



March 6, 2024

RE: Support for HB 273 - Empowering Alaskans through Enhanced Housing Finance Options

Dear Members of the 33rd Alaska Legislature,

As the Greater Fairbanks Chamber of Commerce, representing the interests of over 600 member businesses in Alaska's Interior, we are committed to advocating for policies that underpin our dual priorities of ensuring access to affordable energy and bolstering workforce development. Within this framework, we extend our strong support for House Bill 273, a legislative proposal designed to grant the Alaska Housing Finance Corporation (AHFC) increased latitude in setting down payment requirements for first mortgage loans.

Our support of HB 273 stems from a keen understanding of the critical link between housing affordability and our capacity to attract, develop, and retain a robust workforce capable of meeting our region's diverse economic and social demands. Feedback from our membership base consistently highlights the challenge of housing as a significant barrier to attracting new talent. Over the past five years, we have observed a marked increase in the average home price within the Fairbanks North Star Borough, escalating from \$245,058 to \$323,044—an indicator of the growing difficulty faced by prospective homeowners, especially for those younger workers who are just starting their careers and are looking to establish their first home.

The AHFC's initiative in issuing over 7,000 first-time mortgage loans annually is commendable; however, by amending the current statute to allow for greater flexibility in down payment requirements—specifically, permitting a 97% loan-to-value (LTV) ratio, up from the existing 95% cap—we can significantly lower the entry barrier to home ownership.

This adjustment could reduce the initial down payment required for an average home in our borough by approximately \$6,000, making homeownership a more attainable dream for many Alaskans. Importantly, this statutory modification is anticipated to have no fiscal impact on the state budget, reinforcing its viability as a policy measure.

The success of similar LTV ratios implemented by Fannie Mae, alongside evidence suggesting minimal variation in default risk between loans with LTV ratios of 90-95% and those extending up to 97%, bolsters our confidence in the potential of this legislative change to maintain the AHFC's

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reputation for high-quality credit ratings, low loan portfolio risk, and strong financial metrics relative to its peers.

In conclusion, we believe that the passage of HB 273 represents a much-needed step forward in our collective efforts to enhance Alaskans' quality of life and secure our region's economic vitality. We urge your strong support for this bill in recognition of its capacity to unlock new opportunities for home ownership, foster community stability, and drive workforce development in Alaska.

Sincerely,


Jeremy Johnson
President & CEO


Kelly Ward
Board Chair