; \$500,000 under the Senior Access Accessibility Modification program; \$150,000 under the Community Housing Development Organization operating assistance grant program; and \$1.2 million in AHFC capital funding and \$200,000 in operating assistance from the Alaska Mental Health Trust Authority under the Special Needs Housing Grant Program
- Awards \$3.4 million in grants and \$20 million in federal tax credits under the GOAL Program to develop 177 units in seven projects with a total development cost of \$32.2 million
- Weatherizes 19 single-family homes for low-income families under the \$2.2 million Owner-Occupied Rehabilitation Program
- Receives 2003 Award of Excellence from the Alaska Chapter Public Relations Society of America for First Place for 2002 Annual Report
- Receives 2004 Communications Contest Award from the Alaska Press Women for Second Place for 2002 Annual Report
- Implements conversion to new grants administration and financial accounting system to track all grants (currently more than 150 grants worth \$68 million) issued and administered by three AHFC departments
- Completes multi-million dollar renovations for 199 family and senior units in Anchorage, Sitka, Juneau, and Seward
- Produces AHFC's 2003 annual report on CD-ROM, providing more information while achieving savings in publication costs
- Principal balance of 26,439 mortgages held: \$3,370,574,955, an increase of \$85 million

2005

- Loan portfolio decreases to 25,672; delinquency rate remains steady at less than 3.8 percent; homeownership rate adjusted to 67.3 percent for 2002, slightly below the nationwide rate of 67.9 percent
- Posts operating income of \$40.1 million, down 5.7 percent from FY 2004
- Long-term mortgage rates continued at historically low levels. The Corporation's loan portfolio experienced more than \$500 million in prepayments. Because of low-cost capital available to the Corporation, it was able to offer competitive rates and received almost \$700 million in new mortgage loan applications. However, the corporation finds it challenging to maintain loan market share with the proliferation of internet lenders, small shop lenders, and a variety of competitive loan products available from other lenders/investors.
- Calls over \$150 million in debt through special redemptions and almost \$100 million in scheduled redemptions, helping to reduce the total interest paid through the Corporation by more than \$10 million
- Sells the Aurora Military Loan, with a principal balance of \$47.5 million, for \$51.4 million; paid \$90,000 in subsequent expenses related to the sale, resulting in a net gain to the Corporation of \$3.8 million
- Investment income increases 12.8 percent over the prior fiscal year due to rising interest rates earned on short-term portfolio
- Finances \$520.8 million in new and refinanced loans
- Issues a total of \$412.7 million of long-term debt
- Finances 3,061 mortgages; finances down by less than 3 percent compared to 15 percent in FY04

CONTINUES

- Finances 1,685 homes under the first-time home buyer programs
- Finances 741 homes under the rural loan programs
- Provides \$19.5 million for 100 percent financing to 103 teachers and nurses in 22 communities under the Teachers and Nurses Loan Program
- Awards \$2 million in grants for the construction of teacher housing in Eek, Goodnews Bay, Kwigillingok, and St. Michael
- Legislature expands Teachers and Health Professional Housing grant program to include public safety officers
- Provides financing for 57 veterans under the Veterans Mortgage Program
- Invests \$53.5 million for lower interest rate home loans for 466 families under the Interest-Rate Reduction for Low-Income Borrowers
- Invests \$161.5 million for lower interest rate home loans for 815 families under the Energy-Efficiency Interest-Rate Reduction
- Provides \$43.1 million for 54 multi-family loans for 890 units of privately owned rental housing
- Provides rental assistance to 3,500 low-income families in the private sector under the Housing Choice Voucher Program
- Awards \$5.6 million in 23 grants to four Native Regional Housing Authorities under the Supplemental Housing Development Grants, leveraging an additional \$28 million in federal funds to build or rehabilitate 531 homes statewide
- Assists five disabled clients obtain homeownership under HUD's Housing Choice Voucher Homeownership Program
- Holds 205 HomeChoice and HomeOptions pre-homeownership classes with 3,187 attendees in 32 communities
- Receives \$1.2 million in federal awards from three grant applications for AHFC and public housing programs
- Weatherizes 690 homes under the Low-Income Weatherization Program
- Contributes \$13 million in servicing fees to Alaska lenders
- Receives HUD's High Performer ratings, with a PHAS score of 90 percent and a SEMAP score of 100 percent
- Issues bonds to finance an additional \$45 million in State capital projects, bringing the total transfers to the State of Alaska through FY 2005 to almost \$1.5 billion
- Refunds the Governmental Purpose Bonds, 1995 Series A, and a portion of the State Building Lease Bonds, Series 1999, resulting in a present value savings of about \$17 million
- Awards \$750,000 under the Homeless Assistance Program; \$1 million under the Grant Match Program for the HUD Supportive Housing Program; \$2.1 million under the Home Opportunity Program; \$100,000 under the Community Housing Development Organization operating assistance grant program; and \$1.2 million in AHFC capital funding and \$200,000 in operating assistance from the Alaska Mental Health Trust Authority under the Special Needs Housing Grant Program

CONTINUES

- Awards \$2.8 million in grants and \$20 million in federal tax credits under the GOAL Program to develop 150 units in nine projects with a total development cost of \$34 million
- Weatherizes 19 single-family homes for low-income families under the \$2.2 million Owner-Occupied Rehabilitation Program
- Awards 10 Scholarships to clients in public housing and the Housing Choice Voucher Program to attend higher education or vocational schools.
- Receives national recognition from the National Association of Social Workers for AHFC's partnership with the Dept. of Public Assistance to increase participation in the FSS Program
- Receives 2004 Award of Excellence from the Alaska Chapter Public Relations Society of America for Second Place for 2003 Annual Report
- Receives 2004 Communications Contest Award from the Alaska Press Women for Third Place for 2003 Annual Report
- Principal balance of 25,672 mortgages held, down 3.6 percent; \$3,340,315,268, a decrease of \$30 million or .9 percent

2006

- Long-term mortgage rates continued at historically low levels. The Corporation's loan portfolio experienced more than \$400 million in prepayments. Because of low-cost capital available to the Corporation, it was able to offer competitive rates and received over \$500 million in new mortgage loan applications, allowing Alaskans to save millions of dollars per year on their house payment.
- Homeownership rate 66 percent, down from 67.2 percent in 2005; compares to nationwide rate of 68.9 percent
- Posts operating income of \$46.7 million, up 16.5 percent from FY 2005
- Calls over \$380 million in debt through special redemptions, including previously defeased Governmental Purpose Bonds in the amount of \$150 million and almost \$100 million in scheduled redemptions
- Investment income increases 39.5 percent over the prior fiscal year, due to rising interest rates on its short-term portfolio
- Sells the Aurora Military Loan II, with a principal balance of \$31.6 million, for \$38.9 million; paid \$166,000 in subsequent expenses related to the sale, resulting in a net gain to the Corporation of \$7.1 million
- Finances \$411.2 million in new and refinanced loans
- Issues a total of \$333.7 million of long-term debt: \$174 million in Tax-Exempt Home Mortgage Revenue Bonds, \$15 million in Tax-Exempt Veterans Collateralized Bonds, and \$145 million in Tax-Exempt Veterans Collateralized Notes
- Finances 2,212 mortgages, down 34 percent from FY05
- Finances 1,218 homes under the first-time home buyer programs
- Finances 609 homes under the rural loan programs
- Provides \$13 million for 100 percent financing to 68 teachers and nurses in 22 communities under the Teachers and Nurses Loan Program
- Amends regulations to allow the purchase of USDA-RD and Indian Housing Authority federally guaranteed loans

CONTINUES

- Successfully works with the Alaska congressional delegation and governor for legislation that amends the Veteran's Mortgage Program to eliminate certain restrictions and opens the program to more veterans
- Awards \$8 million in grants for the construction of 62 units of teacher housing in 18 communities throughout Alaska
- Provides financing for 44 veterans under the Veterans Mortgage Program
- Invests \$41.6 million for lower-interest-rate home loans for 351 families under the Interest-Rate Reduction for Low-Income Borrowers
- Invests \$141.1 million for lower-interest-rate home loans for 665 families under the Energy-Efficiency Interest-Rate Reduction
- Provides \$40.1 million for 54 multi-family loans for 361 units of privately owned rental housing
- Completes total redesign of AHFC web-site (www.ahfc.us) to provide greater access to, and organization of, materials available to the public. (Since its rollout in Nov. 2005, more than 88,000 unique visitors made nearly 150,000 visits to the site.)
- Provides rental assistance to 4,000 low-income families in the private sector under the Housing Choice Voucher Program and 1,700 families in housing owned and operated by AHFC
- Transitions into an ongoing Housing Choice Voucher Homeownership Program with approximately 10 closings per year
- Completes renovation projects: 22 FSS incentive property duplexes in Anchorage, 20 units at Sunset View senior facility in Cordova, 17 family housing units at Ptarmigan Park in Anchorage, 39 senior housing units at Sea View Terrace in Ketchikan, and three single-family dwellings and replacement of 37 multi-family units at Pacific Terrace in Kodiak
- Expands the Family Self-Sufficiency Program with an additional 50 participants in the Soldotna and Kenai region
- Awards \$6.08 million in 16 grants to seven Native Regional Housing Authorities under the Supplemental Housing Development Grants, leveraging an additional \$30.1 million in federal funds to build or rehabilitate 512 homes statewide
- Holds 186 HomeChoice pre-homeownership classes with 3,029 attendees in 31 communities
- Holds the 2006 Alaska Training Institute, featuring 15 workshops with more than 250 attendees from across Alaska
- Receives \$1.2 million in federal awards from three grant applications for AHFC and public housing programs (HOPWA, Shelter Plus Care, HUD Technical Assistance Program)
- Weatherizes 650 homes under the Low-Income Weatherization Program
- Contributes \$13 million in servicing fees to Alaska lenders
- Approves four new condominium/PUD projects (223 housing units); recertifies 127 condominium/ PUD projects
- Receives HUD's Standard and High Performer ratings, respectively, with a PHAS (Public Housing Assessment System) score of 87 percent and a SEMAP (Section 8 Management Assessment Program) score of 100 percent

CONTINUES

- Awards \$1.45 million under the Homeless Assistance Program; \$1 million under the Grant Match Program for the HUD Supportive Housing Program; \$1.3 million under the Home Opportunity Program; \$100,000 under the Community Housing Development Organization operating assistance grant program; and \$1.2 million in AHFC capital funding and \$300,000 in operating assistance from the Alaska Mental Health Trust Authority under the Special Needs Housing Grant Program
- Awards \$2.8 million in grants and \$20 million in federal tax credits under the GOAL Program to develop 150 units in nine projects, with a total development cost of \$34 million
- Implements contract with the Municipality of Anchorage to host statewide Homeless Management Information Service, saving AHFC substantial money in meeting a federal requirement to receive federal homeless assistance funds in the communities outside Anchorage
- Weatherizes 19 single-family homes for low-income families under the \$2.2 million Owner-Occupied Rehabilitation Program
- Receives recognition from the Mat-Su Board of Realtors as an outstanding participating affiliate
- Receives First Place—Annual Reports—External from the Alaska Press Women's 2005 Communications Contest for the 2004 Annual Report
- On May 23, 2006, in accordance with legislative intent, creates a subsidiary of the Corporation, the Alaska Housing Capital Corporation ("AHCC"), under the Alaska Nonprofit Corporation Act (AS 10.20) as a public corporation and government instrumentality of, but having a legal existence independent of and separate from the State of Alaska, to accept and invest \$300 million to fund future capital projects for the State.
- Principal balance of 24,097 mortgages held, down 6.1 percent; \$3,255,071,709, a decrease of \$85.2 million or 2.6 percent

2006

ABOUT AHFC CONTINUED

GET MORE INFORMATION

Alaska Housing Finance Corporation

PO Box 101020
Anchorage, AK 99510
907-338-6100
1-800-478-AHFC (2432) outside Anchorage, but
within Alaska
fax 907-338-9218
e-mail ssimmond@ahfc.state.ak.us
www.ahfc.us



MOST LOAN PROGRAMS:

WWW.AHFC.US **OR** CALL YOUR LENDER

RURAL LOANS:

CALL YOUR LENDER **OR** AHFC **AT** 800-478-4585

HomeChoice SEMINARS: 907-330-8437 **OR** 800-459-2921 (OUTSIDE ANCHORAGE)
OR WWW.AHFC.US

GENERAL INFO:

907-338-6100 **OR** 800-478-4585 (OUTSIDE ANCHORAGE)
OR WWW.AHFC.US

RIC LIBRARY:

WWW.AHFC.US 907-330-8164
800-478-4636 (OUTSIDE ANCHORAGE)

ALASKA HOUSING FINANCE CORPORATION

PROGRAM SUMMARIES

Alaska Housing Finance Corporation (AHFC) provides statewide financing for multi-family complexes, congregate facilities, and single-family homes, with special loan options for low- and moderate-income borrowers, first-time home buyers, 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, and special programs for the homeless and those seeking to become self-sufficient.

Click on the departments' links to read this year's highlights of programs.

If you are connected to the Internet, you can click on one of the following links for an overview of that program.

LOAN PROGRAMS RESIDENTIAL

Tax-Exempt First Time Home Buyer

Taxable First-Time Home Buyer

Veterans Mortgage

Rural Owner Occupied

Rural Non-Owner Occupied

Taxable

Refinance

Streamline Refinance

Manufactured Home

Non-Conforming

Second Mortgage

Second Mortgage Program for Health and Safety Repair

Small Building Material

ADD-ON OPTIONS

Affordable Housing Enhanced Loan Program (AHELP)

Energy Efficiency Interest Rate Reduction (EEIRR)

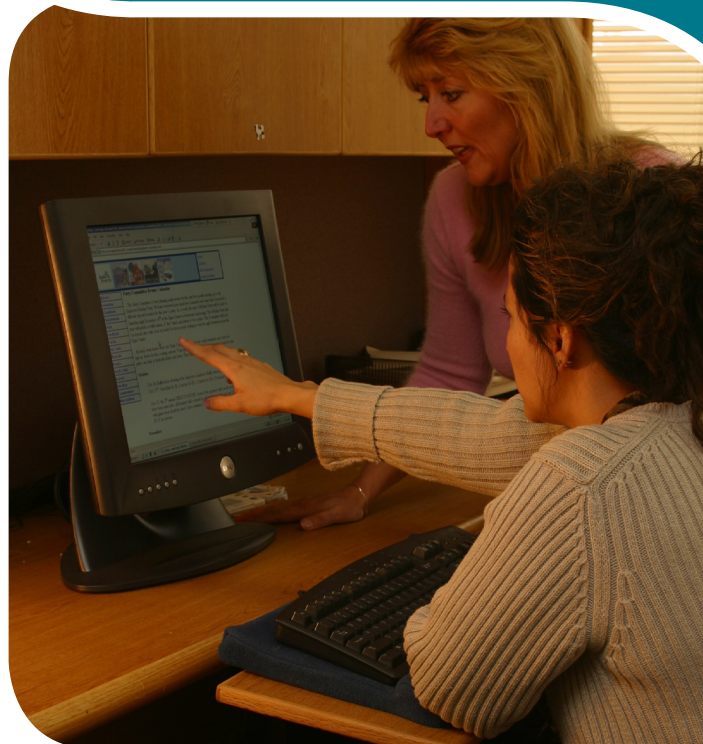
Interest Rate Reduction for Low Income Borrowers (IRRLIB)

Rural Enhanced Loan Program (RELP)

State Veterans Interest Rate Preference (State Vet)

Teachers' and Nurses' Housing Loan

Housing Choice Voucher Homeownership



CONTINUES

MULTI-FAMILY AND SPECIAL NEEDS HOUSING

Multi-Family Loan Purchase
 Multi-Family Federally Insured
 Multi-Family, Congregate and Special Needs
 Senior Housing
 Assistance Provider Interest-Rate Reduction

OTHER LOAN PROGRAMS

Association Loan Program
 Loans to Sponsors

ENERGY AND WEATHERIZATION

AkWarm™ Energy Rating Software
 Energy Efficiency Interest-Rate Reduction
 Low-Income Weatherization Assistance
 Small Building Material Loan

GRANT AND TAX CREDIT PROGRAMS

GOAL (Greater Opportunities for Affordable Living)

- **Low-Income Housing Tax Credit Program (LIHTC)**
- **HOME Investment Partnership (HOME)**
- **Senior Citizens Housing Development Fund (SCHDF)**

Grant Match
 Accessibility Modification
 Beneficiary and Special Needs Housing
 Homeless Assistance
 Supplemental Housing Development

RENTAL ASSISTANCE

Family Self-Sufficiency Program
 Gateway Learning Center
 Housing Choice Voucher Program
 Housing Choice Voucher Homeownership Program
 HUD Project-Based Section 8 Contracts
 Public Housing

2006

ANNUAL REPORT

AHFC'S BOARD

MEET THE BOARD AND CEO

AHFC BOARD OF DIRECTORS

AHFC's seven-member board of directors is comprised of the commissioners of the Departments of Revenue; Commerce, Community & Economic Development; and Health & Social Services, as well as four members of the public appointed by the governor to serve two-year terms.

FRANKLIN C. "FRANK" ROPPEL, CHAIR

Mr. Roppel was appointed to the board in July 2003 as a member with expertise or experience in the provision of senior- or low-income housing. He was recently elected to his third term as board chair.

Mr. Roppel served previously on the Alaska State Housing Authority board from 1974–1977 and on the AHFC board from 1975–1987. He retired from Alaska Pulp Corporation in 2001 and formerly worked for Sealaska Timber Corporation.

907-874-2627
FROPPEL@YAHOO.COM

BERT SHARP, VICE-CHAIR

Mr. Sharp was appointed to the board on July 1, 2004, as a member with expertise or experience in finances or real estate. Mr. Sharp, from Fairbanks, served 10 years in the Alaska Legislature, six of those in the Senate. He also worked as chief financial officer for Golden Valley Electric Association for 30 years and co-chaired the Senate finance committee for AHFC budgets during his tenure in the Legislature. Mr. Sharp earned a BS degree from the University of Alaska in business administration, concentrating in accounting and management. He has been a trustee of Mt. McKinley Bank since 1982 and is active in a variety of public service organizations in the Fairbanks area. Mr. Sharp serves on the board's audit committee.

907-452-2427
BABSHARP@GCI.NET



AHFC BOARD CHAIR
FRANK ROPPEL



AHFC BOARD VICE-CHAIR
BERT SHARP

CELEBRATING
60
YEARS OF HOUSING
ALASKANS

CONTINUES

ALASKA HOUSING FINANCE CORPORATION



AHFC BOARD
N. CLAIBORNE PORTER, JR.

N. CLAIBORNE "CLAI" PORTER, JR., AIA

Mr. Porter was appointed to the board in May 2005 as a member with expertise or experience in residential energy-efficient home building or weatherization. He is president of NCP Design/Build Ltd. in Anchorage and has over 30 years' residential design and home building experience in Alaska. Previously he served as president of the Anchorage Homebuilders Association, president of the Alaska Homebuilding Association, and board chair of the Cold Climate Housing Research Center.

907-562-2283
NCP@ALASKA.COM



AHFC BOARD
MARTY SHURAVLOFF

MARTY SHURAVLOFF

Mr. Shuravloff was first appointed to the board in February 2000 as a member who is a rural resident of the state or who has experience with a regional housing authority. He is the executive director of the Kodiak Island Housing Authority. Mr. Shuravloff serves on the board's audit committee.

907-486-8111
MARTY@KIHA.ORG



AHFC BOARD
WILLIAM C. NOLL

THE HONORABLE WILLIAM C. "BILL" NOLL, COMMISSIONER, DEPARTMENT OF COMMERCE, COMMUNITY, & ECONOMIC DEVELOPMENT

Commissioner Noll was appointed to the board in July 2005. He served the first two years of Governor Frank Murkowski's Administration as DCCED's Deputy Commissioner. His duties included membership in Alaska's four-man "Fish Cabinet," which managed a large segment of the successful Alaska wild-salmon-marketing effort and as designee to the Alaska Housing Finance Corporation board. Immediately prior to being appointed to his current post, Mr. Noll served as Governor Murkowski's communications director.

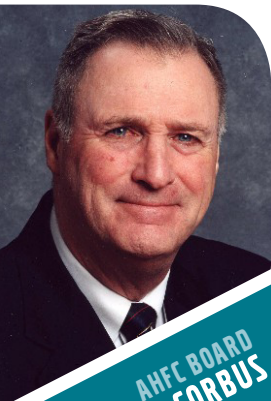
Commissioner Noll appointed Mark Davis, deputy commissioner, as his designee.

907-269-8100
MARK_DAVIS@COMMERCE.STATE.AK.US

CONTINUES

2006

AHFC'S BOARD CONTINUED



AHFC BOARD
WILLIAM A. CORBUS

THE HONORABLE WILLIAM A. "BILL" CORBUS, COMMISSIONER, DEPARTMENT OF REVENUE

Commissioner Corbus was appointed to the board in December 2002. He served as a Lt. J.G. in the U.S. Naval Reserve, including one year as an advisor to the Vietnamese Navy. Mr. Corbus worked for Stone & Webster in New York City, providing public utility security analysis, financial planning, and accounting. He joined Alaska Electric Light & Power as assistant manager, becoming general manager and later president of the company.

907-465-2300

WILLIAM_CORBUS@REVENUE.STATE.AK.US



AHFC BOARD
KARLEEN JACKSON

THE HONORABLE KARLEEN JACKSON, COMMISSIONER, DEPARTMENT OF HEALTH & SOCIAL SERVICES

Commissioner Jackson was appointed to the board in October 2005. From February 2003 to September 2005, she served as DHSS deputy commissioner. Her career in Alaska includes executive director of Catholic Social Services in Anchorage from 1991 to 2003.

She holds a Doctorate in Human Services from the Fielding Institute. Her first book, "Family Homelessness: More Than Simply a Lack of Housing," was published in 2000 as part of the Garland Studies series on Children of Poverty.

Commissioner Jackson appointed Janet Clarke, deputy commissioner, as her designee to the board.

907-465-1630

JANET_CLARKE@HEALTH.STATE.AK.US



CEO/EXECUTIVE DIRECTOR
DANIEL R. FAUSKE

DANIEL R. "DAN" FAUSKE, CEO/EXECUTIVE DIRECTOR

Mr. Fauske became the CEO/Executive Director on March 1, 1995. He has served on the Governor's Jobs Cabinet, Rural Sanitation Committee, Fannie Mae's National Housing Impact Advisory Council, the Millennial Housing Commission, the UAA School of Nursing Board, and the Fiscal Policy Council. He served as chair of the Alaska Interagency Council on Homelessness and on the board of directors for the Federal Home Loan Bank of Seattle and the National Housing Development Corporation. Prior to his career at AHFC, Mr. Fauske worked for the North Slope Borough, serving as the Borough's Chief Financial Officer and Chief Administrative Officer.

907-330-8452

DFAUSKE@AHFC.STATE.AK.US

2006

ANNUAL REPORT

FY2006 HIGHLIGHTS

DIVISION HIGHLIGHTS

Alaska Housing Finance Corporation (AHFC) provides statewide financing for multi-family complexes, congregate facilities, and single-family homes, with special loan options for low- and moderate-income borrowers, first-time home buyers, 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, and special programs for the homeless and those seeking to become self-sufficient.

AHFC operates with four main divisions:

- **Mortgage Operations**
- **Planning & Program Development**
- **Research & Rural Development**
- **Public Housing**

Click on each division's link to the left to read about this year's highlights.

If you are connected to the Internet, you can click on the following links for an overview of that program.



LOAN PROGRAMS

Residential

Tax-Exempt First Time Home Buyer

Taxable First-Time Home Buyer

Veterans Mortgage

Rural Owner Occupied

Rural Non-Owner Occupied

Taxable

Refinance

Streamline Refinance

Manufactured Home

Non-Conforming

Second Mortgage

Second Mortgage Program for Health and Safety Repair

Small Building Material

CELEBRATING

60

YEARS OF HOUSING
ALASKANS

CONTINUES

ALASKA HOUSING FINANCE CORPORATION

Add-On Options

Affordable Housing Enhanced Loan Program (AHELP)

Energy Efficiency Interest Rate Reduction (EEIRR)

Interest Rate Reduction for Low Income Borrowers (IRRLIB)

Rural Enhanced Loan Program (RELP)

State Veterans Interest Rate Preference (State Vet)

Teachers' and Nurses' Housing Loan

Housing Choice Voucher Homeownership

Multi-Family and Special Needs Housing

Multi-Family Loan Purchase

Multi-Family Federally Insured

Multi-Family, Congregate and Special Needs

Senior Housing

Assistance Provider Interest-Rate Reduction

Other Loan Programs

Association Loan Program

Loans to Sponsors

ENERGY AND WEATHERIZATION

AkWarm™ Energy Rating Software

Energy Efficiency Interest-Rate Reduction

Low-Income Weatherization Assistance

Small Building Material Loan

GRANT AND TAX CREDIT PROGRAMS

GOAL (Greater Opportunities for Affordable Living)

- **Low-Income Housing Tax Credit Program (LIHTC)**
- **HOME Investment Partnership (HOME)**
- **Senior Citizens Housing Development Fund (SCHDF)**

Grant Match

Accessibility Modification

Beneficiary and Special Needs Housing

Homeless Assistance

Supplemental Housing Development

RENTAL ASSISTANCE

Family Self-Sufficiency Program

Gateway Learning Center

Housing Choice Voucher Program

Housing Choice Voucher Homeownership Program

HUD Project-Based Section 8 Contracts

Public Housing

MORTGAGE DEPARTMENT

RESIDENTIAL 1-4 FAMILY LOAN PROGRAMS

- Provided \$407 million for 2,212 Alaskans to purchase homes
- Purchased 1,218 new First-Time Homebuyer loans totaling \$201.5 million
- Provided \$41.6 million to lower mortgage rates to 351 low-income borrowers under the Interest-Rate Reduction for Low-Income Borrowers
- Provided \$115.9 million for 609 Alaskans to purchase homes under the Rural Loan Program
- Purchased 38 Streamlined Refinance Loans
- Purchased 665 Energy Efficiency Interest-Rate Reduction Program loans totaling \$141 million
- Purchased 68 Teachers/Nurses Loan Program loans totaling \$13 million in 29 communities
- Successfully worked with the Alaska congressional delegation and governor for legislation that amended the Veteran's Mortgage Loan Program to eliminate certain restrictions and open the program to more veterans
- Amended regulations to comply with state law regarding the registration of home inspectors
- Participated as a committee member on a Predatory Lending Task Force, resulting in Alaska being selected to receive a \$25,000 FHLMC grant to promote a public awareness campaign



CONTINUES

- Participated as a member of the AMBA Legislative Liaison Committee, resulting in legislation being introduced for the possible licensing of mortgage lenders

MULTI-FAMILY, SPECIAL NEEDS, & ASSISTANCE PROVIDER LOAN PROGRAMS

- Through grants to weatherization service providers, weatherized approximately 650 households in more than 25 communities, including 299 households with elderly and persons with disabilities, and 219 children under the age of 6
- Purchased/originated 54 multi-family loans totaling \$40.1 million
 - » Purchased 16 multi-family loans totaling \$16.3 million (288 units)
 - » Originated 38 direct loans totaling \$23.8 million
 - \$14.3 million for 13 multi-family/special needs housing loans
 - » \$4.24 million for 20 units of state trooper housing in Bethel
 - » \$2.36 million for 18 units of teacher housing in Kotzebue
 - » \$409,350 for 10 units of teacher housing in Togiak
 - \$2.03 million for seven Assistance Provider loans
 - \$4.1 million for nine soft second loans
 - \$2.25 million for seven Loans to Associations
 - \$1.17 million for two Loans to Sponsors
- Amended regulations to allow purchase of USDA-RD and Indian Housing Authority federally guaranteed loans

CONSUMER EDUCATION/INDUSTRY OUTREACH

- Conducted 186 HomeChoice workshops in 31 communities, with 3,029 certificates issued of which 983 obtained up to a \$250 commitment-fee waiver; issued 61 home studies in 22 communities with 75 certificates issued
- Made 360 lender visits, 274 Realtor visits, and 24 title company visits, promoting AHFC loan products & answering related questions

CONTINUES

- Recognized by the Mat-Su Board of Realtors as an outstanding participating affiliate, with staff receiving individual recognitions for educational efforts provided to their membership

SENIOR HOUSING OFFICE

- Continued management of a three-year, \$799,581 Aging & Disability Resource Center (ADRC) grant from the Centers for Medicare Services and Administration on Aging. The program expanded to cover five locations across Alaska to develop information and referral services through Independent Living Centers.
- Participated in nationwide technical exchange meetings related to the Aging & Disability Resource Center Program
- Participated in quarterly statewide meetings of the Alaska Commission on Aging and statewide legislative teleconferences sponsored by the Commission, resulting in the coordination of information affecting seniors
- Sponsored a statewide ADRC sustainability conference for Alaska's ADRC project with over 30 attendees from across the state and nation
- Provided collaboration between the ADRC grant and "Family Support 360" as addressed under President Bush's 'New Freedom Initiative'
- Appointed by the Alaska Real Estate Commission to serve on its "Real Estate Education Advisory Task Force"
- Co-Sponsored the Anchorage/Mat-Su Senior Housing Fair held at Anchorage Senior Center, providing assistance to approximately 450 senior citizens
- Participated in the annual Fairbanks Senior Recognition Day, providing assistance to approximately 400 senior citizens
- Participated in the Mayor's Advisory Commission (Anchorage)
- Attended 46 industry functions such as conventions, open houses, ground breakings, etc., resulting in increasing the public's awareness of AHFC

SERVICING

- Maintained an overall delinquency rate of less than 3.7%
 - Multifamily delinquency rate: 2.91%
 - One-to-four family delinquency rate: 3.63%
- Contributed \$13 million in servicing fees to Alaskan lenders
- Approved four new condominium/PUD projects (223 housing units); recertified 127 condominium/PUD projects

ACCOMPLISHMENTS PLANNING & PROGRAM DEVELOPMENT

STATEWIDE PLANNING AND RESEARCH

- Completed statewide strategic plan to address homelessness for the Governor's Interagency Council on the Homeless
- Completed the planning and development of the Annual Action Plan for the Housing and Community Development Plan (HCD) and the Annual Performance Report (APR), bringing \$7 million in HUD funds to Alaska
- Completed the Winter and Summer 2006 statewide surveys of homeless service providers, the most complete statistical profile of Alaska's homeless population, used to support more than \$3 million in federal grant applications each year
- Implemented contract with the Municipality of Anchorage to host statewide Homeless Management Information Service, saving AHFC substantial money in meeting a federal requirement to receive federal homeless assistance funds in the communities outside of Anchorage
- Compiled housing market data for the Fall 2005 and Spring 2006 Alaska Housing Market Indicators, the most comprehensive profile of the Alaska housing market published, including information ranging from construction-cost and rental-market surveys to loan and home-sale-price information
- Completed Annual Update for the Public Housing Agency Plan



PROGRAM DEVELOPMENT AND MANAGEMENT

- Held one round of the Homeless Assistance Program (\$1.45 million awarded)
- Held one round of the Grant Match Program for the HUD Supportive Housing Program (\$1 million awarded)
- Held one round of the GOAL program for low-income rental housing development (LIHTC, SCHDF and HOME funding) which has a homeownership development component and pre-development for senior housing and special needs (\$2.8 million in grants, \$20 million in federal tax credits). Funded nine projects funded with a total development cost of \$34 million, producing 150 units.
- Provided \$1.3 million in the Home Opportunity Program for developing low-income home ownership

CONTINUES

- Assisted 21 homeowners under the Owner-Occupied Rehabilitation Program, weatherizing 19 units of low-income, single-family homes
- Held one round of the Community Housing Development Organization (CHDO) operating assistance grant program (awarded \$100,000)
- Held one round of the Special Needs Housing Grant Program (joint venture with Alaska Mental Health Trust Authority and Dept. of Health & Social Services) with \$1.2 million in capital funding, \$300,000 in operating assistance from the AMHTA. Funded three projects (four pre-development and one development) with eight units for persons with severe mental illness.
- Submitted three grant applications for various AHFC and public housing programs and received awards for \$1.2 million in federal awards (HOPWA, Shelter Plus Care, HUD Technical Assistance Program)
- Held one round of the Teacher and Health Professional Housing Program. Awarded \$8 million to develop 62 units in 18 projects throughout rural Alaska. More than 170 units have been developed since the program started in 2004
- Continued program management responsibility for two programs funded through the Denali Commission for Teacher and Elder Housing totaling \$8 million
- Provided grant management for 250 grants with \$51 million in grant payments

TRAINING AND TECHNICAL ASSISTANCE

- Held housing development workshops for the GOAL Program, with 75 attendees in Fairbanks, Anchorage, Bethel and Sitka
- Provided more than 500 hours of technical assistance to current grantees, persons and organizations applying for funds, and public and private-sector requests for statistical information on housing and the housing market
- Sponsored the annual conference of the Alaska Coalition on Housing and Homelessness with 50 attendees
- Held the 2006 Alaska Training Institute, featuring 15 workshops on rental housing feasibility, fair housing, home ownership, supportive housing, business-plan development and strategic planning, asset management, and green building design, with more than 250 attendees from across Alaska

RESEARCH & RURAL DEVELOPMENT DIVISION

IN FY06, AHFC:

- Weatherized approximately 650 households in more than 25 communities, including 299 households with elderly and persons with disabilities, and 219 children under the age of 6
- Awarded \$6.08 million in 16 Supplemental Housing Development grants to seven regional housing authorities. These funds leveraged \$30.1 million in federal funds to aid in the infrastructure for the new construction or rehabilitation of 512 houses in rural Alaska.
- Provided 90 informational presentations on mold hazards; carbon monoxide; green building; healthy, energy-efficient housing technology; and regulatory requirements to 2,141 members of the public, Realtors, builders, and other professionals
- Responded to 7,036 requests for energy and homebuilding information from 6,723 users in 57 Alaska communities
- Provided construction, housing and energy information for radio and newspapers stories; served as AHFC spokesperson for six energy-efficiency segments on Alaska Real Estate Showcase television program
- Produced "Alaska House Doctors" video and provided technical assistance for video on REMOTE/PERSIST building system.
- Upgraded webcast & teleconference equipment; successfully tested two-way videoconferencing; converted library management software to web-based system; held approximately 25 webcast/teleconference meetings in library conference room
- Used Speaker Bureau funds to bring Princeton Professor Dr. Kenneth Deffeyes to Alaska in March of 2006 to speak on the subject of Peak Oil to audiences of about 700 in Anchorage, Fairbanks, Wasilla and Juneau. Deffeyes is the author of *Hubbert's Peak: The Impending World Oil Shortage & Beyond Oil: The View from Hubbert's Peak*
- Provided funds for the satellite feeds for Bioneers in Alaska; 15 speakers beamed to an audience of almost 500
- Drafted changes to the Alaska Building Energy Efficiency Standard (BEES), held public hearing, and obtained board approval for Alaska to use the 2006 International Energy Conservation Code, with Alaska Specific Amendments



PUBLIC HOUSING

- Continued to score well in PHAS (Public Housing Assessment System) with a score of 87% and a score of 100% on SEMAP (Section 8 Management Assessment Program) for FY05 which are categorized by HUD as Standard and High Performer ratings, respectively (FY06 ratings were not yet available at this printing)
- Assisted more than 4,000 families statewide with Housing Choice Vouchers and 1,700 families in housing developments owned and operated by AHFC
- Transitioned into an ongoing Homeownership Voucher Program with approximately 10 closings per year
- Expanded the Family Self-Sufficiency Program with an additional 50 participants in the Soldotna and Kenai region
- Awarded 10 Scholarships to clients in public housing and the Housing Choice Voucher Program to attend higher education or vocational schools
- Received all applicable incentive and administrative fees for the Contract Administration program
- Completed the following renovation projects:
 - 22 FSS incentive property duplexes in Anchorage
 - 20 units at Sunset View senior facility in Cordova
 - 17 family housing units at Ptarmigan Park in Anchorage
 - 39 senior housing units at Sea View Terrace in Ketchikan
 - Three single-family dwellings and replacement of 37 multi-family units at Pacific Terrace in Kodiak
- Completed design services and began renovation of the following properties:
 - 32 units of senior housing at Willawa Manor in Wasilla
 - 48 family housing units at Alpine Terrace in Anchorage



STATISTICS

FY06 CHARTS



SINGLE-FAMILY LOAN PROGRAMS FY06

Programs	Number of Loans	Dollar Volume
Tax-Exempt First-Time Home Buyer	926	\$141,212,771
Taxable First-Time Home Buyer	292	\$60,295,179
Taxable*	337	\$77,199,935
Veterans Mortgage	44	\$11,549,485
New Urban Loans**	1,603	\$291,112,370
New Rural Loans**	609	\$115,866,242
Features		
Interest-Rate Reduction for Low-Income Borrowers	351	\$41,562,283
Energy-Efficiency Interest-Rate Reduction	665	\$141,107,789
Teacher/Nurse Loan Option	68	\$12,960,950
Streamline Refinance	38	\$4,209,959

*EXCLUDING TAXABLE FIRST-TIME HOME BUYER

**EXCLUDING STREAMLINE REFINANCE

CONTINUES

BORROWER AND SINGLE-FAMILY PROGRAM AVERAGE COMPARISON² FY06

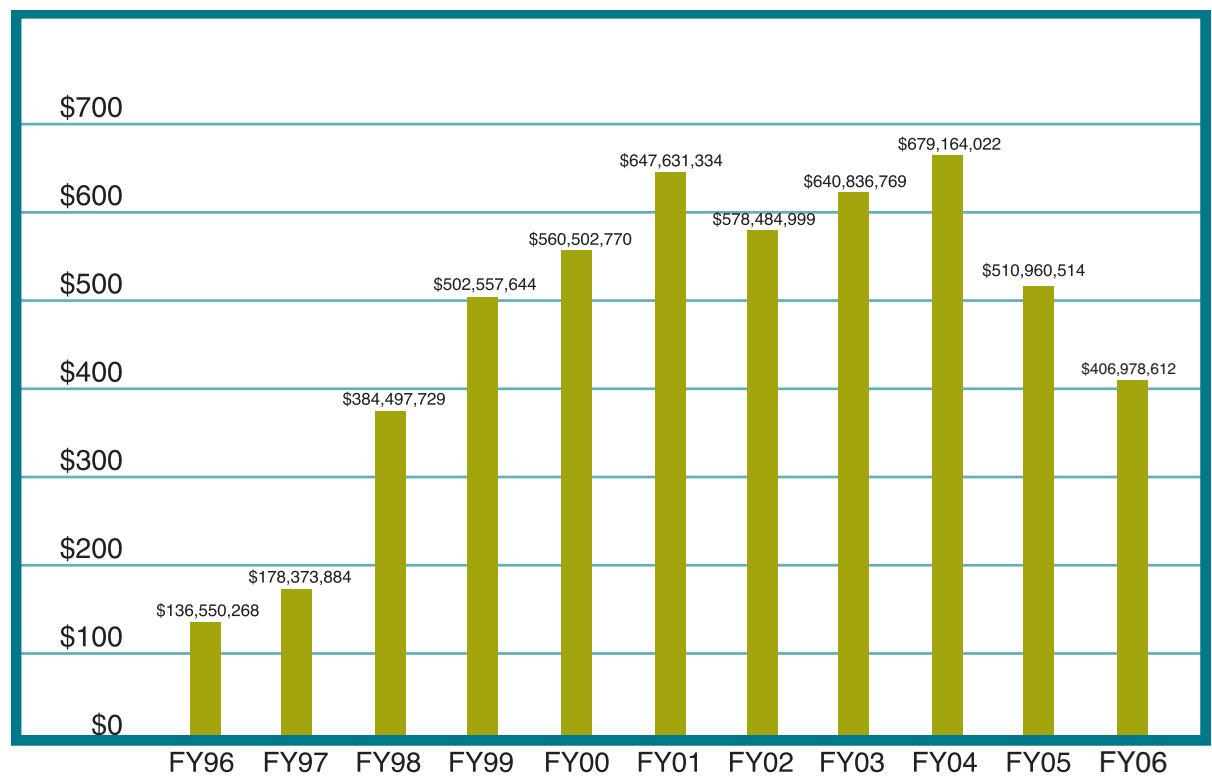
	All Programs	Tax-Exempt First-Time Home Buyer	Taxable First-Time Home Buyer	Taxable ¹	Veterans
Total Number of Loans	2,212	926	292	337	44
Sales Price	\$198,177	\$166,480	\$215,253	\$269,569	\$281,940
Loan Amount	\$178,890	\$152,809	\$203,789	\$227,091	\$256,932
Loan-to-Value Ratio	90.80%	91.26%	95.14%	84.55%	93.46%
Interest Rate	5.549%	5.455%	5.831%	5.794%	5.709%
P & I Payment	\$1,032	\$871	\$1,203	\$1,347	\$1,492
Monthly Income	\$5,395	\$4,075	\$6,200	\$6,995	\$8,066
Age of Borrower	36	32	34	43	54
Household Size	2	2	3	3	2

¹ EXCLUDES TAXABLE FIRST-TIME HOME BUYER LOANS² EXCLUDES OWNER/BUILDER, PURCHASE RENOVATION, NON-CONFORMING AND REFINANCE LOANS

CONTINUES

HISTORICAL DATA

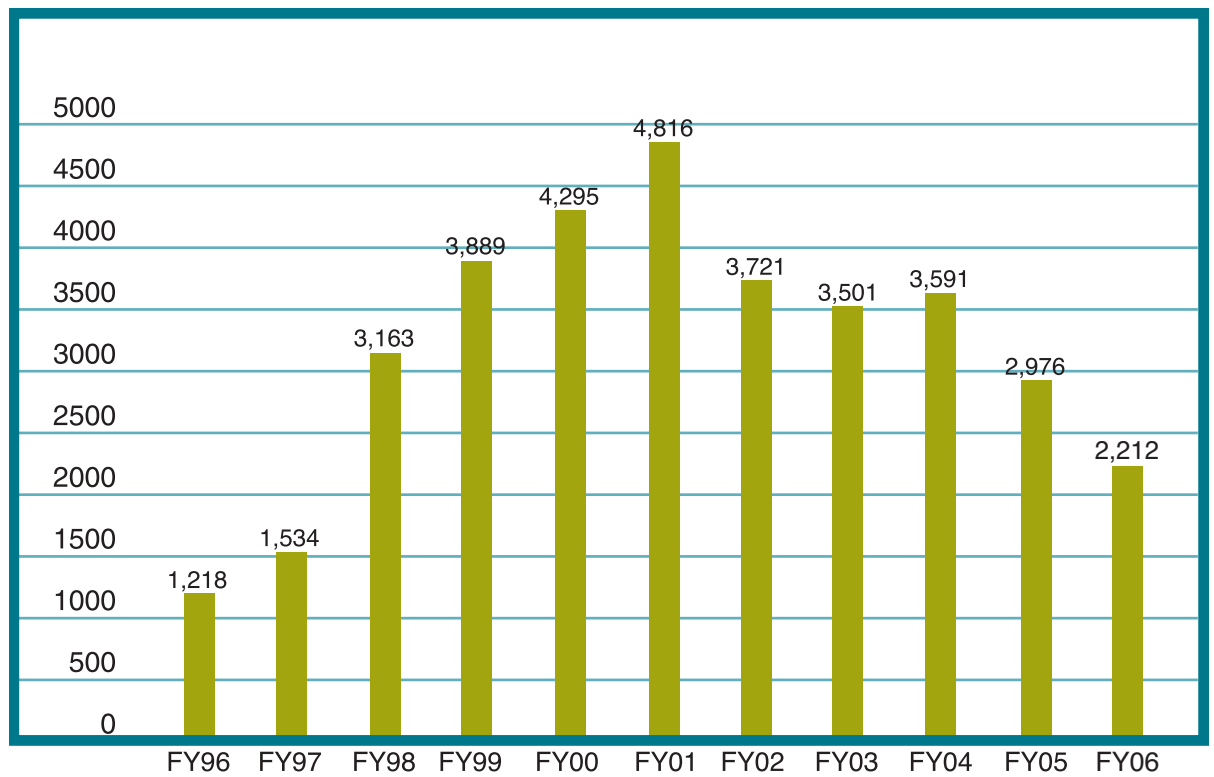
VOLUME OF AHFC SINGLE-FAMILY LOANS PURCHASED* IN MILLIONS



* EXCLUDING REFINANCES

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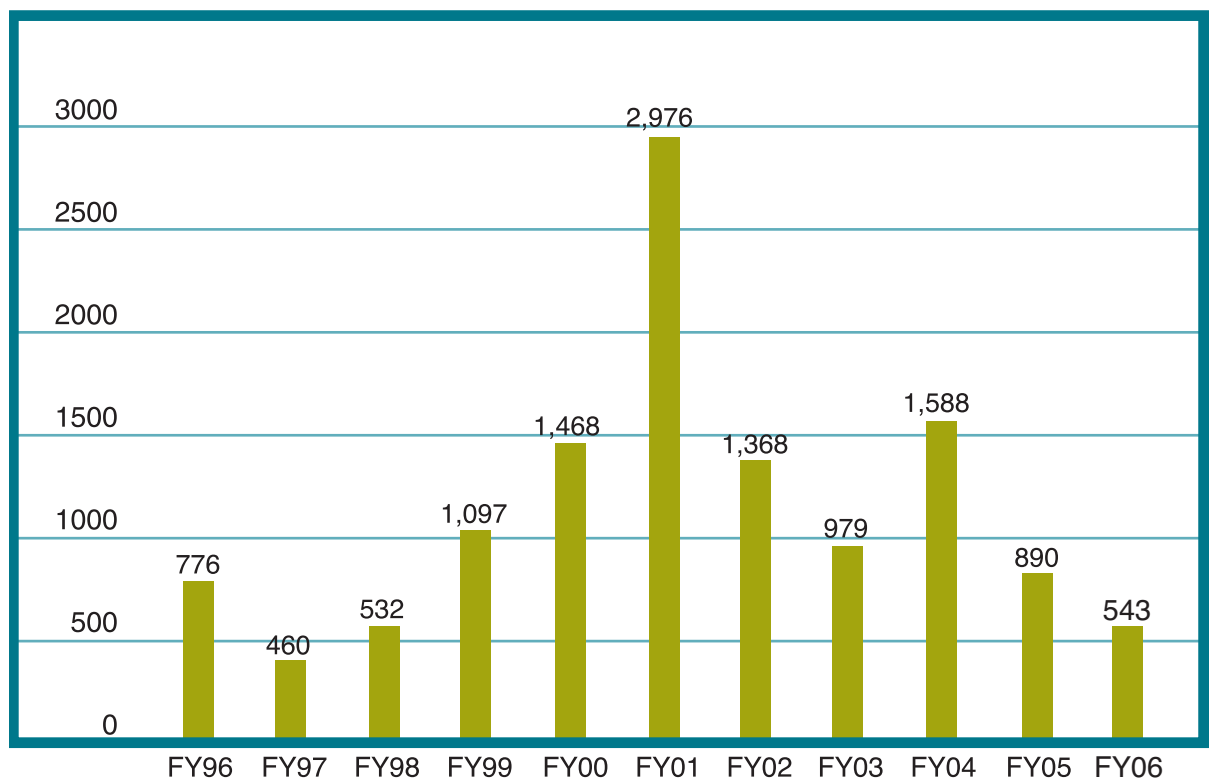
NUMBER OF AHFC SINGLE-FAMILY LOANS PURCHASED*



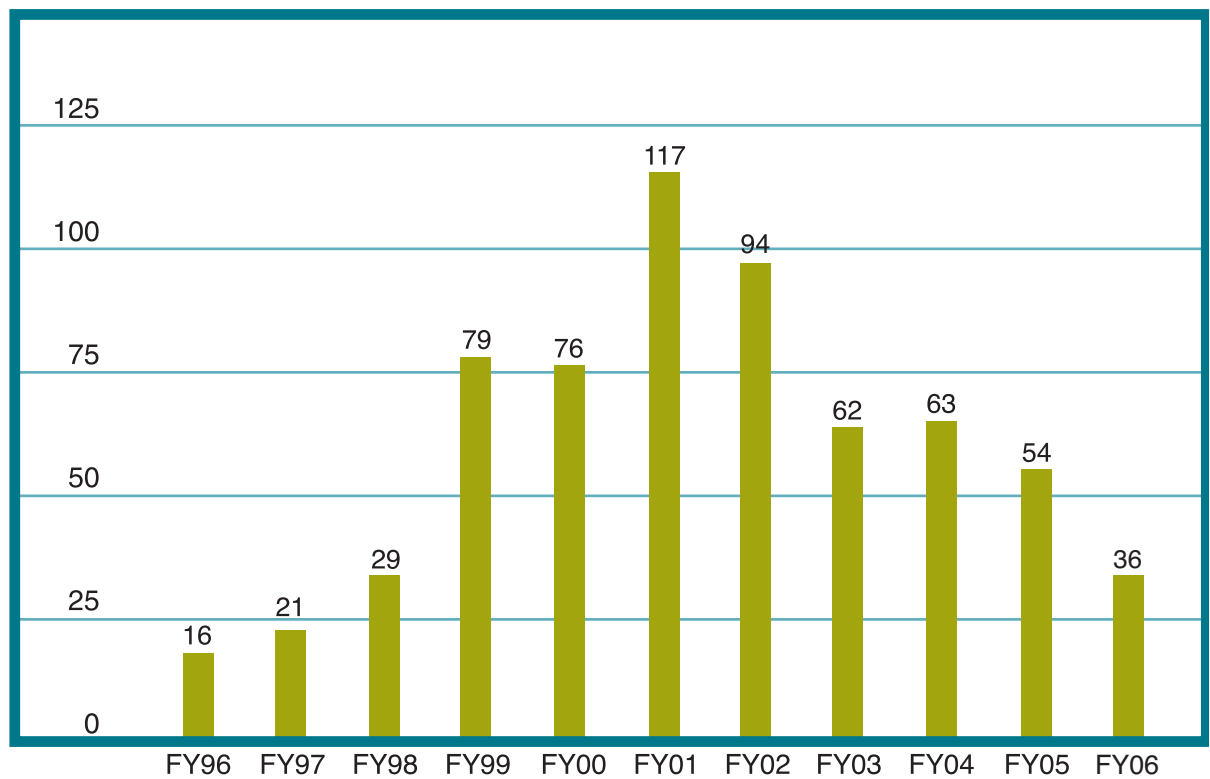
* EXCLUDING REFINANCES

CONTINUES

MULTI-FAMILY UNITS FINANCED



CONTINUES

NUMBER OF MULTI-FAMILY PROJECTS FINANCED

MULTI-FAMILY PROJECTS

Fiscal Year	Number of Projects	Units	Dollar Volume
1992	6	592	\$15,355,700
1993	2	41	\$1,705,000
1994	12	522	\$13,501,336
1995	6	246	\$15,763,350
1996	16	800	\$73,012,335
1997	21	460	\$9,939,780
1998	29	532	\$17,519,540
1999	79	1,097	\$34,705,731
2000	76	1,468	\$54,456,876
2001	117	2,976	\$103,847,605
2002	94	1,375	\$58,477,200
2003	62	979	\$47,363,301
2004	63	1,593	\$87,297,150
2005	54	890	\$43,052,750
2006	36	543	\$32,621,750
Totals	673	14,114	\$608,319,404

CONTINUES

HOME FUND PROJECTS

Fiscal Year	Number of Projects	Units Financed	HOME Funds
1992	1	1	\$57,677
1993	0	0	0
1994	3	36	\$820,636
1995	0	0	0
1996	6	109	\$3,286,884
1997	5	152	\$2,571,906
1998	3	76	\$1,953,585
1999	4	50	\$1,931,692
2000	4	69	\$406,250
2001	6	53	\$1,664,314
2002	4	46	\$1,677,475
2003	5	65	\$2,058,971
2004	3	55	\$1,950,000
2005	4	28	\$1,676,335
2006	3	213	\$1,335,697
Total	51	953	\$21,391,422

*PROJECTS MAY BE INCLUDED IN MORE THAN ONE PROGRAM (HOME, SENIOR CITIZENS HOUSING DEVELOPMENT FUND, AND LOW-INCOME HOUSING TAX CREDITS).

CONTINUES

SENIOR CITIZEN HOUSING DEVELOPMENT FUND PROJECTS

Fiscal Year	Number of Projects	Units Financed	SCHDF Funds
1994	5	126	\$2,197,671
1995	0	0	0
1996	1	13	\$773,150
1997	2	40	\$1,484,807
1998	5	127	\$3,046,239
1999	1	8	\$156,250
2000	1	26	\$675,000
2001	3	39	\$2,030,521
2002	2	13	\$2,651,000
2003	4	77	\$2,109,460
2004	0	0	0
2005	3	62	\$1,275,000
2006	4	32	\$3,460,074*
Total	31	563	\$19,859,172

* INCLUDES \$1,960,074 IN DENALI COMMISSION FUNDS

**PROJECTS MAY BE INCLUDED IN MORE THAN ONE PROGRAM (HOME, SENIOR CITIZENS HOUSING DEVELOPMENT FUND, AND LOW-INCOME HOUSING TAX CREDITS).

CONTINUES



LOW-INCOME HOUSING TAX CREDIT PROJECTS

Fiscal Year	Number of Projects	Units Financed	Tax Credits Allocated
1987	1	22	\$623,070
1988	0	0	0
1989	2	107	\$2,109,370
1990	1	16	\$544,980
1991	1	23	\$715,750
1992	2	39	\$1,625,940
1993	2	55	\$1,543,690
1994	6	297	\$20,275,210
1995	1	87	\$7,836,510
1996	7	238	\$21,397,510
1997	4	120	\$5,680,930
1998	6	195	\$11,053,950
1999	4	61	\$6,748,600
2000	7	610	\$14,439,705
2001	6	165	\$20,830,370
2002	7	205	\$23,203,550
2003	6	143	\$19,927,920
2004	6	164	\$23,211,450
2005	5	128	\$21,250,000
2006	4	213	\$ 21,900,000
Totals	78	2,888	\$ 224,918,505

*PROJECTS MAY BE INCLUDED IN MORE THAN ONE PROGRAM (HOME, SENIOR CITIZENS HOUSING DEVELOPMENT FUND, AND LOW-INCOME HOUSING TAX CREDITS).

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ANNUAL REPORT

FY2006 FINANCIAL HIGHLIGHTS

AHFC FY2006 FINANCIAL HIGHLIGHTS

AHFC issued a total of \$333.7 million of long-term debt during FY2006 to continue its various ongoing lending programs. As of June 30, 2006, a total of \$2.9 billion of long-term debt was outstanding.



The following table summarizes the long-term debt issued by the Corporation during FY2006:

Bond Issue Title & Amount	Ratings: S&P/Moodys/Fitch	Date Issued	Program / Project Funded	Tax Status
\$160,000,000 Collateralized Bonds, 2005 First & Second Series	AAA/Aaa/AAA	December 29, 2005	Veterans Mortgage Program	Tax-Exempt
\$98,675,000 Home Mortgage Revenue Bonds, 2006 Series A	AAA/Aaa/AAA	January 26, 2006	First-Time Homebuyers	Tax-Exempt
\$75,000,000 Home Mortgage Revenue Bonds, 2006 Series B	AAA/Aaa/AAA	March 23, 2006	First-Time Homebuyers	Tax-Exempt

CELEBRATING
60
YEARS OF HOUSING
ALASKANS

CONTINUES

ALASKA HOUSING FINANCE CORPORATION

HOME MORTGAGE REVENUE BONDS (FIRST-TIME HOME BUYERS PROGRAM)

\$98,675,000 2006 Series A

These bonds were sold on January 10, 2006, through an underwriting group led by Merrill Lynch, with the following co-managers: A.G. Edwards, Bear Stearns, Citigroup, Goldman Sachs, JPMorgan Chase, Siebert Brandford Shank & Co., and UBS Financial Services. This transaction closed on January 26, 2006, and provided funding for the continuance of AHFC's First-Time Homebuyer (FTHB) Program. All of the proceeds were used to purchase qualified mortgage loans that had already been warehoused by the Corporation. The bonds were structured for tax purposes as "new money" bonds where all interest earnings are subject to the alternative minimum tax (AMT). The Investment Advisory Committee and Board of Directors actively participated in the decision to utilize a negotiated method of sale and, with the assistance of an evaluation committee, in the selection of the underwriters.

\$75,000,000 2006 Series B

These bonds were sold on March 2, 2006, through an underwriting group led by Citigroup, with the following co-managers: A.G. Edwards, Bear Stearns, Goldman Sachs, JPMorgan Chase, Merrill Lynch, Siebert Brandford Shank & Co., and UBS Financial Services. This transaction closed on March 23, 2006, and provided funding for the continuance of AHFC's FTHB Program. A portion of the proceeds were used to purchase qualified mortgage loans that were being warehoused by the Corporation, with the balance made available for new originations. The bonds were structured for tax purposes as new money bonds where all interest earnings are subject to the AMT. The Investment Advisory Committee and Board of Directors actively participated in the decision to utilize a negotiated method of sale and, with the assistance of an evaluation committee, in the selection of the underwriters. These bonds and the 2007 Series A bonds, which will be issued on or about May 31, 2007, to refund a portion of the 1997 Series A pre-Ullman General Mortgage Revenue Bonds, will have a combined tax plan resulting in a lower rate on AHFC's FTHB Program and more than 150 basis points earned on the pre-Ullman loan portfolio.

COLLATERALIZED BONDS (VETERANS MORTGAGE PROGRAM)

\$160,000,000 2005 First & Second Series

These bonds were sold on December 19, 2005, to provide funding for the continuance of AHFC's tax-exempt financed Veterans Mortgage Program (VMP). This transaction closed on December 29, 2005, and was structured as new money bonds where all of the interest earnings are subject to the AMT. The first series included \$15,000,000 of long-term bonds and all of the proceeds were used to purchase qualified mortgage loans that had already been warehoused by the Corporation. The second series consisted of the remaining \$145,000,000 issued as a short-term note, and these proceeds were made available for new originations. Near the end of the fiscal year, Congress eliminated the pre-1977 service requirement in federal law to allow all veterans a 25-year period of eligibility after discharge from the military. The federal tax law which permits the issuance of these bonds requires that the repayment of principal and interest on the bonds be guaranteed by the State of Alaska. Alaska law requires the bonds to be sold utilizing a competitive method of sale.

CONTINUES

AHFC REPORTS INCREASE IN OPERATING INCOME FOR FISCAL YEAR 2006

The Corporation posted operating income of \$46.7 million for FY2006, an increase of 16.5% over FY2005. The Corporation's assets exceeded its liabilities as of June 30, 2006, by \$1.99 billion (net assets). Long-term mortgage rates remained at historically low levels, and our loan portfolio experienced over \$400 million in prepayments during the year. Because of low-cost capital available to the Corporation, it was able to offer competitive rates and received over \$500 million in new mortgage loan applications, allowing Alaskans to save millions of dollars per year on their house payments. As a result of sustained mortgage prepayments, the Corporation called over \$380 million in debt through special redemptions, including the redemption of previously defeased Governmental Purpose Bonds in the amount of \$150 million and almost \$100 million in scheduled redemptions, helping to minimize the total interest paid by the Corporation. Due to rising interest rates earned on its short-term portfolio, AHFC's investment income increased 39.5% over the prior fiscal year.

AHFC FUND TRANSFERS TO AND FROM THE STATE OF ALASKA

The Corporation continued its series of annual payments to the State of Alaska and State agencies. As a result of a modification to the Transfer Plan during the 2004 Legislative Session, transfers to the State for FY2006 totaled \$103 million, bringing the total transfers to the State of Alaska through FY2006 to over \$1.5 billion. In FY 2007, the Transfer Plan calls for payment of the lesser of \$103 million or 95% of the Corporation's operating income, with this payment percentage gradually declining to 75% in the fiscal years thereafter.

Senate Bill 232, signed into law on April 27, 2006, appropriated the sum of \$300 million from the State of Alaska General Fund to the Corporation for the purpose of funding capital projects, including financing expenses. It was the Legislature's intent that the Corporation transfer the appropriated funds and any associated earnings on or after July 1, 2006 to a subsidiary, the Alaska Housing Capital Corporation (AHCC), incorporated on May 23, 2006.

AHFC SELLS AURORA MILITARY LOAN II

On December 13, 2005, the Corporation sold its Aurora Military Loan II, with a principal balance of \$31.6 million, for \$38.9 million and paid \$166,000 in subsequent expenses related to the sale, resulting in a net gain to the Corporation of \$7.1 million. Because loan sales are unusual for the Corporation, the gain on sale was treated as a special item on the Statement of Revenue, Expenses and Change in Net Assets.

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ANNUAL REPORT

AHFC PROGRAMS

AHFC PROGRAMS

Alaska Housing Finance Corporation (AHFC) provides statewide financing for multi-family complexes, congregate facilities, and single-family homes, with special loan options for low- and moderate-income borrowers, first-time home buyers, 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, and special programs for the homeless and those seeking to become self-sufficient.

To read this year's highlights by type of program, click on the links to the left.

If you are connected to the Internet, you can click on one of the following links for an overview of that program.



LOAN PROGRAMS

Residential

Tax-Exempt First Time Home Buyer

Taxable First-Time Home Buyer

Veterans Mortgage

Rural Owner Occupied

Rural Non-Owner Occupied

Taxable

Refinance

Streamline Refinance

Manufactured Home

Non-Conforming

Second Mortgage

Second Mortgage Program for Health and Safety Repair

Small Building Material

CELEBRATING

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YEARS OF HOUSING
ALASKANS

CONTINUES

ALASKA HOUSING FINANCE CORPORATION

ADD-ON OPTIONS

Affordable Housing Enhanced Loan Program (AHELP)
 Energy Efficiency Interest Rate Reduction (EEIRR)
 Interest Rate Reduction for Low Income Borrowers (IRRLIB)
 Rural Enhanced Loan Program (RELP)
 State Veterans Interest Rate Preference (State Vet)
 Teachers' and Nurses' Housing Loan
 Housing Choice Voucher Homeownership

MULTI-FAMILY AND SPECIAL NEEDS HOUSING

Multi-Family Loan Purchase
 Multi-Family Federally Insured
 Multi-Family, Congregate and Special Needs
 Senior Housing
 Assistance Provider Interest-Rate Reduction

OTHER LOAN PROGRAMS

Association Loan Program
 Loans to Sponsors

ENERGY AND WEATHERIZATION

AkWarm™ Energy Rating Software
 Energy Efficiency Interest-Rate Reduction
 Low-Income Weatherization Assistance
 Small Building Material Loan

GRANT AND TAX CREDIT PROGRAMS

GOAL (Greater Opportunities for Affordable Living)
 • Low-Income Housing Tax Credit Program (LIHTC)
 • HOME Investment Partnership (HOME)
 • Senior Citizens Housing Development Fund (SCHDF)
 Grant Match
 Accessibility Modification
 Beneficiary and Special Needs Housing
 Homeless Assistance
 Supplemental Housing Development

RENTAL ASSISTANCE

Family Self-Sufficiency Program
 Gateway Learning Center
 Housing Choice Voucher Program
 Housing Choice Voucher Homeownership Program
 HUD Project-Based Section 8 Contracts
 Public Housing

2006

ANNUAL REPORT

PROGRAMS HOMEOWNERSHIP

HOMEOWNERSHIP[

In spite of continued low interest rates, it would be impossible for most Alaskans to buy their first home without programs offered by AHFC. It now takes an average Alaskan family 1.59 incomes to achieve homeownership, up from 1.44 one year ago. This is the highest level the index has seen since it was first tracked in 1992, indicating that housing is at its least affordable level.

Alaska, which boasted the highest per-capita income of any state in 1980, ranked 8th in 1990, and by 2000, had fallen to 15th, where it remains today. This drop in earnings, combined with steadily increasing average home sales prices, has made AHFC's programs in demand by an even wider cross-section of the population.

The average sales price of an existing single-family home in Alaska increased 77 percent from \$145,000 to \$255,879 between 1994 and 2005, according to a survey conducted for AHFC by the State of Alaska Dept. of Labor and Workforce Development. Through its diverse loan programs, AHFC helped 48,210 Alaskans become homeowners during that period.

This past year, AHFC's add-on options provided lower interest rates for 351 low-income borrowers and for 665 borrowers to purchase energy-efficient homes.

AHFC paid \$13 million in servicing fees to Alaskan lenders and maintained an overall delinquency rate of less than 3.7 percent in FY06, while providing:

- **\$407 million for a total of 2,212 Alaskans to purchase homes**
- **\$141.2 million to finance 926 homes under the Tax-Exempt First-Time Home Buyer program**
- **\$115.9 million to finance 609 homes under the Rural Loan program**
- **\$60.3 million to finance 292 homes under the Taxable First-Time Home Buyer program**
- **\$11.5 million to finance 44 homes under the Veterans Mortgage program**
- **\$1.3 million in Home Opportunity program funds to assist low-income households get into their first home**



CELEBRATING

60

YEARS OF HOUSING
ALASKANS

CONTINUES

ALASKA HOUSING FINANCE CORPORATION

LOAN PROGRAMS

RESIDENTIAL

- Tax-Exempt First-Time Home Buyer**
- Taxable First-Time Home Buyer**
- Veterans Mortgage**
- Rural Owner Occupied**
- Rural Non-Owner Occupied**
- Taxable**
- Refinance**
- Streamline Refinance**
- Manufactured Home**
- Non-Conforming**
- Second Mortgage**
- Second Mortgage Program for Health and Safety Repair**
- Small Building Material**

ADD-ON OPTIONS

- Affordable Housing Enhanced Loan Program (AHELP)**
- Energy Efficiency Interest Rate Reduction (EEIRR)**
- Homeownership Opportunity Program**
- Housing Choice Voucher Homeownership**
- Interest Rate Reduction for Low Income Borrowers (IRRLIB)**
- Rural Enhanced Loan Program (RELP)**
- State Veterans Interest Rate Preference (State Vet)**
- Teachers' and Nurses' Housing Loan**

ENERGY AND WEATHERIZATION

- AkWarm™ Energy Rating Software**
- Energy Efficiency Interest-Rate Reduction**
- Low-Income Weatherization Assistance**
- Owner-Occupied Rehabilitation Program**
- Small Building Material Loan**

FIRST-TIME HOMEBUYERS

Just a little more than seven years ago, Teresa and Alain Saaiman lived in South Africa. Today, she is a service manager at Wells Fargo and he a stay-at-home dad in Sitka, where they own their first home.

The Saaimans were among 1,218 families to become homeowners under AHFC's First-Time Home Buyer Program in FY06. Teresa said, "The loan helped a lot. Our rent was actually more than we're now paying to own." The Saaimans benefited from a lower interest rate under AHFC's Interest-Rate Reduction for Low-Income Borrowers, a feature that 351 families participated in last year.

AHFC BOARD APPROVES \$270 MILLION IN BONDS FOR ALASKA'S FIRST-TIME HOMEBUYERS

More than 1,200 first-time home buyers are expected to benefit from lower interest rates through bonds approved by Alaska Housing Finance Corporation board of directors.

In December, the board approved up to \$110 million in tax-exempt bonds, which were ultimately issued on Jan. 26. With the success of that issuance, AHFC's board of directors on Feb. 1 approved issuance of an additional \$160 million, issued in March 2006.

With these low-interest-rate bonds and a change in the method used to determine the daily interest rates for AHFC's Tax-Exempt First-Time Home Buyer Program, the interest rates for the program are now from .125 to .375 percent less than the conventional market. AHFC currently averages more than \$34 million in mortgages for first-time home buyers each month.

STATISTICS

AHFC provided \$201.5 million to finance 1,218 homes for first-time home buyers in FY06. Since the inception of its first-time homebuyer program, AHFC has helped more than 28,200 Alaskans buy their first home. The Taxable First-Time Home Buyer program, introduced in 2000, eliminated the income and cost restrictions of the tax-exempt program. Since it began, the taxable program has provided homeownership for 6,151 first-time home buyers.

The 926 borrowers using the tax-exempt program in FY06, with its income and cost restrictions, borrowed an average \$152,497, while 292 homebuyers used AHFC's Taxable First-Time Home Buyer program to purchase homes with loans averaging \$206,498.

FORMERLY OF SOUTH AFRICA, ALAIN AND TERESSA SAAIMAN, WITH 3-YEAR-OLD CONNOR AND 7-MONTH-OLD SEANNA, NOW OWN THEIR FIRST HOME THANKS TO AHFC'S FIRST-TIME HOMEBUYER PROGRAM



TAXABLE PROGRAM

A.J. and Jasmine Pattison, high school sweethearts born and raised in Alaska, are completing a labor of love. Their house, built in 1920, is on the Ketchikan Historical Registry; but, according to Jasmine, about all that's left of the original house is the corner window. Basically, we "gutted the house," she said. Because it was built before electricity, "the wiring and plug-ins were a little scary," she added.

Jasmine is the co-director of Noah's Ark Day Care and A.J. owns Pattison and Sons, a carpentry business, specializing in decks and windows.

Last year, AHFC invested \$77.2 million to finance 337 homes for Alaskans through the Taxable Program.

AHFC PROVIDED FINANCING FOR THE PATTISONS' HISTORICAL HOME IN KETCHIKAN. A.J., JASMINE, AND SONS ALLEN AND JACOB ENJOY A RARE SUNNY DAY.



TEACHERS AND NURSES HOUSING LOAN PROGRAM

Surveys conducted by AHFC and the Denali Commission identified housing as a critical issue in teacher retention. In response, AHFC has implemented a loan and grant program, including a homeownership option that provides 100 percent financing for home loans to qualifying full-time teachers and nurses. Qualified applicants may use any of AHFC's loan programs to purchase owner-occupied, single-family housing without a down payment.

The authorizing legislation also allows regional education attendance areas to apply for AHFC financing to build or purchase housing for teachers. Since the program began, AHFC has provided \$53.5 million for 100 percent financing to 283 teachers and nurses in 29 different communities.

Read more about this program and the Teachers, Health Professional & Public Safety Housing for Rural Alaska under Top Stories: Housing for Teachers, Nurses, and Officers.



TEACHER, HEALTH PROFESSIONAL, AND PUBLIC SAFETY HOUSING GRANT PROGRAM

The State administration and Legislature have supported AHFC's housing grant program, which provides funding to help address the housing needs of health-care professionals, teachers, district staff, vocational-education staff, public/university staff and their families, and public safety officers. Annually, there is up to \$14 million in federal and state funds made available (subject to legislative appropriation) for the program. Originally the program was limited to full-time teachers and registered nurses. Legislation in 2005 expanded it to include public safety officers.

In 2006, AHFC funded eight applications for 39 units in nine communities. Tuntutuliak is one of 18 rural communities where AHFC has funded projects since 2004 to develop 100 units of teacher and health professional housing.

Read more about this program and the Teachers and Nurses Housing Loan Program option under Top Stories: Housing for Teachers, Nurses, and Officers.



RENTERS BECOME HOMEOWNERS WITH VOUCHER PROGRAM

Karen Jewell first moved to Alaska 31 years ago. After brief stints Outside, first to attend bible college and again in the early '90s just to get away, she came back nearly 10 years ago to be near her four children and nine grandchildren.

Jewell emits the excitement of becoming a homeowner. "I tell everyone how AHFC helped me with a house. It all worked out perfectly." She is one of 15 former renters for which homeownership has become a reality using HUD's Housing Choice Voucher Homeownership (HCVH) Program.

Jewell was working with special education students for the Mat-Su School District when an on-the-job injury caused permanent nerve damage. According to Jewell, she went from working full-time to not even being able to walk. Following surgeries, and the loss of her job and her insurance, she moved into a "chalet off Trunk Road with no running water." In spite of the pain, she had to haul buckets of water. After her children encouraged her to apply for rental assistance through AHFC, she received a voucher and moved into an apartment, where she rented for three years.

Upon hearing about the homeownership program, she began checking off the requirements. "It was a miracle I received a grant from USDA Rural Development to serve as the down payment." According to Jewell, the house needed a lot of work, but her workers' compensation settlement came through about the same time. "I used that money to bring the house up to 4* energy efficiency, and then I refinished the new wood flooring myself while sitting in a chair."

Her porch is overflowing with hanging pots of yellow zucchini squash, tomatoes, cucumbers, and rhubarb. "My garden is therapeutic. I need to keep moving to keep down the stiffness and mentally control the disease syndrome."

USING A SPECIAL HOMEOWNERSHIP PROGRAM, KAREN JEWELL IS PURCHASING HER HOME IN THE MAT-SU VALLEY WITH ASSISTANCE FROM HER RENTAL VOUCHER.



CONTINUES

The homeownership program became possible when AHFC's board of directors approved a pilot program for Alaska in July 2003. It targeted qualified families where the head of household or spouse has a permanent disability. HUD began the program nationally in 2000 to allow individuals and families to use the voucher, generally used for rental assistance, for homeownership instead. Under the program, voucher payments subsidize a portion of the mortgage payments and homeownership expenses.

To qualify for the homeownership program, participants must have completed a minimum one-year rental lease under the Housing Choice Voucher Program and be in good standing with their landlord. Participants must be a first-time home buyer and must satisfactorily complete an AHFC-approved pre-homeownership program. A three percent down payment is required, with one percent coming from the family's personal resources. All participants must independently qualify for a mortgage loan and meet the specific underwriting criteria for the loan program they use.

Alaskans in Anchorage, Fairbanks, Kodiak, Wasilla, and North Pole have become homeowners under the program. Statewide, AHFC manages nearly 4,000 Housing Choice Vouchers, which provide rental assistance to low-income Alaskans through private landlords. The AHFC board of directors in September of 2005 approved an expansion of the voucher homeownership program to include working families. This year, AHFC transitioned into an ongoing Housing Choice Voucher Homeownership Program with approximately 10 closings per year.

2006

PROGRAMS HOMEOWNERSHIP CONTINUED

RURAL HOUSING

AHFC offers special loan programs designed to assist home buyers in rural Alaska. Read more about these programs under the Rural Housing Programs.



VETERANS MORTGAGE PROGRAM

FIFTEEN-YEAR EFFORT EXPANDS ALASKA VETERANS MORTGAGE PROGRAM

More Alaska veterans now can qualify for the Veterans Mortgage Program (VMP), thanks to a provision in the tax reconciliation act signed into law by President Bush last May. The program, which is administered by AHFC, offers Alaska's eligible veterans low-interest rate home loans using federal tax-exempt bond proceeds, approved by state voters.

The VMP had been limited to veterans who entered active duty service prior to January 1, 1977, and who applied for a veterans' loan within 30 years of their discharge. Naturally, the number of eligible veterans had decreased dramatically in recent years.

Persuading Congress and the Administration to drop the pre-1977 requirement has been a priority for AHFC for the past 15 years, according to CEO/Executive Director Dan Fauske. "This restriction was unfair to the men and women who have served since the end of the Vietnam War, including those serving today. I commend our congressional delegation and governor for their persistent efforts to get this passed."

Under the new law, the pre-1977 requirement is eliminated. However, veterans must now apply for a mortgage within 25 years of discharge. The program still does not allow using the program to refinance a home mortgage.

Sen. Lisa Murkowski and Rep. Don Young co-sponsored the legislation. Sen. Ted Stevens had been a consistently strong supporter of amending the law to include post Vietnam-era vets.

Gov. Frank Murkowski called it "terrific news for our veterans, particularly those who have served in Iraq or Afghanistan and now are returning home to reunite with their families."



CONTINUES

The change to the VMP took effect May 30.

Fauske recommended that veterans sign up for one of the free HomeChoice seminars offered by AHFC and work with their lender to determine loan prequalification. He noted that a veteran who qualifies for the VMP likely would also qualify for a VA Guaranteed Home Loan, making it possible to finance 100 percent of the reasonable value of the property. "A lower mortgage interest rate, plus not having to make a down payment, should make it a lot easier for our vets to buy a home."

Approximately 13,000 Alaskan veterans have achieved homeownership since the program began. Alaska is one of only five states, including California, Oregon, Wisconsin and Texas, to provide this financing to our nation's veterans.

The program uses funds raised by bond sales to finance low-interest loans for qualifying veterans. Because the interest payments generated by the loans are used to service the bond debt, AHFC can provide the program at no cost to the State of Alaska. Since the program began in 1983, AHFC has issued more than \$2.26 billion in bonds, with voter approval, to fund the program.

HOMECHOICE SEMINARS

Buying a home can seem overwhelming, so AHFC offers free eight-hour seminars and makes them even more attractive by waiving \$250 of the commitment fee if a participant purchases a home using one of AHFC's programs within two years.

As more Alaskans attend HomeChoice seminars, word has spread about the increasingly popular program. In FY06, AHFC held 186 classes in 30 communities throughout the state, with certificates of completion issued to 3,130 potential home buyers.

The seminars cover such topics as:

- **the range of loan options available**
- **money management and budgeting**
- **local real estate market conditions**
- **earnest-money agreements**
- **home inspections**
- **pros and cons of homeownership**
- **how to obtain a home loan**
- **how to work with a real estate agent**
- **how title insurance works**
- **why energy efficiency is important**

For more information about HomeChoice seminars, call the HomeChoice hotline at 907-330-8437 or 800-459-2921 (outside Anchorage, but within Alaska), or visit us online at www.ahfc.us (click on HomeChoice).

"I LEARNED A LOT THAT I NEVER KNEW WAS INVOLVED IN BUYING A HOUSE. I FEEL MORE CONFIDENT ABOUT GOING ABOUT GETTING A LOAN AND BUILDING A HOUSE."



CONTINUES

WHAT ALASKANS SAY ABOUT HOMECHOICE SEMINARS

"Before I took the class I knew nothing about buying a home. Not only did the class give a good overview of home buying, but it reinforces the need of good credit and budgeting."

– Bill Burnard, Bethel

"The class really helped in knowledge about what to know when buying a house."

– Anthony Travers, Kenai

"It was very informing and I only wish I would have known about it before we began the process. The instructor was knowledgeable and easy to understand."

– John Gidlor, Delta Junction

"The instructor was very informative and answered questions in a manner that was understandable to the average person with no background in this business. I would recommend this class to anyone looking to buy a home."

– Adrienne Sawyer, Anchorage

"Very useful course. I wish I'd had it sooner in the process."

– Amy Davis, Sitka

"I learned alot that I never knew was involved in buying a house. I feel more confident about going about getting a loan and building a house."

– Melissa Brookey, Wasilla

"It was wonderful. The instructor was very knowledgeable on the topics discussed. She had just the right number of anecdotes and examples to make this complicated world of homeownership make sense. I loved the class! I now feel confident enough to start the home buying process. Thank you!"

– Kathryn Hacker, Talkeetna

"Really good class – I feel much more comfortable/confident going into the loan application process. It confirmed for me that I made a good choice with my decision to buy."

– Maggie Ridges, Anchorage

"The HomeChoice seminar was extremely useful in helping my husband and I evaluate whether or not we should be buying a home, what programs are available to do so, and what the reality of home ownership and its responsibilities are."

– Molly Wehrley, Juneau

CONTINUES

"The instructor had near-encyclopedic knowledge of the material and a refined delivery that was as entertaining as it was instructive. He routinely took time to personally consult with anyone who needed it. When he said to call him if I had any questions, I believed him. I would recommend this class wholeheartedly at anytime to anyone."

– Andy Walker, Anchorage

"Very beneficial class and I recommend to anyone who is going to buy a house to take it."

– Manuel Castella, Kodiak

"This class was extremely helpful and answered a lot of the questions I had regarding home ownership."

– Debra Williamson, Fairbanks

"Very helpful workshop. Presenter clearly understandable and explains or answers questions adequately."

– Glenn D. Skin, Noorvik

CONTINUES

2006

ANNUAL REPORT

PROGRAMS RENTAL HOUSING

AHFC OWNS AND OPERATES MORE THAN 1,700 UNITS OF LOW-INCOME RENTAL HOUSING IN 14 COMMUNITIES STATEWIDE.

RENTAL ASSISTANCE

AHFC provides rental housing assistance to 5,500 eligible low-income and very low-income families through federal funding. Certain housing complexes are designated exclusively for seniors and Alaskans with disabilities.

AHFC:

- Owns and operates 1,700 low-income units in 14 communities across the state.
- Administers the federal Housing Choice Voucher program to provide private-sector rental assistance to more than 4,000 families in 11 Alaskan communities.
- Pays nearly \$27 million a year to private landlords for rental assistance for Alaskans who earn less than 50 percent of the median income.
- Maintains an open waitlist with nearly 6,500 applicants currently on the statewide list.
- Transitioned into an ongoing Housing Choice Voucher Homeownership Program with approximately 10 closings a year. Vouchers which are traditionally used for rental assistance through a private landlord are now being used toward mortgage payments.

AHFC encourages programs which assist tenants in becoming self-sufficient by offering opportunities through the Family Self-Sufficiency program, the Gateway Learning Center, computer labs in Juneau and Anchorage, child care, and public and private grants for senior and youth services.



CELEBRATING

60

YEARS OF HOUSING
ALASKANS

CONTINUES

ALASKA HOUSING FINANCE CORPORATION

ADDRESSING THE NEEDS OF THE HOMELESS

The numbers tell us that around 3,400 Alaskans experience homelessness on any given day through the course of a year. The costs to society are substantial, whether borne by local or state governments, non-profits, other care providers or the private sector.

In 2003, Governor Murkowski created an Interagency Council on Homelessness with Dan Fauske, AHFC CEO as chair. By naming a number of his commissioners to serve on this council, he made it clear that addressing this problem was one of his administration's priorities.

The council met over an extended period and heard testimony from many people who work with the homeless and have studied the situation. In October of 2005, the Council submitted its final report – Keeping Alaskans Out of the Cold – to Governor Murkowski with a number of recommendations on how to deal with some of the homeless situations. The report made five specific recommendations:

- **Support programs that assist low-income families to preserve, maintain and weatherize existing housing;**
- **Expand renter education programs;**
- **Create a working group to identify policies and procedures that would provide individuals a well-coordinated transition from institutionalization to independent living;**
- **Increase the inventory of affordable housing statewide;**
- **Appoint a steering committee to assist the Governor and Legislature to establish an affordable housing trust that would help the state fund programs to increase the inventory of affordable housing.**

The governor agreed to the council's suggestion that working groups be established and that the council continue to identify solutions both monetarily and through initiatives by agencies like AHFC, Alaska Mental Health Trust, municipal governments, faith-based organizations and other civic groups. The governor also accepted the council's recommendation that the state explore the idea of a land trust to address some of the homeless situations.

Gov. Murkowski also supported an increase in the homeless grant program administered by AHFC and distributed to local non-profits that provide services to the homeless. In 2002, AHFC was contributing around \$500,000, and in the current year expects to disburse \$1.5 million. By allocating this money to various providers around the state, AHFC anticipates that around 3,000 individuals will be able to avoid a housing crisis next year that would result in homelessness.

The non-profits that use these funds, along with money they receive from other sources, can assist the homeless situation by helping a family make one mortgage payment so they don't become homeless, or in some cases providing emergency shelter for a few days.

The additional grant money is a short-term solution for the homeless challenge. AHFC recognizes that its greater challenge is to design a program that works and has a lasting impact.

CONTINUES

Many people who live in urban areas may not realize that the homeless situation can be just as serious in rural settings as it is in an urban situation. There are homeless in rural Alaska; but they seem “invisible,” because in the small communities, people simply stay with family members or friends, resulting in two and three generations in a household.

In February, the Governor appointed a number of individuals, including Dan Fauske, to the Governor’s Housing Trust Steering Committee to begin the process of implementing the Council’s recommendations. The governor requested that no new government agency be created; but, if necessary, AHFC’s mission be expanded so it could fully serve those needing assistance in securing housing. He also asked the steering committee to identify the anticipated results of its proposals to assist more and different clientele than are currently being served, and the measures that would determine success.

In addition, last year AHFC implemented a contract with the Municipality of Anchorage to host statewide Homeless Management Information Service, saving AHFC substantial money in meeting a federal requirement to receive federal homeless assistance funds in the communities outside Anchorage.

The homeless situation in Alaska will not go away overnight, but it is one that government, nonprofits, and the private sector are working to overcome.

RENTAL ASSISTANCE AND SUPPORT PROGRAMS

RENTAL ASSISTANCE

Public Housing

Housing Choice Voucher Program

HUD Project-Based Section 8 Contracts

SUPPORT

Family Self-Sufficiency Program

Gateway Learning Center

Housing Choice Voucher Homeownership Program

GATEWAY LEARNING CENTER

The primary focus of the Gateway Learning Center is adult training for families lacking competitive job skills. The Center, located at the AHFC-owned Park View Manor in Anchorage, hosts a variety of training opportunities for individuals and families to assist in their goals of becoming self-sufficient.

The Center serves as site of the Homework Club operated by Nine Star Enterprises. Homework Club assists 24 resident children to complete their homework, work in the computer lab and conducts fieldtrips for school enrichment and career education. Another six adults take classes in the Gateway Learning Center to prepare for GED testing and high school completion.

Peer support groups for youth and parents of youth who experience mental health and/or substance-use issues are navigated by Alaska Youth and Family Network. Parenting classes are also provided, along with assistance in connecting with other community resources.

An FDIC-approved curriculum of basic financial literacy, called Money Smart, is offered by Gateway staff. Participants are encouraged to reduce debt, begin saving, and prepare for homeownership opportunities available through AHFC and others. The staff at Gateway work together to provide employment services, including resume development, interview skill-building, and other job-search techniques.

Basic computer skills in office-environment software are offered at Gateway by the Educational Opportunity Center (EOC). Participants in basic-computer-skills training at the Center can earn University of Alaska college credits. Daytime classes are designed to be completed in one calendar month and are taught year round. Evening classes, offered in fall and winter, meet twice a week and take two months to complete. The staff at Gateway and EOC also supports a computer lab for adults and youth at Loussac Manor low-income housing complex.

CHILDREN AND ADULTS ALIKE BENEFIT FROM PROGRAMS OF THE GATEWAY LEARNING CENTER



CONTINUES

Students completing the three-week, 25-hour-per-week classes can earn one credit per subject (up to two credits total) at no cost to the participant. Participants in AHFC's housing-assistance programs are given priority to attend, with standby openings available to the public. A complete schedule of classes and additional information about the Center can be found at www.ahfc.us [click on Workshops | Adult Education and GED Training]. The Center expects to serve approximately 110 adults in classes that will continue through June 2007.

The Gateway Learning Center was established in 1998 to house AHFC's Family Self-Sufficiency (FSS) program. FSS is designed to complement Alaska's welfare-to-work initiative by providing additional training and incentives to families seeking to improve work-related life and vocational skills. Funding for Gateway programs is provided through AHFC corporate contributions and the U.S. Dept. of Housing & Urban Development. This year, AHFC expanded the Family Self-Sufficiency Program with the goal of serving an additional 30 participants in the Soldotna and Kenai region.

FSS enables families to increase earnings and accumulate money in an escrow savings account. Since rent is based on income, AHFC sets aside a portion of the increased rent payment in the escrow account. Completion of the program occurs when the participant meets his or her goals and has received no public assistance for 12 months. At that time, the escrow is paid to the participant to use for any purpose and is often used as a down payment for homeownership.

In FY06, 37 participants graduated from the FSS program, one from Kenai, five from Juneau, and 31 from Anchorage. Fourteen of these were YES (Your Earnings Saved) project participants (enrolled by their ATAP case manager). Their average escrow payment was \$4,332.69.

MULTI-FAMILY, SENIOR, AND SPECIAL NEEDS

THE COMMUNITY RESPONDS

In October 2005, Governor Frank Murkowski praised Lynden International and Northwest Airlines for donating special freight services to speed up delivery of a damaged elevator part to the Southall Manor senior housing facility in Fairbanks.

Southall Manor, a four-story, 40-unit housing complex owned and operated by AHFC for seniors and disabled individuals, was without essential elevator service. The building's lone elevator malfunctioned because of an overheated hydraulic system. AHFC had set into motion emergency procurement procedures to repair the elevator. However, facility managers learned the jack assembly, being manufactured in Middleton, Tenn., would not be ready for more than two weeks. Then, it was going to take additional time to truck the elevator part to Fairbanks, meaning residents would be without an elevator for four to six weeks.

An Alyeska Pipeline Company employee read of the seniors' dilemma in the Fairbanks Daily News-Miner and contacted his employer to see how they might assist. The resulting calls began a process resulting in Lynden International and Northwest Airlines offering to donate expedited delivery of the shipment. Lynden International facilitated the transportation of the one-ton jack assembly from Tenn. to Fairbanks, with the assistance of Northwest Airlines.

"This is a great example of companies who do business in Alaska stepping in to help as a good neighbor," Murkowski said. "I applaud them for their generosity."

AHFC CEO/Executive Director Dan Fauske complimented the companies and the concerned individuals for their involvement. "Lynden Transport and Northwest Airlines are providing a terrific service to our seniors, and it wouldn't have happened without Alyeska Pipeline putting the wheels in motion. Being without elevator service is not easy for frail elderly persons, especially if they live up on the top floor," Fauske said. "We're very appreciative of the help from our friends, because we now can get the elevator working again several weeks sooner."

JULIA EDWARDS AND **BETTY ENGLS** AWAIT THE NEWLY REPAIRED ELEVATOR AT SOUTHALL MANOR IN FAIRBANKS.



CONTINUES

AHFC RESPONDS TO SENIOR NEEDS

While Alaska has the second fastest growth rate of seniors in the U.S., seniors are the fastest growing segment of the state's population. It used to be that people left for Arizona or other warm climates when they reached retirement age. Now, more and more, they're staying in Alaska. Furthermore, Alaskans are bringing their elderly parents into the state to be near them as they age.

AHFC has made substantial investments to renovate senior housing facilities. Some recent examples include:

- **Seward – upgraded the 24-year-old Glacier View senior facility with 30 apartments, bringing it up to current code and energy-efficiency standards at the cost of \$1.3 million**
- **Sitka – Swan Lake Terrace, with 20 apartments, received new flooring, kitchens and bathrooms at a cost of \$1 million**
- **Anchorage – Chugach Manor senior facility, with 120 units, was upgraded at a cost of \$5.6 million for interior and exterior improvements.**

The Corporation's lending programs make capital available to entrepreneurs and non-profit organizations to build multi-family housing for seniors. AHFC administers a number of programs, such as the federal tax credit program, which helps finance this construction, and puts together complex financing packages that make it all possible.

In 2006 a partnership between the Denali Commission and AHFC resulted in 45 new units of senior housing compared to 25 in 2005.

When the Low-Income Housing Tax Credit program (LIHTC) began in 1987, AHFC was designated the agency to oversee allocation of Alaska's tax credits. Since then, AHFC has allocated \$141 million in tax credits for the development of 2,375 units of multi-family rental housing in 22 communities.

AHFC also provides multi-family loan financing. Since 1991, AHFC has provided \$576 million to developers and non-profit organizations to build and/or purchase and rehabilitate 637 multi-family projects. That equates to 13,535 units of affordable rental housing in 32 communities throughout Alaska. Whether a renter lives in Anchorage with its increasing population density or in rural Alaska, AHFC probably helped make it a reality. Combining resources often determines whether a project is feasible.

In FY06, AHFC held one funding round of the GOAL program for low-income rental housing development (Low-Income Housing Tax Credits, Senior Citizens Housing Development Fund, and HOME). The program has a homeownership development component and pre-development funds for senior housing and special needs.

CONTINUES

IN FY06, AHFC:

- Provided \$32.6 million in long-term financing for 543 units of multifamily housing in 36 properties across the state
- Held one round of the Homeless Assistance Program (\$1.45 million awarded)
- Held one round of the Grant Match Program for the HUD Supportive Housing Program (\$1 million awarded)
- Held one round of the GOAL program for low-income rental housing development (LIHTC, SCHDF and HOME funding) which has a homeownership development component and pre-development for senior housing and special needs (\$2.8 million in grants, \$20 million in federal tax credits). Funded nine projects with a total development cost of \$34 million, producing 150 units
- Held one round of the Community Housing Development Organization (CHDO) operating assistance grant program (awarded \$100,000)
- Held one round of the Special Needs Housing Grant Program (joint venture with Alaska Mental Health Trust Authority and Dept. of Health & Social Services) with \$1.2 million in capital funding, and \$300,000 in operating assistance from the AMHTA, funding three projects (four pre-development and one development) with eight units for persons with severe mental illness
- Submitted three grant applications for various AHFC and public housing programs and received awards for \$1.2 million in federal awards (HOPWA, Shelter Plus Care, HUD Technical Assistance Program)
- Continued program management responsibility for two programs funded through the Denali Commission for Teacher and Elder Housing totaling \$8 million

CONTINUES

RENTAL ASSISTANCE, SUPPORT, AND EXPANSION PROGRAMS

Rental Assistance

Public Housing

Housing Choice Voucher Program

HUD Project-Based Section 8 Contracts

Support

Family Self-Sufficiency Program

Gateway Learning Center

Housing Choice Voucher Homeownership Program

Multi-Family and Special Needs Housing Loan Programs

Multi-Family Loan Purchase

Multi-Family Federally Insured

Multi-Family, Congregate and Special Needs

Senior Housing

Assistance Provider Interest-Rate Reduction

Other Loan Programs

Association Loan Program

Loans to Sponsors

GRANT AND TAX CREDIT PROGRAMS

GOAL (Greater Opportunities for Affordable Living)

- Low-Income Housing Tax Credit Program (LIHTC)
- HOME Investment Partnership (HOME)
- Senior Citizens Housing Development Fund (SCHDF)

Beneficiary and Special Needs Housing

Homeless Assistance

SUPPLEMENTAL HOUSING

AHFC contributed \$800,000 of its Supplemental Housing Development Program (SHDP) funds this year toward the Kotzebue-based Northwest Inupiat Housing Authority's \$5 million homeownership project in Noatak and Buckland.

Since its inception, AHFC has contributed more than \$100 million to augment \$550 million in federal funds to build 9,000 rental and homeownership homes in more than 250 communities.

In FY06, AHFC awarded 16 grants totaling \$6.1 million to seven regional housing authorities to build or rehabilitate 512 houses in rural Alaska, leveraging \$30.1 million in federal funds.

For more details, see Rural Housing Supplemental Housing Development

THESE HOMES IN NOATAK WERE BUILT BY THE NORTHWEST INUPIAT HOUSING AUTHORITY WITH A GRANT FROM AHFC.



MODERNIZATION & REHABILITATION

AHFC owns and operates more than 1,700 units of rental housing in 14 communities statewide. As part of a 10-year modernization and rehabilitation AHFC:

- **Completed design services and began renovation of:**
 - **48 family housing units at Alpine Terrace in Anchorage**
 - **32 units at Williwa Manor senior housing in Wasilla**
- **Completed the following renovation projects:**
 - **22 FSS incentive property duplexes in Anchorage**
 - **20 units at Sunset View senior facility in Cordova**
 - **17 family housing units at Ptarmigan Park in Anchorage**
 - **39 senior housing units at Sea View Terrace in Ketchikan**
 - **Three single-family dwellings and replacement of 37 multi-family units at Pacific Terrace in Kodiak**

PACIFIC TERRACE IN KODIAK IS ONE OF FIVE MAJOR REHAB PROJECTS COMPLETED THIS YEAR



2006

ANNUAL REPORT

PROGRAMS ENERGY EFFICIENCY AND WEATHERIZATION

ENERGY-EFFICIENCY INTEREST-RATE REDUCTION LOANS

AHFC offers interest-rate reductions to home buyers to promote energy efficiency of existing and newly constructed homes. Reductions of .25 - .50 percent are available for newly constructed properties exceeding Alaska Building Energy-Efficiency Standard (BEES) with a 5★ or 5★+ rating.

Janet Pair was amazed how their energy-efficient home kept out the summer heat. She noted that even in the hot Interior with no air conditioning or fan, the house stayed cold—almost too cold for her comfort; but she noted it stayed warm during the cold Fairbanks' winter.

William and Janet Pair worked in the oil industry, so they know the importance of saving energy. The Pairs completed construction of their Fairbanks energy-efficient home in early 2005, qualifying for a lower interest rate under AHFC's Energy-Efficiency Interest-Rate Reduction loan option. Janet, is a long-time Alaskan, homesteading in Wasilla in 1947, before eventually moving to Fairbanks. She served as an airline hostess and worked for Alyeska Pipeline, while William retired from BP. Their family includes two sons in Fairbanks, a daughter in Arizona, eight grand-children, and three great-grandchildren.

Whether you build a new home, or buy, or own an existing home, AHFC may have an energy program for you. For existing properties, AHFC offers interest-rate reductions ranging from .125 - .375 percent when a home buyer increases the energy-efficiency of the home.

IN FY06, AHFC:

- **Helped 665 families purchase energy-efficient homes using \$141.1 million in loan funds under the Energy-Efficiency Interest-Rate Reduction add-on option.**

WILLIAM AND JANET PAIR OF FAIRBANKS ENJOY THEIR NEW DECK WITH BAILEY, A 2-YEAR-OLD YORKIE. THE PAIRS OBTAINED A LOW INTEREST RATE THROUGH AHFC'S INTEREST-RATE REDUCTION FOR ENERGY EFFICIENCY.



CELEBRATING

60

YEARS OF HOUSING
ALASKANS

ALASKA HOUSING FINANCE CORPORATION

LOW-INCOME WEATHERIZATION AND ENHANCED WEATHERIZATION

The state's weatherization program funded by grants from the Department of Energy and AHFC is designed to bring homes up to energy standards so occupants can conserve energy and use less fuel.

There are a number of state and federal assistance programs designed to help people in need to heat their homes. Not everyone who needs assistance, however, can qualify because they make just enough money to make them ineligible for subsidies but not enough extra to make their dwelling energy-efficient. Retired elderly living on a fixed income often find themselves in this situation.

The weatherization program administered by AHFC is directed to helping these people. We provide grants to private contractors who refurbish homes throughout the state. On average, each year about 620 homes are serviced in cities and rural communities.

About half of them are occupied by senior citizens or disabled, eight out of ten are owner-occupied, and 50 percent had children under six years old. A majority of the clients attended education training that focused on long-term maintenance efforts as well as the beneficial effect of weatherization that's well maintained.

Studies have shown that heating systems for rural housing are improved an average of five to ten percent. The average energy savings for urban or road connected homes is in the range of 10 to 25 percent; or, for every dollar spent, \$2.40 in energy savings over the life of the home.

Mitzi Barker in the national magazine Housing Assistance Council reports that with the help of AHFC, RurAL CAP "brokered a partnership of public and tribal organizations and assembled nearly \$2 million in funding to rehabilitate every occupied home on the island. Residents and tribal officials saw benefits almost immediately. Fuel sales at the village store were sharply reduced; some residents reported a 50 percent reduction in consumption. Families told of healthier children, with fewer colds and respiratory infections."

The programs operate with grants to five non-profits to make cost-effective, home-energy

LITTLE DIOMEDE RESIDENTS SAVE ON FUEL COSTS FOLLOWING WEATHERIZATION BY RURAL CAP USING A VARIETY OF FUNDS, INCLUDING A GRANT FROM AHFC.



CONTINUES

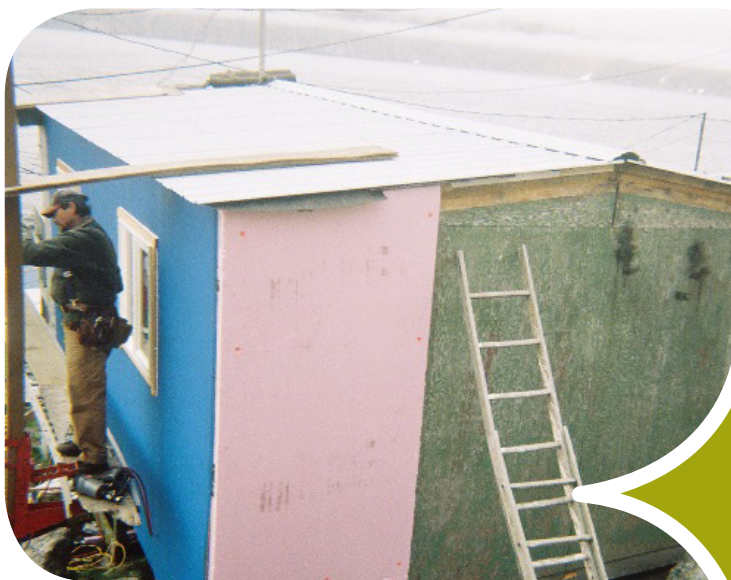
improvements. Much of the funding comes from the U.S. Dept. of Energy (DOE), which allows a maximum of \$2,614 per home, regardless of its location. With the cost of improvements far exceeding this amount in rural Alaska, the programs have been successful with additional grants from AHFC.

AHFC administered nearly \$4 million of DOE, state, and AHFC funds for the low-income weatherization program in FY06. The program served approximately 650 households in rural and urban communities across the state.

- **Fifty percent of the households contained either a senior citizen or a disabled person.**
- **Seventy-five percent of the homes are owner-occupied.**
- **Thirty-five percent had children under the age of six.**
- **A majority of clients attended education training that focused on long-term maintenance efforts as well as the effects of the weatherization work if successfully maintained.**
- **Weatherization addressed life-threatening health and safety issues in many homes.**
- **Smoke and CO detectors were placed in every home.**

Weatherization addresses life-threatening health and safety issues in many homes. A majority of households receive at least a tune-up to their heating system, while more than 500 annually receive repairs to systems that are fire hazards or leaking deadly carbon monoxide (CO). Smoke and CO detectors are placed in 350 homes annually. By providing ventilation in many homes, high levels of indoor moisture, mold, and other microbes are reduced, improving the overall health of the occupants and ensuring a longer life for the home. Drafts are reduced and comfort is increased – upgrades especially important for infants, elderly, and disabled Alaskans.

AHFC awarded \$2.2 million in Owner-Occupied Rehabilitation funds under the HOME program to non-profit program administrators to provide funding to lower-income homeowners to improve the



homeowner's property condition and energy-efficiency, eliminate life-safety hazards, and make accessibility improvements. Nineteen ORP projects were completed during the program year. This program is administered by three non-profit organizations outside of the Municipality of Anchorage.

In FY06, AHFC:

- **Assisted 21 homeowners under the Owner-Occupied Rehabilitation Program, weatherizing 19 units of low-income, single-family homes**
- **Completed weatherization upgrades on 650 homes, benefiting 1750 individuals, including 299 elderly and disabled households and 219 children under 6 years of age**

AHFC SUPPORTS COLD CLIMATE HOUSING RESEARCH CENTER

The Cold Climate Housing Research Center (CCHRC) held grand opening ceremonies for its new research and test facility in Sept. 2006. The Center, located in Fairbanks, is a joint effort between Alaska Housing Finance Corporation, the Alaska State Homebuilders, and the University of Alaska, which provided the land on which the facility was built.

CCHRC's 15,000-square foot facility will provide the forum for practical but science-based research for improved homebuilding and to find solutions to problems that plague many Alaska homes—such as air flow and pollution, mold and mildew, heating inefficiencies, fire, and other safety dangers. In fact, the Center says it has developed an economical wall insulation system that eliminates the problem of mold from condensation.

The idea of the Center is to test various building technologies and products for application in the Arctic and develop operating revenue through the testing of products for manufacturers. The Department of Defense is even interested in using the facility.

We anticipate that the research center will attract international attention, particularly from the circumpolar countries: Canadians, Japanese, Scandinavians, Russians, Norwegians and others. There already is an ongoing exchange of information among this group regarding northern building technology.

According to Stefan Milkowski, Fairbanks Daily News Miner reporter, "Little is wasted at the new Cold Climate Housing Research Center facility in Fairbanks.

"When rain falls on the building's roof, it's collected in tanks. Some of it goes to water the native grasses growing on the roof and some of it is used to flush the toilets. From the toilets, it's sent to the building's own sewage treatment plant, which makes it clean enough to meet environmental standards.

"For everyday needs such as water use, electricity and heating, the new building mixes old and new technologies in a quest for efficiency, affordability and sustainability. The \$5.2 million facility is both a research lab for cold-climate materials and an experiment in itself, with 400 built-in sensors that track how well the building's components are doing."



CONTINUES

Since 2001, AHFC has funded many of its projects and has been a strong supporter of CCHRC's effort to create a permanent test facility on land leased from the University of Alaska Fairbanks.

Alaska offers an excellent testing ground for cold-climate technologies and products. Our geography provides the full range of climatic conditions a researcher would encounter across the northern U.S. – from the windy, cool, wet weather of the northeastern and northwestern states to the very cold, snowy conditions across the northern plains and Rocky Mountain regions. In addition, Alaska's lengthy cold season allows ample time for researchers to conduct experiments and evaluations of housing performance.

2006

PROGRAMS ENERGY EFFICIENCY AND WEATHERIZATION CONTINUED

ENERGY & WEATHERIZATION PROGRAMS

RESIDENTIAL LOANS

Second Mortgage Program
Second Mortgage Program for Health
and Safety Repair
Small Building Material Program

ADD-ON LOAN OPTION

Energy-Efficiency Interest-Rate Reduction (EEIRR)

ENERGY AND WEATHERIZATION

AkWarm™ Energy Rating Software
Energy Efficiency Interest-Rate Reduction
Low-Income Weatherization Assistance
Small Building Material Loan
Owner-Occupied Rehabilitation Program
Research Information Center (RIC) Library



PARTNERS

Alaska Building Science Network
Alaska Community Development Corporation
 (serves the road-connected Southcentral region – Homer to Tok, including Valdez, Mat-Su, etc. – and Southeast, except Juneau)

Alaska Craftsman Home Program
Alaska Dept. of Environmental Conservation
Alaska Energy Authority
Alaska Fire Marshall's Office
Alaska Legal Services
Alaska Mortgage Bankers Association
Alaska Native Health Board Rural Sanitation Coalition
Alaska State Dept. of Community & Economic Development
Alaska State Dept. of Health & Social Services

Alaska State Home Builders Association
Alaska State Library
Alaska SUN

American Lung Association of Alaska
Anchorage Board of Realtors
Anchorage Home Builders Association
Building Science Consortium
Canada Mortgage & Housing Corporation
Center for Universal Design
Cold Climate Housing Research Center
Denali Commission

Energy and Environmental Building Association (EEBA)

Energy OutWest

Habitat for Humanity

Home Builders Association of Juneau

Interior Alaska Building Association, Inc.

Interior Weatherization (serves the North Star Borough and Fairbanks)

Kenai Peninsula Home Builders Association

Ketchikan Home Builders Association

Mat-Su Home Builders Association

Municipality of Anchorage (serves Anchorage from Chugiak to Girdwood)

NAHB Research Center



CONTINUES

2006

PROGRAMS ENERGY EFFICIENCY AND WEATHERIZATION CONTINUED

National Association of Community Service Providers (NASCS)
National Association of State Energy Officials
Northwest Energy Coalition
Rural Community Action Program
 (RurALCAP) (serves the Western Region, the Northwestern Region and Juneau)
Tanana Chiefs Conference (serves the remote Interior)
U.S. Dept. of Agriculture – Rural Development
U.S. Dept. of Energy
University of Alaska Fairbanks Cooperative Extension Service
University of Alaska Southeast
U.S. Arctic Research Commission
U.S. Consumer Product Safety Commission
U.S. Dept. of Housing & Urban Development
U.S. Environmental Protection Agency
Wisdom and Associates

2006

ANNUAL REPORT

PROGRAMS LEVERAGING RESOURCES

LEVERAGING RESOURCES

- Homeownership
- Rental Assistance
- Energy & Weatherization
- Self-Sufficiency
- Seniors & Special Needs

Through the power of partnerships, AHFC is able to expand its resources and programs. From tapping into the financial resources of federal and private grants or low-income housing tax credits to providing low-interest-rate loans to developers and nonprofits for multifamily and senior housing, we thank and commend our many state, federal, and private partners.

AHFC is the lead agency for the State of Alaska's Housing and Community Development Plan. The completion of the Annual Action Plan will bring \$7 million in federal funds to AHFC. AHFC also completed biannual statewide surveys of service providers to the homeless, which support more than \$3 million in federal grant applications annually.

JODI WATTS WITH DAUGHTERS KYLEE AND EMILEE. THEIR JUNEAU HOME WAS MADE POSSIBLE THROUGH AHFC GRANTS AND LOANS TO TLINGIT-HAIDA HOUSING AUTHORITY.



CELEBRATING

60

YEARS OF HOUSING
ALASKANS

ALASKA HOUSING FINANCE CORPORATION

HOMEOWNERSHIP

According to Ann Johnson, her son Brian is her partner in their rent-to-own home at Glacier Village in Juneau. They've lived in the home for three years and will own it after 15 years. "This was the first time we've had a home – all of our lives we've lived in apartments here and there," says Johnson.

Johnson was born in Juneau and lived most of her childhood in the Southeast, attending school in Juneau, Haines, and Sitka, and eventually graduating from the Institute of American Indian Arts in Santa Fe, New Mexico. Ann and Brian have been back in Juneau since the early '90s and "enjoying every minute of it."

After years as a professional housekeeper, a heart condition now precludes her from working, so they both keep busy in the yard, working in the flower garden or adding greenery to "just make it look nice." Johnson said she's installed a smokehouse outside, "because traditionally I want to keep up the culture, because that's how I was raised."

She adds that the house has been wonderful. "It's specially made for a handicapped person, with special blue lights that flash in every room of the house to alert Brian, who is deaf, when the phone or doorbell rings, or the fire alarm goes off."



ANN JOHNSON AND HER SON **BRIAN** COMMUNICATE THROUGH SIGN LANGUAGE. THE JOHNSONS ARE PARTICIPATING IN TLINGIT-HAIDA'S RENT-TO-OWN PROGRAM, MADE POSSIBLE THROUGH AHFC LOAN AND GRANT PROGRAMS.

IN FY06, AHFC:

- **Assisted low-income homebuyers by providing \$1.3 million in Home Opportunity Program funds for developing homeownership**
- **Successfully worked with the Alaska congressional delegation and governor for legislation that amended the Veteran's Mortgage Loan Program to eliminate certain restrictions and open the program to more veterans**
- **Provided \$41.6 million to lower mortgage rates for 351 low-income borrowers under the Interest-Rate Reduction for Low-Income Borrowers**
- **Participated as a member of the AMBA Legislative Liaison Committee, resulting in legislation for the possible licensing of mortgage lenders**

CONTINUES

- **Awarded \$6.08 million in 16 Supplemental Housing Development grants to seven regional housing authorities, leveraging \$30.1 million in federal funds to aid in the infrastructure for the new construction or rehabilitation of 512 rental and homeownership houses in rural Alaska**
- **Conducted 186 free HomeChoice workshops in 31 communities, with 3,029 certificates issued**
- **Waived up to \$250 of AHFC's loan commitment fee for 983 HomeChoice attendees, saving Alaskans more than \$245,000 on the purchase price of their home**
- **Made 360 lender visits, 274 Realtor visits, and 24 title company visits, promoting AHFC loan products & answering related questions**
- **Approved four new condominium/PUD projects (223 housing units); recertified 127 condominium/PUD projects**
- **Held the 2006 Alaska Training Institute, featuring 15 workshops on rental housing feasibility, fair housing, home ownership, supportive housing, business-plan development and strategic planning, asset management, and green building design, with more than 250 attendees from across Alaska**

RENTAL ASSISTANCE

River Point Village, a rental housing complex in Fairbanks, was made possible through AHFC's programs. Since 1991, AHFC has provided \$612.6 million in loans, many combined with grants and tax credits, to assist in the development or rehabilitation of more than 14,000 units of rental housing in 36 communities throughout the state.

IN FY06, AHFC:

- **Provided \$32.6 million in AHFC multi-family loan financing**
- **Used AHFC funds and \$2.2 million from the Denali Commission to award \$7.2 million in grants and federal tax credits to produce 257 rental housing units under the Low-Income Housing Tax Credit Program, Senior Citizens Housing Development Fund and HOME programs**
- **Provided rental assistance to nearly 4,000 seniors, persons with disabilities, and families under the HUD Housing Choice Voucher Program in the 12 communities served by the program**
- **Awarded \$8 million to develop 62 units of teacher and health professional housing in 18 projects throughout rural Alaska**
- **Awarded \$6.08 million in 16 Supplemental Housing Development grants to seven regional housing authorities, leveraging \$30.1 million in federal funds to aid in the infrastructure for the new construction or rehabilitation of 512 rental and homeownership houses in rural Alaska**
- **Continued to score well in PHAS (Public Housing Assessment System) with a score of 87% and a score of 100% on SEMAP (Section 8 Management Assessment Program) for FY05. These are categorized by HUD as Standard and High Performer ratings, respectively. (FY06 ratings were not yet available at this printing.)**
- **Completed the following renovation projects:**
 - **22 FSS incentive property duplexes in Anchorage**
 - **20 units at Sunset View senior facility in Cordova**
 - **17 family housing units at Ptarmigan Park in Anchorage**
 - **39 senior housing units at Sea View Terrace in Ketchikan**
 - **Three single-family dwellings and replacement of 37 multi-family units at Pacific Terrace in Kodiak**

AHFC'S GRANTS AND LOANS HELPED PRODUCE 1,374 UNITS OF RENTAL HOUSING IN FY06.



CONTINUES

- Submitted three grant applications for various AHFC and public housing programs and received awards for \$1.2 million in federal awards (HOPWA, Shelter Plus Care, HUD Technical Assistance Program)
- Awarded \$8 million to develop 62 units of teacher and health professional housing in 18 projects throughout rural Alaska
- Held housing development workshops for the GOAL Program, with 75 attendees in Fairbanks, Anchorage, Bethel and Sitka
- Provided more than 500 hours of technical assistance to current grantees, persons and organizations applying for funds, and public and private-sector requests for statistical information on housing and the housing market
- Held the 2006 Alaska Training Institute, featuring 15 workshops on rental housing feasibility, fair housing, home ownership, supportive housing, business-plan development and strategic planning, asset management, and green building design, with more than 250 attendees from across Alaska
- Facilitated the development of a new Community Housing Development Organization in Sitka

ENERGY & WEATHERIZATION

- Through grants to weatherization service providers, weatherized approximately 650 households in more than 25 communities, including 299 households with elderly and persons with disabilities, and 219 children under the age of 6
- Provided 90 informational presentations on mold hazards; carbon monoxide; green building; healthy, energy-efficient housing technology; and regulatory requirements to 2,141 members of the public, Realtors, builders, and other professionals
- Responded to 7,036 requests for energy and homebuilding information from 6,723 users in 57 Alaska communities
- Provided construction, housing and energy information for radio and newspapers stories; served as AHFC spokesperson for six energy-efficiency segments on Alaska Real Estate Showcase television program
- Produced "Alaska House Doctors" video and provided technical assistance for video on REMOTE/PERSIST building system
- Used Speaker Bureau funds to bring Princeton Professor Dr. Kenneth Deffeyes to Alaska in March of 2006 to speak on the subject of Peak Oil to audiences of about 700 in Anchorage, Fairbanks, Wasilla and Juneau. Deffeyes is the author of *Hubbert's Peak: The Impending World Oil Shortage & Beyond Oil: The View from Hubbert's Peak*
- Provided funds for the satellite feeds for Bioneers in Alaska; 15 speakers beamed to an audience of almost 500
- Drafted changes to the Alaska Building Energy Efficiency Standard (BEES), held public hearing, and obtained board approval for Alaska to use the 2006 International Energy Conservation Code, with Alaska Specific Amendments
- Held the 2006 Alaska Training Institute, featuring 15 workshops on rental housing feasibility, fair housing, home ownership, supportive housing, business-plan development and strategic planning, asset management, and green building design, with more than 250 attendees from across Alaska



SELF-SUFFICIENCY

IN FY06, AHFC:

- Transitioned from a pilot program to an ongoing program to provide homeownership opportunities to low-income persons with disabilities through the Housing Choice Voucher Homeownership Program; traditionally used as rental assistance through a private landlord, is instead used toward mortgage payments
- Expanded the Family Self-Sufficiency Program with an additional 50 participants in the Soldotna and Kenai region
- Awarded 10 Scholarships to clients in public housing and the Housing Choice Voucher Program to attend higher education or vocational schools

KAREN JEWELL IS BUYING HER HOME IN WASILLA USING AHFC'S HOUSING CHOICE VOUCHER HOMEOWNERSHIP PROGRAM.



SENIORS & SPECIAL NEEDS

- Through grants to weatherization service providers, weatherized approximately 650 households in more than 25 communities, including 299 households with elderly and persons with disabilities, and 219 children under the age of 6
- Purchased/originated 54 multi-family loans totaling \$40.1 million
 - » Purchased 16 multi-family loans totaling \$16.3 million (288 units)
 - » Originated 38 direct loans totaling \$23.8 million
 - \$14.3 million for 13 multi-family/special needs housing loans
 - » \$4.24 million for 20 units of state trooper housing in Bethel
 - » \$2.36 million for 18 units of teacher housing in Kotzebue
 - » \$409,350 for 10 units of teacher housing in Togiak
 - \$2.03 million for seven Assistance Provider loans
 - \$4.1 million for nine soft second loans
 - \$2.25 million for seven Loans to Associations
 - \$1.17 million for two Loans to Sponsors
- Amended regulations to allow the purchase of USDA-RD and Indian Housing Authority federally guaranteed loans
- Continued management of a three-year, \$799,581 Aging & Disability Resource Center (ADRC) grant from the Centers for Medicare Services and Administration on Aging. The program expanded to cover five locations across Alaska to develop information and referral services through Independent Living Centers.
- Participated in nationwide technical exchange meetings related to the Aging & Disability Resource Center Program
- Participated in quarterly statewide meetings of the Alaska Commission on Aging and statewide legislative teleconferences sponsored by the Commission, resulting in the coordination of information affecting seniors
- Sponsored a statewide ADRC sustainability conference for Alaska's ADRC project with over 30 attendees from across the state and nation



CONTINUES

- **Provided collaboration between the ADRC grant and “Family Support 360” as addressed under President Bush’s ‘New Freedom Initiative’**
- **Co-Sponsored the Anchorage/Mat-Su Senior Housing Fair held at Anchorage Senior Center, providing assistance to approximately 450 senior citizens**
- **Held one round of the Grant Match Program for the HUD Supportive Housing Program (\$1 million awarded)**
- **Held one round of the GOAL program for low-income rental housing development (LIHTC, SCHDF and HOME funding) which has a homeownership development component and pre-development for senior housing and special needs (\$2.8 million in grants, \$20 million in federal tax credits). Funded nine projects funded with a total development cost of \$34 million, producing 150 units.**
- **Participated in the annual Fairbanks Senior Recognition Day, providing assistance to approximately 400 senior citizens**
- **Participated in the Mayor’s Advisory Commission (Anchorage)**
- **Held one round of the Community Housing Development Organization (CHDO) operating assistance grant program (awarded \$100,000)**
- **Held one round of the Special Needs Housing Grant Program (joint venture with Alaska Mental Health Trust Authority and Dept. of Health & Social Services) with \$1.2 million in capital funding, \$300,000 in operating assistance from the AMHTA. Funded three projects (four pre-development and one development) with eight units for persons with severe mental illness.**
- **Attended 46 industry functions, such as conventions, open houses, ground breakings, etc., resulting in increasing the public’s awareness of AHFC**

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ANNUAL REPORT

PROGRAMS RURAL HOUSING

RURAL HOUSING

HOMEOWNERSHIP

Dena Minicucci moved to Ketchikan from Michigan in 1977 and never looked back. Teaching for 21 years in the Ketchikan School District, she retired in 2000, and now enjoys tending her flower baskets and her passion for quilting, working part-time at the local quilt shop.

Minicucci says she bought the duplex, "Because I wanted to live on the water," but the second unit provides privacy for her mother who lives with her.

AHFC offers special loan programs to qualified borrowers living in small communities throughout rural Alaska. Last fiscal year, 609 Alaskans purchased homes using the Rural Loan Program.

DENA MINICUCCI (L) AND A FRIEND ENJOY THE VIEW FROM HER KETCHIKAN HOME PURCHASED THROUGH AHFC'S RURAL LOAN PROGRAM. PEANUTS, HER COCKER/WHEATEN TERRIER MIX, HELPS ENTERTAIN ON THEIR DECK OVERLOOKING THE TONGASS NARROWS.



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SUPPLEMENTAL HOUSING DEVELOPMENT PROGRAM

In FY06, AHFC contributed \$800,000 of its Supplemental Housing Development Program (SHDP) funds toward the Kotzebue-based Northwest Inupiat Housing Authority's \$5 million dollar homeownership project. The funds were equally divided between two village projects: \$400,000 was used in Noatak for design and construction of a water sewer main and service lines to five new four-bedroom, single-family homes; in Buckland, that amount was used for energy-efficiency features in the five new single-family homes, all of which are five-star energy-rated.

A housing assessment completed in 2005 – the first in 15 years – shows an immediate need for approximately 16,000 new housing units and upgrades to 20,000 houses throughout Alaska. In addition to the tremendous need for additional units, funding from HUD is not adequate for the high cost of construction in remote Alaska.

The increasing costs of fuel and construction materials are the most critical issues facing AHFC's Supplemental Housing Development Program. These factors reduce the total number of housing units built or weatherized by up to 30 percent.

PROGRAM DESCRIPTION:

In 1981, the Alaska legislature established the Supplemental Housing Development Program to supplement HUD Indian housing development funds for projects constructed by regional housing authorities. Each state dollar contributed to this program leverages approximately five dollars in federal funds. AHFC is limited to contributing 20 percent of HUD's total development cost of a project. The funds can be used for on-site water and sewer facilities, roads to project sites, electrical distribution systems, and energy-efficient design features.

Since its inception, the state has appropriated more than \$100 million to augment \$500 million in HUD funds and \$50 million in Public Health Services funds to build 9,000 houses in more than 250 communities.

Housing authorities have increased local hire on rural housing construction projects up to 90% through ongoing training and apprenticeship programs in skilled crafts.



CONTINUES

STATISTICS

IN FY06, AHFC:

- **Awarded 16 Supplemental Housing Development Program grants totaling \$6.1 million to seven regional housing authorities for new construction or rehabilitation of 512 houses in rural Alaska, leveraging \$30.1 million in federal funds (Native American Housing Assistance and Self-Determination Act and related HUD funds).**

RURAL RESIDENTIAL LOAN PROGRAMS

Rural Owner-Occupied
Rural Non-Owner Occupied
Second Mortgage
Small Building Material

RURAL HOUSING DEVELOPMENT PROGRAM

Supplemental Housing Development

PARTNERS

Alaska Association of Housing Authorities
Aleutian Housing Authority
Association of Village Council Presidents (AVCP)
Baranof Island Housing Authority
Bering Straits Regional Housing Authority
Bristol Bay Housing Authority
Cold Climate Housing Research Center
Cook Inlet Housing Authority
Copper River Basin Regional Housing Authority
Interior Regional Housing Authority
Kodiak Island Housing Authority
North Pacific Rim Housing Authority
Northwest Inupiat Housing Authority
Tagiugmiullu Nunamiullu (TNHA)
Tlingit-Haida Regional Housing Authority
U.S. Dept. of Housing and Urban Development (HUD)



2006

ANNUAL REPORT

TOP STORIES

HOUSING FOR TEACHERS, NURSES AND OFFICERS

AHFC administers different programs designed to assist teachers, nurses, and public safety officers obtain affordable housing in communities across the state.

I. TEACHER, HEALTH PROFESSIONAL & PUBLIC SAFETY HOUSING FOR RURAL ALASKA

Surveys conducted by AHFC and the Denali Commission identified housing as a critical issue in teacher retention. Over 900 units of teacher housing in rural Alaska are in need of repair or replacement. In response, the Alaska Legislature authorized, and Governor Murkowski endorsed, the AHFC Teacher, Health Professional, and Public Safety Housing Grant Program. The program provides gap funding for households headed by teachers, education personnel, health care professionals, and public safety officials. The funding fills the gap between a project's capacity to carry debt (through AHFC loan financing) and the total development cost of the project.

In 2006, AHFC funded eight applications for 39 units in nine communities. Tuntutuliak is one of 18 rural communities where AHFC has funded projects since 2004 to develop 110 units of teacher and health professional housing with \$10 million in AHFC corporate funds and \$9 million in match from the Denali Commission Rural Teacher Housing Program. AHFC's grant program is showing promise in recruiting and retaining teachers in rural Alaska. Participating school districts are reporting improvements in turnover rates and recruitment efforts.



CELEBRATING

60

YEARS OF HOUSING
ALASKANS

CONTINUES

ALASKA HOUSING FINANCE CORPORATION

II. TEACHERS AND NURSES HOUSING LOAN PROGRAM OPTION

A loan option designed to help attract and retain teachers and nurses in Alaska was authorized in 2003. Under the legislation, AHFC implemented a new homeownership option that provides 100 percent financing for home loans to qualifying full-time teachers and nurses. Qualified applicants may use any of AHFC's loan programs to purchase owner-occupied, single-family housing without a down payment.

The bill also allows regional education attendance areas to apply for AHFC financing to build or purchase housing for teachers. Since the program began, AHFC has provided \$53.5 million for 100 percent financing to 283 teachers and nurses.

PROGRAM QUALIFICATIONS

The statutes limit eligible borrowers to individuals employed full-time as education professionals in a public elementary or secondary school as teachers, counselors, principals, vice or assistant principals, and providers of special education or related services, and who are certified under AS 14.20; and registered nurses who are licensed to practice registered nursing under AS 08.68.230(a).



CONTINUES

III. TROOPER HOUSING FINANCING

Togiak and Kotzebue were among the communities to receive grants from AHFC and the Denali Commission to add housing stock for teachers, nurses, and public safety workers.

The Department of Public Safety is leasing 20 housing units for State Troopers in Bethel, which was developed through a combination of AHFC financing and the developer's private equity contribution. A line-item in the department's budget approved by the Legislature allowed Public Safety to offer an RFP for a cost-based lease that met the housing needs of the State Troopers. Similar arrangements are being considered in other communities where troopers are based.



FIFTEEN-YEAR EFFORT EXPANDS ALASKA VETERANS MORTGAGE PROGRAM

More Alaska veterans now qualify for the Veterans Mortgage Program (VMP), thanks to a provision in the tax reconciliation act signed into law by President Bush last May. The program, which is administered by AHFC, offers Alaska's eligible veterans low-interest rate home loans using federal tax-exempt bond proceeds, approved by state voters.

The VMP had been limited to veterans who entered active duty service prior to January 1, 1977, and who applied for a veterans' loan within 30 years of their discharge. Naturally, the number of eligible veterans had decreased dramatically in recent years.

Persuading Congress and the Administration to drop the pre-1977 requirement has been a priority for AHFC for the past 15 years, according to CEO/Executive Director Dan Fauske. "This restriction was unfair to the men and women who have served since the end of the Vietnam War, including those serving today. I commend our congressional delegation and governor for their persistent efforts to get this passed."

Under the new law, the pre-1977 requirement is eliminated. Qualified veterans may be retired or active duty personnel. If retired, discharged, or released from active duty, separation must have been under conditions other than dishonorable, and application for the program must be made within 25 years of discharge. Active duty personnel must have completed their initial period of duty.

Sen. Lisa Murkowski and Rep. Don Young co-sponsored the legislation. Sen. Ted Stevens had been a consistently strong supporter of amending the law to include post Vietnam-era vets.

Gov. Frank Murkowski called it "terrific news for our veterans, particularly those who have served in Iraq or Afghanistan and now are returning home to reunite with their families."



CONTINUES

2006

TOP STORIES CONTINUED

The change to the VMP took effect May 30. AHFC recommends that veterans sign up for one of its free HomeChoice seminars and work with their lender to determine loan prequalification. A veteran who qualifies for the VMP likely would also qualify for a VA Guaranteed Home Loan, making it possible to finance 100 percent of the reasonable value of the property. Alaska is one of just five states nationwide able to offer this program to its veterans.

Just 44 veterans qualified for the VMP in FY06, while following changes to the program, 80 veterans already have participated in just the first quarter of FY07.

MACKAY BUILDING TO MCKINLEY TOWER

A \$5.4 million AHFC loan helped a long-anticipated renovation of the MacKay Building in Anchorage's historic east downtown area become reality. The AHFC loan provides 30-year financing for the first four floors of the 14-story high rise, which will be used for a state-licensed 58-unit senior-assisted-living facility.

One hundred market-rate apartments have opened on the 10 floors above the assisted-living units. The apartments are being developed through a loan guarantee of \$7.9 million from the U.S. Department of Housing & Urban Development (HUD). The Municipality of Anchorage is providing a five-year exemption from property taxes to further stimulate the rehabilitation project.

The creative blend of market-rate apartments with an assisted-living facility will transform a condemned, urban blight into a vital complex of residences. Developer Marc Marlow brings considerable experience in developing and operating senior housing facilities in Alaska, including Chester Park, a multi-phased, 142-unit senior cooperative; Marlow Manor East, a 48-unit assisted-living facility; and 95 units of senior independent-living housing with HUD rental assistance.

The senior assisted-living portion of the building will offer various levels of individualized services, including three prepared meals a day, housekeeping service, weekly therapeutic bath, and assistance with laundry, medication and bathing.

Originally called the McKinley Building, the MacKay opened in 1952 as a luxury-apartment tower. After being damaged in the 1964 earthquake, the tower was converted to offices and leased to the State, providing work space for a number of state employees and even a governor's office. Then as the area began to fade, and the owner was unable to upgrade to meet seismic and other safety standards, the building was eventually sold and abandoned—an unsightly pink building "shell."

In a statement regarding the AHFC loan, Governor Frank H. Murkowski said, "I have confidence in our team at Alaska Housing Finance Corporation and their board of directors that they've carefully measured the risks and concluded the state's interests are protected. . . The private-public partnership involved here, I believe, will make it work. . . Congratulations to all involved—and yes, Anchorage, something is finally being done with that eyesore!"



FIRST-TIME HOMEBUYERS ENJOY LOW INTEREST RATES THROUGH AHFC BONDS

James and Josselyn Clow are among the more than 1,200 first-time home buyers annually who benefit from lower interest rates through bonds issued by AHFC. Born and raised in Alaska, she in Seward and he in Fairbanks, they moved to Fairbanks together in 2001 after living a short time in Anchorage. Since buying their home in May of 2004 using AHFC's Tax-Exempt First-Time Homebuyer Program, they've undertaken several self-remodeling projects. According to James, they hope to have a contractor come in this spring to redo the basement. Kalik and Kalia enjoy spending time with both parents every day, since Josselyn is home days while James works as a warehouseman for ASRC Pipeline Power Communications, and James is home while Josselyn works evenings as a waitress.



AHFC can offer lower rates through the issuance of bonds that are tax-exempt to the investor. In December 2005, the AHFC board of directors approved up to \$110 million in tax-exempt bonds, which were ultimately issued on Jan. 26. With the success of that issuance, AHFC's board of directors on Feb. 1 approved issuance of an additional \$160 million in March 2006.

For the past three years, AHFC averaged \$21 million per month in mortgages for first-time homebuyers. However, with these low-interest-rate bonds and a change in the method used to determine the daily interest rates for AHFC's Tax-Exempt First-Time Homebuyer Program, the interest rate for the program is now .125 to .375 percent less than the conventional market, resulting in an average of \$34 million in first-time homebuyer loans each month for the first four months of FY07.

PUBLIC HOUSING GETS EXTREME MAKEOVER

CORDOVA SENIOR HOUSING

With several phases covering nearly a decade, more than \$3 million, and lots of teamwork, the interior and exterior renovation of the 26-year-old Sunset View in Cordova is now complete. A rededication was held on June 7. AHFC organized the interior renovation in three phases to minimize the temporary relocation of the tenants. The project involved upgrades to all 22 apartments, including replacement of floor and wall finishes, and kitchen and bathroom plumbing fixtures.

KODIAK SENIOR HOUSING

With an investment of \$8 million, the replacement of the Pacific Terrace low-income housing in Kodiak is now complete. AHFC, owner and operator of the rental facility for low-income Alaskan families, held a grand opening ceremony on July 12.

The Kodiak and Cordova projects are among the final phase of AHFC's 10-year plan to upgrade all of the more than 1,700 units of rental housing it owns statewide.

