



ASSOCIATION OF ALASKA HOUSING AUTHORITIES

Building communities, empowering Alaskans.

February 13, 2017

Honorable Members of the Alaska Legislature
State Capitol Building
Juneau, Alaska 99801

Subject: House Bill 81 – Eligibility for Alaska Energy Efficiency Loans

Dear Members of the Alaska Legislature:

I write on behalf of the Association of Alaska Housing Authorities (AAHA) to express strong support for House Bill 81, which would expand eligibility for loans made through the Alaska Energy Efficiency Revolving Loan Fund. Presently, the Alaska Energy Efficiency Revolving Loan Fund is an underutilized asset. HB 81 would help put that asset to work, creating and/or preserving good jobs for Alaskans while reducing energy consumption. Best of all, HB 81 would do this without any additional investment of State resources, having received a Zero Fiscal Note.

AAHA's membership includes the 14 regional housing authorities that were created pursuant to Alaska statute. Since 1971, Alaska's regional housing authorities have built or rehabbed approximately 12,500 housing units in more than 250 rural and urban communities. Collectively, the regional housing authorities generate nearly a quarter of a billion dollars of economic activity in Alaska each year, employing 1,700 Alaskans. AAHA's members are the primary (or only) provider of affordable housing in most regions of the state, and that housing typically incorporates energy efficient design and construction techniques.

However, the fiscal environment has changed at both the federal and state levels. Resources are strained, making it increasingly difficult to identify funding and financing for energy efficiency improvements. Resource scarcity makes it less likely that Alaska organizations will invest in energy efficiency improvements, straining our communities' energy resources and precluding economic activity that could support Alaskan jobs.

A November 2014 white paper by the Alaska Housing Finance Corporation (AHFC) notes that money spent on energy efficiency retrofits involves a significant amount of labor, including construction, maintenance, and engineering. The authors noted that with a properly trained workforce, much of that labor can be provided locally, keeping more money in the local economy than if it was spent on fuels.

They also noted that residential energy efficiency programs in Alaska had, as of 2014, created an estimated 2,700 short-term jobs and 300 permanent jobs. Put to proper use, the Alaska Energy Efficiency Revolving Loan Fund also has the potential to create and sustain good Alaskan jobs.

The AHFC white paper also notes that energy efficiency has the potential to be particularly beneficial to rural Alaskan economies. According to UAA's Institute of Social and Economic Research, in rural western and northern Alaska approximately 71% of the cash portion of economy and 36% of the jobs come from government sources. These jobs include positions in non-profit buildings, tribal offices, housing authority offices, health clinics, and more. Because the cost of the energy required to maintain a comfortable temperature in rural structures is often extremely high, it frequently makes good financial sense to reduce operating costs by financing energy efficiency improvements.

Expanding eligibility for loans from the Alaska Energy Efficiency Revolving Loan Fund (AEERLF) would not disadvantage currently eligible entities like municipalities and school districts. The AEERLF was created in 2010 by legislation that authorized the Alaska Housing Finance Corporation to make \$250 million in low interest loans to public entities for energy efficiency improvements. To date, only one loan has been closed. Additionally, if more capital is needed for some reason, AHFC could simply request additional bonding authority.

Most critically, putting the AEERLF to work reducing energy consumption and creating jobs in Alaskan communities is anticipated to cost the State nothing. HB 81 has received a zero fiscal note. In an environment in which resources are scarce and jobs are at risk in many of our communities, expanding eligibility for the AEERLF simply makes sense.

On behalf of the Association of Alaska Housing Authorities, thank you for your time and attention to this important legislation.

Respectfully,

A handwritten signature in blue ink, appearing to read "Carol Gore". To the left of the signature is a small circular stamp containing the number "1".

Carol Gore
President