

Alaska Housing Finance Corporation

Presentation to Senate Finance Committee

March 17, 2016

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CEO/Executive Director

1. What is the strategic vision and value to Alaska?



Mission Statement

To provide Alaskans access to
safe, quality, affordable housing.

Alaska Housing Finance Corporation (AHFC) is a self-supporting public corporation with offices in 16 communities statewide. AHFC provides statewide financing for multi-family complexes and single-family homes, with loan options for low- to moderate-income borrowers, veterans, teachers, nurses, public safety officers and those living in rural areas of the state. AHFC also provides energy and weatherization programs, low-income rental assistance in 17 communities, and programs for the homeless and those seeking to become self-sufficient.

2. When was AHFC created and how much state funds were invested?



AHFC was created in 1971

AS 18.56.020. Alaska Housing Finance Corporation.

The Alaska Housing Finance Corporation is a public corporation and government instrumentality within the Department of Revenue, but having a legal existence independent of and separate from the state.

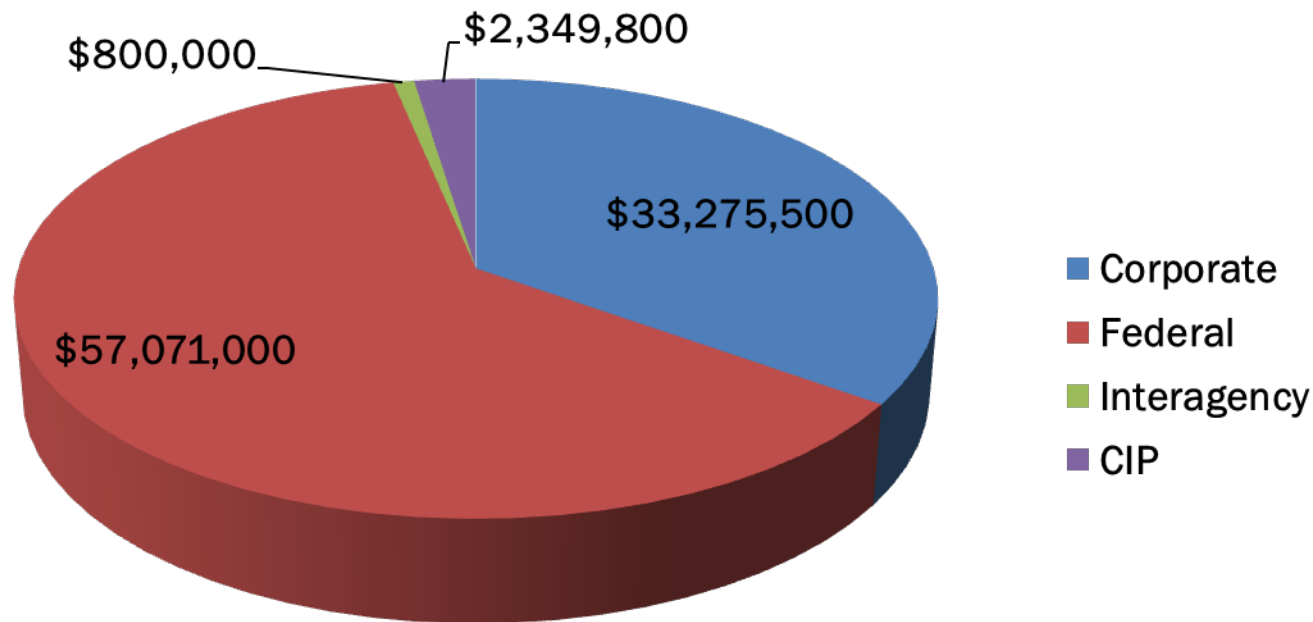
Governed by Board of Directors

Board requirements specified in AS 18.56.030. Corporation governing body

State funds invested: \$1,069,523,000

3. What is the current level of funding from the Legislature?

AHFC FY2016 Operating Budget



FY2016 Appropriated Capital Budget

| AHFC Capital Budget Program | A/D T&P Fund | GF/MH | MHTAAR | Corp Dividend | Federal | UGF | Total |
|---|--------------|-------------|-----------|---------------|--------------|--------------|--------------|
| Affordable Housing Development Program | | | | | \$22,400,000 | | \$22,400,000 |
| Rental Assistance for Victims (EHP) | \$1,500,000 | | | | | | \$1,500,000 |
| Housing Loan Program - Teacher/Health/Prof. Housing | | | | \$1,950,000 | | | \$1,950,000 |
| Cold Climate Housing Research Center (CCHRC) | | | | \$500,000 | | | \$500,000 |
| HUD Federal HOME Program | | | | | \$3,750,000 | \$750,000 | \$4,500,000 |
| HUD Capital Fund Program (CFP) | | | | | \$2,500,000 | | \$2,500,000 |
| Federal and Other Competitive Grants | | | | \$1,500,000 | \$3,000,000 | | \$4,500,000 |
| Competitive Grants for Public Housing | | | | \$350,000 | \$750,000 | | \$1,100,000 |
| Supplemental Housing Development Program (Reapprop) | | | | | | \$3,000,000 | \$3,000,000 |
| AHFC Energy Programs - Weatherization | | | | \$4,391,400 | \$1,500,000 | \$1,208,600 | \$7,100,000 |
| MH - Homeless Assistance Program | | \$850,000 | \$850,000 | | | \$6,000,000 | \$7,700,000 |
| MH - Beneficiary & Special Needs Housing | | \$1,500,000 | | | | | \$1,500,000 |
| | \$1,500,000 | \$2,350,000 | \$850,000 | \$8,691,400 | \$33,900,000 | \$10,958,600 | \$58,250,000 |

Board of Directors



Brent LeValley
Board Chair



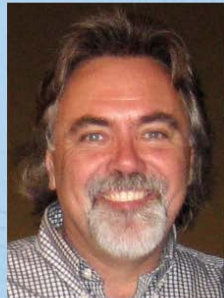
Marty Shuravloff
*Vice Chair, Kodiak Island Housing
Authority*



Carol Gore
Cook Inlet Housing Authority



Alan Wilson
Alaska Renovators, Inc.



Randall Hoffbeck
*Commissioner, Department of
Revenue*

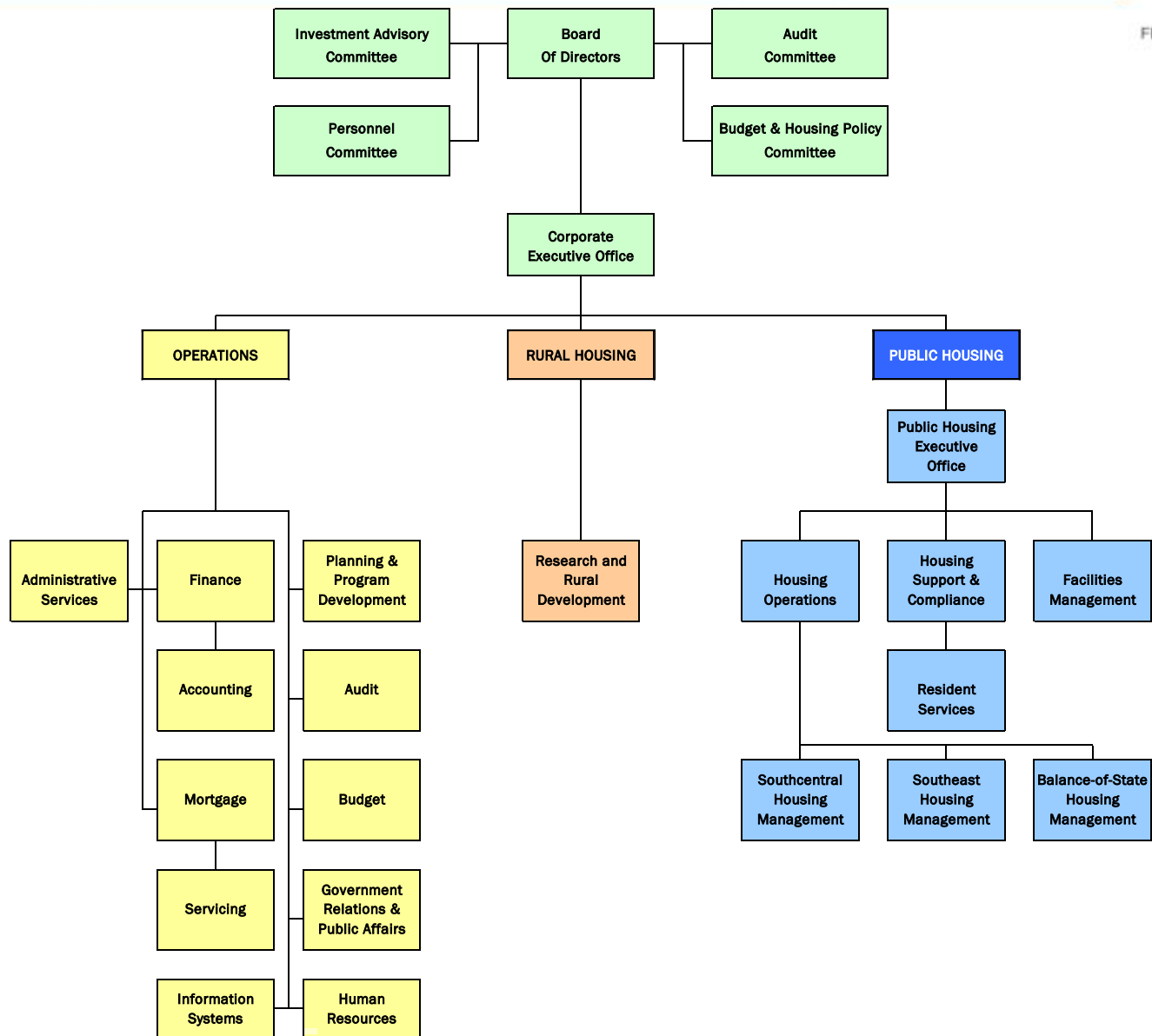


Valerie Davidson
*Commissioner, Department of
Health & Social Services*



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

4. What is the management structure?



AHFC Employees

- AHFC has 313 full-time PCNs, and authorization for part-time and non-permanent employees, totaling 350.
- Approximately half of the employees work in the federally funded public housing division.
- Federal funds, along with mortgage and investment earnings, support the operations of the corporation.
- AHFC's employees are not employees of the State of Alaska; however, they do participate in the state's retirement system.

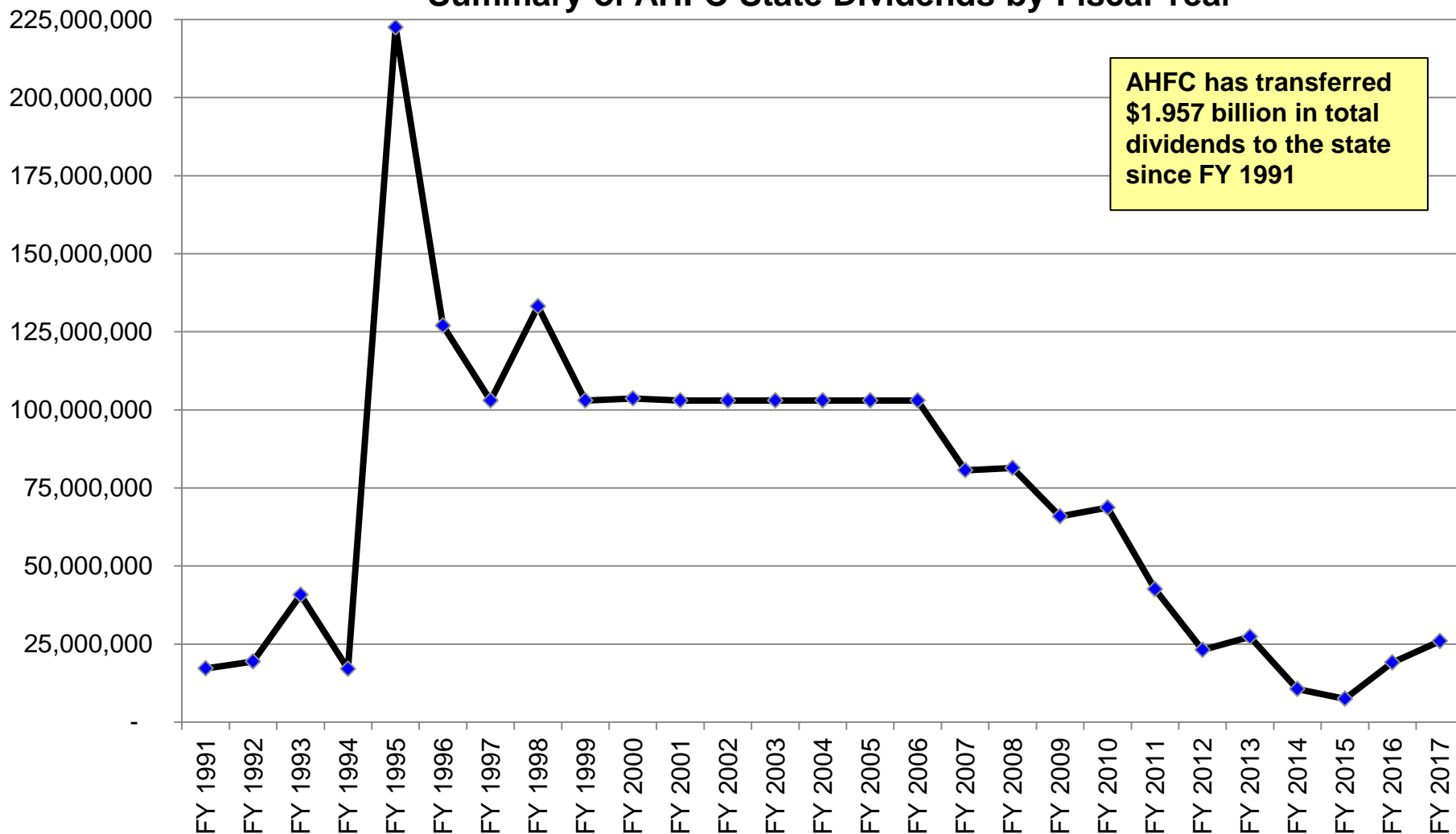
6. Does AHFC generate revenue?

| REVENUE TYPE | FY 2016 (Projected) |
|---------------------------------|----------------------|
| Mortgage and Loan Revenue | \$128,018,000 |
| Externally Funded Programs | \$119,580,000 |
| Total Investment Income | \$5,200,000 |
| Other Revenue | \$12,690,000 |
| Total Operating Revenues | \$265,488,000 |

- There are currently more than 15,000 loans in the AHFC mortgage portfolio.
- AHFC's main source of revenue comes from earning a positive spread on its mortgage and bond portfolio.
- Externally funded program revenue is from federal and state grants, so it has offsetting expenses and does not generate profit.
- Most of AHFC's cash is restricted by bond or statutory requirements to be liquid so investment income is limited to short term market rates.

7. Does AHFC return a dividend to the State? How much?

Summary of AHFC State Dividends by Fiscal Year



Dividend Status

- Total Dividends: \$1,957,180,000
- Total Expenditures: \$1,895,640,000
- Remaining to be Paid: \$61,540,000

9. What are AHFC's capital assets?



AHFC Capital Assets

Capital Assets – Non-Depreciable
(Land) \$20,200,000

Capital Assets – Net of Depreciation
(Buildings) \$93,000,000

| NON-CAPITAL ASSETS | FY 2016 Q2 |
|---------------------------------|------------------------|
| Mortgage Loans & Notes | \$2,765,495,000 |
| Investments & Cash | \$749,302,000 |
| Direct Financing Lease | \$36,175,000 |
| Other Assets | \$54,508,000 |
| Total Non-Capital Assets | \$3,605,480,000 |

AHFC Bonds

- Bonds are issued for financing single family and multi-family mortgages with emphasis on first-time homebuyers, veterans, rural and special needs populations in Alaska.
- Bonds are issued for governmental purposes, including state capital projects and state building leases.
 - Alaska Energy Efficiency Revolving Loan Fund is a recent example of bond authority granted to AHFC
- \$2.2 billion outstanding as of 12/31/15.
- Annual bonding capacity limited by state statutes to \$1.5 billion, not including refunding bonds.
- Qualified tax-exempt bonds are limited by federal tax laws.

12. Does AHFC have any outstanding liabilities the Legislature should be aware of?

| AHFC LIABILITIES | FY 2016 Q2 |
|--------------------------|------------------------|
| Bonds Outstanding | \$2,172,115,000 |
| Short Term Debt | \$23,999,000 |
| Interest Rate Swaps | \$162,699,000 |
| Other Liabilities | \$49,803,000 |
| Total Liabilities | \$2,408,616,000 |

AHFC Federal Funds

AHFC is scheduled to receive \$59,000,000 for administering federal housing programs in FY2017 Operating Budget.

\$35,000,000 for Housing Assistance Payments (HAP) to private landlords throughout 13 communities for the Housing Choice Voucher Program.

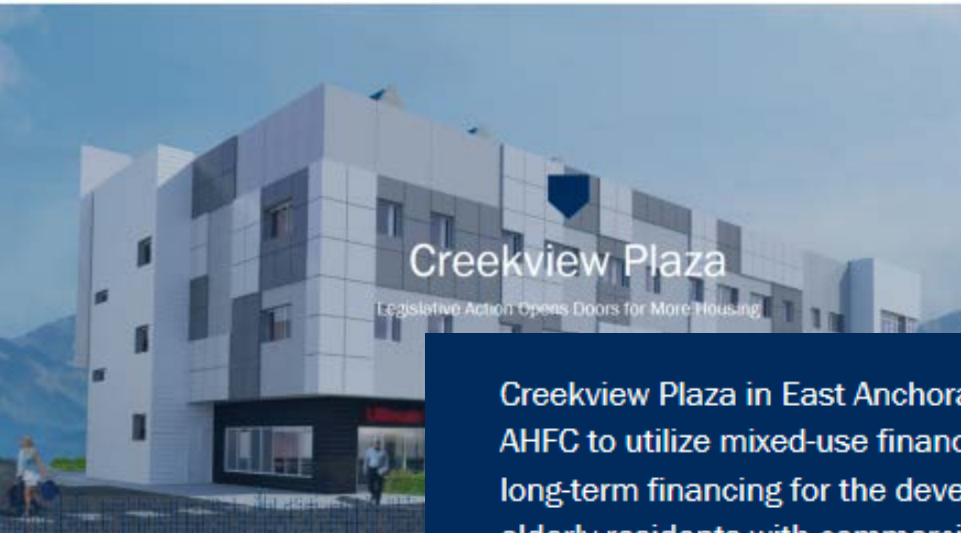
\$3,800,000 operating revenue for administrative expenses for the Housing Choice Voucher Program.

\$15,400,000 operating revenue for 1,245 AHFC-owned units in the Low-Rent Housing Program.

\$4,900,000 operating revenue for 370 AHFC-owned units in the Section 8 Project-Based Multi-family Housing Program.

Capital Programs with ability to combine federal funding with other mixed funding

- Teacher & Other Professionals Housing Loan Programs
- HOME Program
- Rental Assistance for Victims (ECHP)
- Senior Housing Program
- Supplemental Housing Program
- Tax Credit Program
- Weatherization Program
- Competitive Grants for Public Housing
- Federal & Other Competitive Grant Program
- Emergency Solutions Grants
- Affordable Housing Development Program



Creekview Plaza

Legislative Action Opens Doors for More Housing

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

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

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

An aerial photograph showing a long, straight road running through a city. On the left side of the road, there are several large, multi-story apartment buildings with a light-colored facade and many windows. The surrounding area includes other residential buildings, parking lots, and some greenery. The sky is clear and blue.

Ridgeline Terrace

New Model for Development of Affordable Housing

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

Alaska Corporation for Affordable Housing was granted non-profit 501(c)3 status by the Internal Revenue Service in FY14. The non-profit makes it possible for AHFC to joint venture with private developers and investors to add low- to moderate-income housing. It also allows access to different types of federal funding, including bond financing and the non-competitive Low-Income Housing Tax Credits. Ridgeline Terrace and Susitna Square are built in partnership with Cook Inlet Housing Authority, and local developers Trapline LLC and V2 LLC.

11(a). Are there other state entities or private corporations in Alaska that may provide the same or similar services as AHFC?

- AHFC is Alaska's State Housing Finance Agency (HFA). HFAs are state-chartered authorities established to help meet the affordable housing needs of residents of their states. All 50 states have an HFA to address housing issues which are not, or cannot, be provided by the private sector.
- As a secondary mortgage lender, AHFC offers loans for first time homebuyers, Alaskans in rural areas, to veterans and others while working with private sector partners.
- The Alaska market is too small to rely on an out-of-state secondary mortgage lender to rapidly address economic changes. AHFC plays a critical industry role as a stabilizing entity in the Alaska housing market. The most dramatic example of this role was proven during the housing meltdown of the Alaska market in the 1980s.
- AHFC is unique among HFAs with integration of mortgage, public housing, affordable housing development and residential energy-efficiency programs all under one roof.
- AHFC is nationally recognized as an innovative leader with a skilled management team and maintains one of the highest credit ratings among its peers.

- AHFC's statutes require mortgages that come into the portfolio meet certain energy-efficiency requirements and building standards. AHFC has developed systems to insure compliance.
- Congress authorized AHFC a Moving to Work agency for its public housing programs. Of more than 3,000 public housing authorities across the country, AHFC is just one of 39 with this distinction.
- The Alaska Association of Housing Authorities (AAHA) receives federal funding to support housing programs. The relationship with AHFC is collaborative. As appropriate, AAHA agencies receive funding to support community-based work from energy efficiency measures, to new and rehab construction.

AHFC Procurement

- In 1990, Senate Bill 427 was passed (AS 36.30) providing that AHFC adopt its own procurement regulations subject to the provisions of the Administrative Procedures Act (AS 44.62).
- AHFC's procurement regulations provide for a fair and open public procurement process and integrate well with other authority that governs AHFC's activities (15 AAC 150.300 through 15 AAC 150.490).

These include:

1. Bond Authority/Investment Strategies
 2. Mortgage Loan Programs
 3. Public Housing
 4. Grant Programs
 5. Subsidiaries
- AHFC procurement regulations ensure the ability to respond quickly and efficiently to changing market conditions and multiple funding sources.

Northern Tobacco Securitization Corporation (NTSC):

- Legally independent from AHFC and the State.
- Bonds originally issued in 2000 and 2001 to securitize 80 percent of the tobacco settlement revenues. Bonds were refunded in 2006 and currently mature in 2046.
- Bond proceeds were used to fund \$405,000,000 in state capital projects.
- Currently \$350,000,000 bonds outstanding.

Alaska Housing Capital Corporation (AHCC):

- Created in 2006 for the purpose of financing various capital projects of the state and financing expenses via enacted legislative action.
- Current balance of \$44,000,000 with \$23,000,000 appropriated.
- AHCC has no liabilities.

Alaska Corporation for Affordable Housing (ACAH):

- ACAH was formed to develop, manage and operate affordable housing and provide supportive and related services to support the mission of AHFC.
- ACAH's functional mission is to undertake the types of affordable housing and services that are not open to AHFC directly but which support AHFC's mission.

Questions?