



## 2011 LEGISLATIVE FACTSHEET

Subsidiary corporation for mixed-finance development

February 8, 2011

**LEGISLATIVE REQUEST:** Authorize Alaska Housing Finance Corporation (AHFC) to create a subsidiary corporation in order to become a development partner with a private entity in the acquisition, creation and development of affordable housing.

### STATEMENT OF NEED:

- The need for affordable housing is substantiated by the 7,000+ families on waiting lists for AHFC rental assistance, statewide. The lack of authority to joint venture with private developers and investors to create housing for low- and moderate-income families severely limits AHFC's ability to meet the needs of Alaskan families.
- Funding for development of new public housing is limited—only \$2.5 million is currently available in annual federal appropriations for the AHFC Capital Fund Program, largely used for rehabilitation of existing public housing. Federal authorization for new public housing has not occurred in more than a decade.
- Federal Housing & Urban Development (HUD) rules do not allow the use of public housing funds to carry debt; this severely constrains increased development of new public housing units and other affordable housing sponsored by AHFC. HUD encourages public housing authorities nationwide to create subsidiaries to more effectively use the Capital Fund Program to leverage bond financing.
- Creation of a subsidiary corporation enables AHFC to access pools of federal funding not fully utilized, such as bond financing and the non-competitive Low-Income Housing Tax Credit Program.
- Use of a subsidiary limits exposure of all other corporate assets. The assets, operations and management of the subsidiary will be legally controlled by AHFC.

### ADDITIONAL:

- Public housing authorities across the country are successfully involved in developing affordable housing (e.g., Oakland, Atlanta, Seattle, King County, etc.) through the use of a subsidiary entity.
- AHFC's mission is "to provide Alaskans access to safe, quality, affordable housing." This bill is consistent with its mandated responsibility and will help ensure its leadership role in affordable housing development.
- The bill also addresses statutory language dating back to the former Alaska State Housing Authority that gives HUD review authority over non-HUD partnerships. Absent a revision, the language could restrict the financial feasibility of projects developed under the additional powers authorized by this statutory change.

### CONTACT:

Stacy Schubert, 301-4556, [sschubert@ahfc.state.ak.us](mailto:sschubert@ahfc.state.ak.us) Cary Bolling: 350-2479, [cbolling@ahfc.state.ak.us](mailto:cbolling@ahfc.state.ak.us)