

SB

181

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: April 9, 2001

FURTHER:

APR 23 2002

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED IN TO OFFICE: 04/23/02

Finance Committee considered **SENATE BILL NO. 181**

SMALL COMMUNITY HOUSING LOANS

and recommends:

- be replaced with CS SB 181 (FIN)
- adopt previous CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

- Senate Bill:**
 same title
 new title
- House Bill:**
 same title
 technical title
 new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
Revenue	1/29/02	*		

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Linda Green</i>	✓			
<i>Alvin Austin</i>			✓	
<i>W. O. O'Connell</i>	✓			
<i>George Wilbur</i>	✓			
<i>Robert D. Fenwick</i>	✓			
<i>John J. Kelly</i>			✓	
COCHAIR: <i>John J. Kelly</i>	✓			
COCHAIR: <i>Pat Kelly</i>	✓			

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____

Bill Version: SB 181

() Publish Date: _____

Revision Date/Time (Note if correction): SENATE FINANCE
 Title Small Community Housing Loans

Dept. Affected: Revenue

BRU AHFC

Component Operations

Sponsor Senate Finance Committee

Requester Senate Finance Committee

Component No. 110

Expenditures/Revenues

(Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()	**	**	**	**	**	**
-------------------------------	-----------	-----------	-----------	-----------	-----------	-----------

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

SB181 would repeal the interest rate for loans under the Housing Assistance Loan Fund set at 1% below the taxable loan rate. The Housing Assistance Loan Fund (HALF) is a revolving loan fund that originates and purchases home loans and building material loans in "small communities," defined as those with a population of 6,500 or less that are not connected by road/rail to Anchorage or Fairbanks and communities of 1,600 or less if connected by road/rail.

As of September 30, 2001, the HALF held assets of \$426,519,000. In FY01, the HALF generated \$20 million in net income.

SB181 will affect the ability of residents in small communities to afford the purchase of homes where costs are often higher and lending capital is not readily available. With the loss of this business activity caused by the increase in interest rates, AHFC's net income will be reduced. Calculations by AHFC estimate that a 15% drop in loan volume would be the "break-even" point if the interest rate was increased 1 percent, with a more realistic loss expected to exceed 50% of current loan volume. SB181 will result in a loss of loan volume and net income for AHFC's Housing Assistance Loan Fund.

Prepared by: John Bilney, Legislative Liaison

Phone _____

Division: Alaska Housing Finance Corporation

Date/Time 1/28/02 12:48 PM

Approved by: Larry Persily, Deputy Commissioner

Date 01/28/2002

Agency: Department of Revenue

Amendment #4

WORK DRAFT

WORK DRAFT

WORK DRAFT

ADOPTED

22-LS0488\G

Cook
4/23/02

CS FOR SENATE BILL NO. 181()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the use of money from the housing assistance loan fund, to loans for
2 teacher housing in small communities, and to the interest rate on loans originated or
3 purchased by the Alaska Housing Finance Corporation for small community housing;
4 and providing for an effective date."

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

6 * Section 1. AS 18.56.470(a) is amended to read:

7 (a) The interest rate on a mortgage loan originated or purchased in whole or in
8 part under AS 18.56.420 for small community housing is one percent less than the
9 interest rate, as determined under AS 18.56.098(f)(1) - (4), on a mortgage loan
10 purchased under AS 18.56.098(a) from the proceeds of the most recent applicable
11 issue of taxable bonds before the origination or purchase of the mortgage loan
12 originated or purchased under AS 18.56.420. However, under this subsection, the
13 interest rate on that portion of a loan for a single-family house that exceeds the
14 statewide average cost of a single-family house, as determined by the Department

2 or owner occupied
or owner occupied
CSSB 181() duplex
duplex

SENATE FINANCE COMMITTEE
 / / 2002 COMMITTEE ACTION

ADOPTED

Bill Number	SB 181		
Amendment	#4		
Motion	Donley delete		
<u>Motion by</u>			
<u>Objection by</u>			
<u>Removed</u>			
<u>Second Objection by</u>			
<u>Committee Member</u>	<u>Y</u>	<u>Vote</u>	<u>N</u>
Senator Leman			
Senator Olson			
Senator Ward			
Senator Wilken			
Senator Austerman			
Senator Green			
Senator Hoffman			
Co-Chair Donley			
Co-Chair Kelly			
<u>Tally</u>			
Yea			
Nay			
Absent			
<u>MOTION</u>			

insert
 language,
 on page 1
 line 13
 +14

no objection



Official Business

Alaska State Senate

Senate Finance Committee

REPORTED OUT
 APR 23 2002
 SENATE FINANCE COMMITTEE

dated 6pm 4/23

Mail Stop 3100
 State Capitol
 Juneau, Alaska 99801-1182

FAX COVER SHEET

DATE: Tues. 4/23/02 TIME: 6PM

TO: Legal

NUMBER OF PAGES, INCLUDING COVER SHEET: 2

FROM: ROBIN PAUL
 SENATE FINANCE CMTE. ASST. SECRETARY
 PHONE: 465-2618
 FAX: 465-2187

NOTES: Need a FINAL pls.
22 - L50488 \ G version == CS SB 181 (FIN)
with attached Amendment
incorporated.
Thank you!
Robin

Proof OK'ed by Phil + Jantz 4/24/02

22-LS0488V

CS FOR SENATE BILL NO. 181(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the use of money from the housing assistance loan fund, to loans for
2 teacher housing in small communities, and to the interest rate on loans originated or
3 purchased by the Alaska Housing Finance Corporation for small community housing;
4 and providing for an effective date."

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

6 * Section 1. AS 18.56.470(a) is amended to read:

7 (a) The interest rate on a mortgage loan originated or purchased in whole or in
8 part under AS 18.56.420 for small community housing is one percent less than the
9 interest rate, as determined under AS 18.56.098(f)(1) - (4), on a mortgage loan
10 purchased under AS 18.56.098(a) from the proceeds of the most recent applicable
11 issue of taxable bonds before the origination or purchase of the mortgage loan
12 originated or purchased under AS 18.56.420. However, under this subsection, the
13 interest rate on that portion of a loan for a single-family house or owner occupied
14 duplex that exceeds the statewide average cost of a single-family house or owner

1 occupied duplex, as determined by the Department of Labor and Workforce
 2 Development, is the same as the interest rate determined under
 3 AS 18.56.098(f)(1) - (4).

4 * Sec. 2. AS 18.56.580 is amended to read:

5 **Sec. 18.56.580. Loans for teacher [NONOWNER OCCUPIED] housing.**

6 (a) In addition to the powers authorized by AS 18.56.400, the corporation shall
 7 [MAY] adopt regulations under AS 18.56.088 allowing the use of money in the
 8 housing assistance loan fund to make loans for the purchase or development of
 9 teacher [NONOWNER OCCUPIED] housing in small communities. **The**
 10 regulations must implement the requirements of (b) of this section and establish
 11 other terms and conditions for teacher housing loans, including those relating to
 12 borrower eligibility and the number of loans that may be made to a single
 13 borrower. The corporation may require the borrower to pay costs associated
 14 with a loan.

15 (b) A loan may be made under this section only for teacher housing in
 16 which each unit that is not vacant is occupied by at least one individual who is
 17 employed as a certificated teacher in a public elementary or secondary school in a
 18 small community. Notwithstanding AS 18.56.470(a), if, before the loan is entirely
 19 repaid, the occupancy requirement of this section is not complied with, the
 20 interest rate on the entire original loan amount becomes the same as the interest
 21 rate determined under AS 18.56.098(f)(1) - (4) on a mortgage loan purchased
 22 under AS 18.56.098(a) from the proceeds of the most recent applicable issue of
 23 taxable bonds before the loan under this section was made [THE RATE OF
 24 INTEREST ON A LOAN AUTHORIZED BY THIS SECTION MAY NOT EXCEED
 25 10-1/2 PERCENT A YEAR].

26 (c) The principal amount of loans made for teacher [NONOWNER
 27 OCCUPIED] housing under this section may not exceed 20 percent of the total
 28 principal amount of loans made for small community housing under AS 18.56.400 -
 29 18.56.600.

30 (d) In this section,

31 (1) "development" means the construction of a new residence or the

1 acquisition, repair, remodeling, rehabilitation, or expansion of an existing residence;

2 (2) "teacher [NONOWNER OCCUPIED] housing" means [A
3 SINGLE-FAMILY RESIDENCE OR] a multi-family residence [HAVING UP TO
4 EIGHT DWELLING UNITS AND] that may be nonowner occupied or [IS NOT]
5 occupied by the owner [; THE CORPORATION MAY MODIFY THIS DEFINITION
6 IF IT DETERMINES THAT THERE IS A SPECIAL NEED FOR NONOWNER
7 OCCUPIED HOUSING AND THAT A CHANGE IN THE DEFINITION IS
8 NECESSARY TO ENABLE THE CORPORATION TO MEET THAT NEED].

9 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

ADOPTED 4/23/02

WORK DRAFT

WORK DRAFT

WORK DRAFT

22-LS0488\G
Cook
4/23/02

CS FOR SENATE BILL NO. 181()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the use of money from the housing assistance loan fund, to loans for
2 teacher housing in small communities, and to the interest rate on loans originated or
3 purchased by the Alaska Housing Finance Corporation for small community housing;
4 and providing for an effective date."

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

6 * Section 1. AS 18.56.470(a) is amended to read:

7 (a) The interest rate on a mortgage loan originated or purchased in whole or in
8 part under AS 18.56.420 for small community housing is one percent less than the
9 interest rate, as determined under AS 18.56.098(f)(1) - (4), on a mortgage loan
10 purchased under AS 18.56.098(a) from the proceeds of the most recent applicable
11 issue of taxable bonds before the origination or purchase of the mortgage loan
12 originated or purchased under AS 18.56.420. However, under this subsection, the
13 interest rate on that portion of a loan for a single-family house that exceeds the
14 statewide average cost of a single-family house, as determined by the Department

1 of Labor and Workforce Development, is the same as the interest rate
2 determined under AS 18.56.098(f)(1) - (4).

3 * Sec. 2. AS 18.56.580 is amended to read:

4 Sec. 18.56.580. Loans for teacher [NONOWNER OCCUPIED] housing.

5 (a) In addition to the powers authorized by AS 18.56.400, the corporation shall
6 [MAY] adopt regulations under AS 18.56.088 allowing the use of money in the
7 housing assistance loan fund to make loans for the purchase or development of
8 teacher [NONOWNER OCCUPIED] housing in small communities. The
9 regulations must im-plement the requirements of (b) of this section and establish
10 other terms and conditions for teacher housing loans, including those relating to
11 borrower eligibility and the number of loans that may be made to a single
12 borrower. The corporation may require the borrower to pay costs associated
13 with a loan.

14 (b) A loan may be made under this section only for teacher housing in
15 which each unit that is not vacant is occupied by at least one individual who is
16 employed as a certificated teacher in a public elementary or secondary school in a
17 small community. Notwithstanding AS 18.56.470(a), if, before the loan is entirely
18 repaid, the occupancy requirement of this subsection is not complied with, the
19 interest rate on the entire original loan amount becomes the same as the interest
20 rate determined under AS 18.56.098(f)(1) - (4) on a mortgage loan purchased
21 under AS 18.56.098(a) from the proceeds of the most recent applicable issue of
22 taxable bonds before the loan under this section was made [THE RATE OF
23 INTEREST ON A LOAN AUTHORIZED BY THIS SECTION MAY NOT EXCEED

24 10-1/2 PERCENT A YEAR].

25 (c) The principal amount of loans made for teacher [NONOWNER
26 OCCUPIED] housing under this section may not exceed 20 percent of the total
27 principal amount of loans made for small community housing under AS 18.56.400 -
28 18.56.600.

29 (d) In this section,

30 (1) "development" means the construction of a new residence or the
31 acquisition, repair, remodeling, rehabilitation, or expansion of an existing residence;

1 (2) "teacher [NONOWNER OCCUPIED] housing" means [A
2 SINGLE-FAMILY RESIDENCE OR] a multi-family residence [HAVING UP TO
3 EIGHT DWELLING UNITS AND] that may be nonowner occupied or [IS NOT]
4 occupied by the owner [; THE CORPORATION MAY MODIFY THIS DEFINITION
5 IF IT DETERMINES THAT THERE IS A SPECIAL NEED FOR NONOWNER
6 OCCUPIED HOUSING AND THAT A CHANGE IN THE DEFINITION IS
7 NECESSARY TO ENABLE THE CORPORATION TO MEET THAT NEED].

8 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

22-LS0488U
Cook
4/6/02

CS FOR SENATE BILL NO. 181()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL
FOR AN ACT ENTITLED

1 "An Act relating to the use of money from the housing assistance loan fund and to the
2 interest rate on loans originated or purchased by the Alaska Housing Finance
3 Corporation for small community housing; and providing for an effective date."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * Section 1. AS 18.56.440 is amended to read:

6 **Sec. 18.56.440. Limitations on use of housing assistance loan fund.** The
7 corporation may not use the money in the housing assistance loan fund to

8 (1) originate a direct loan or purchase or participate in the purchase of
9 a small community housing mortgage loan that exceeds the limitations on mortgage
10 loans purchased by the Federal National Mortgage Association as to principal amount
11 or loan-to-value ratio;

12 (2) originate a direct loan or purchase or participate in the purchase of
13 a loan made for building materials for small community housing

14 (A) that exceeds \$45,000 or exceeds

1 (i) 80 percent of the appraised value of the work
2 completed on the small community housing for which the loan is made
3 if the small community housing is pledged as collateral for the loan; or

4 (ii) 90 percent of the value of other property that is
5 pledged as security for the loan and that is satisfactory to the
6 corporation as collateral;

7 (B) unless the terms of the loan agreement require inspections
8 and certifications, as required by regulations of the corporation, at the expense
9 of the borrower; and

10 (C) unless the period of time allowed for repayment of the loan
11 is equal to or less than 15 years;

12 (3) originate direct loans or purchase or participate in the purchase of a
13 small community housing mortgage loan that is secured by real property the
14 marketable title to which is shown under AS 18.56.480(b)(2) if the total amount of
15 outstanding small community housing mortgage loans held by the corporation exceeds
16 10 times the amount of money in the restricted title loss reserve account established by
17 AS 18.56.490;

18 (4) originate a direct loan for small community housing or purchase or
19 participate in the purchase of a small community housing mortgage loan, other than a
20 loan for the repair, remodeling, rehabilitation, or expansion of an existing owner-
21 occupied residence, if the borrower has an outstanding housing loan made under a
22 state loan program, other than a loan for nonowner-occupied housing under former
23 AS 18.56.580 or under former AS 44.47.520, that bears interest at a rate that was less
24 than the prevailing market interest rate for similar housing loans at the time the loan
25 was made;

26 (5) [ORIGINATE A DIRECT MORTGAGE LOAN OR PURCHASE
27 OR PARTICIPATE IN THE PURCHASE OF A MORTGAGE LOAN FOR
28 RENTAL HOUSING UNLESS THE BORROWER AGREES NOT TO
29 DISCRIMINATE AGAINST TENANTS OR PROSPECTIVE TENANTS BECAUSE
30 OF SEX, MARITAL STATUS, CHANGES IN MARITAL STATUS, PREGNANCY,
31 PARENTHOOD, RACE, RELIGION, COLOR, NATIONAL ORIGIN, OR STATUS

1 AS A STUDENT;

2 (6)] originate, purchase, or participate in a loan to a person who has a
3 past due child support obligation established by court order or by the child support
4 enforcement division under AS 25.27.160 - 25.27.220 at the time of application.

5 * Sec. 2. AS 18.56.470(a) is amended to read:

6 (a) The interest rate on a mortgage loan originated or purchased in whole or in
7 part under AS 18.56.420 for small community housing is one percent less than the
8 interest rate, as determined under AS 18.56.098(f)(1) - (4), on a mortgage loan
9 purchased under AS 18.56.098(a) from the proceeds of the most recent applicable
10 issue of taxable bonds before the origination or purchase of the mortgage loan
11 originated or purchased under AS 18.56.420. However, under this subsection, the
12 interest rate on that portion of a loan for a single-family house that exceeds the
13 statewide average cost of a single-family house, as determined by the Department
14 of Labor and Workforce Development, is the same as the interest rate
15 determined under AS 18.56.098(f)(1) - (4).

16 * Sec. 3. AS 18.56.580 is repealed.

17 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

ADOPTED 3/21/02

WORK DRAFT

WORK DRAFT

WORK DRAFT

22-LS0488\W
Cook
3/19/02

CS FOR SENATE BILL NO. 181()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the use of money from the housing assistance loan fund in the
2 Alaska Housing Finance Corporation, preventing use of that money for a single-family
3 owner-occupied house with a value that exceeds \$250,000, adjusted for inflation, and
4 repealing a provision authorizing use of that money for nonowner-occupied housing;
5 repealing the home ownership assistance fund; and providing for an effective date."

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

7 * Section 1. AS 18.56.440 is amended to read:

8 Sec. 18.56.440. Limitations on use of housing assistance loan fund. The
9 corporation may not use the money in the housing assistance loan fund to

10 (1) originate a direct loan or purchase or participate in the purchase of
11 a small community housing mortgage loan that exceeds the limitations on mortgage
12 loans purchased by the Federal National Mortgage Association as to principal amount
13 or loan-to-value ratio;

1 (2) originate a direct loan or purchase or participate in the purchase of
2 a loan made for building materials for small community housing

3 (A) that exceeds \$45,000 or exceeds

4 (i) 80 percent of the appraised value of the work
5 completed on the small community housing for which the loan is made
6 if the small community housing is pledged as collateral for the loan; or

7 (ii) 90 percent of the value of other property that is
8 pledged as security for the loan and that is satisfactory to the
9 corporation as collateral;

10 (B) unless the terms of the loan agreement require inspections
11 and certifications, as required by regulations of the corporation, at the expense
12 of the borrower; and

13 (C) unless the period of time allowed for repayment of the loan
14 is equal to or less than 15 years;

15 (3) originate direct loans or purchase or participate in the purchase of a
16 small community housing mortgage loan that is secured by real property the
17 marketable title to which is shown under AS 18.56.480(b)(2) if the total amount of
18 outstanding small community housing mortgage loans held by the corporation exceeds
19 10 times the amount of money in the restricted title loss reserve account established by
20 AS 18.56.490;

21 (4) originate a direct loan for small community housing or purchase or
22 participate in the purchase of a small community housing mortgage loan, other than a
23 loan for the repair, remodeling, rehabilitation, or expansion of an existing owner-
24 occupied residence, if the borrower has an outstanding housing loan made under a
25 state loan program, other than a loan for nonowner-occupied housing under former
26 AS 18.56.580 or under former AS 44.47.520, that bears interest at a rate that was less
27 than the prevailing market interest rate for similar housing loans at the time the loan
28 was made;

29 (5) originate a direct mortgage loan or purchase or participate in the
30 purchase of a mortgage loan for a single-family owner-occupied house with a value
31 that exceeds an amount equal to \$250,000 adjusted to accommodate the effect of

1 inflation that occurs after 2002 [RENTAL HOUSING UNLESS THE BORROWER
2 AGREES NOT TO DISCRIMINATE AGAINST TENANTS OR PROSPECTIVE
3 TENANTS BECAUSE OF SEX, MARITAL STATUS, CHANGES IN MARITAL
4 STATUS, PREGNANCY, PARENTHOOD, RACE, RELIGION, COLOR,
5 NATIONAL ORIGIN, OR STATUS AS A STUDENT];

6 (6) originate, purchase, or participate in a loan to a person who has a
7 past due child support obligation established by court order or by the child support
8 enforcement division under AS 25.27.160 - 25.27.220 at the time of application;

9 (7) originate, purchase, or participate in a loan to a person who is
10 in a family whose income is greater than 400 percent of the level set under the
11 federal poverty guidelines for Alaska set by the United States Department of
12 Health and Human Services.

13 * Sec. 2. AS 18.56.430 and 18.56.580 are repealed.

14 * Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to
15 read:

16 TRANSITION. The balance in the home ownership assistance fund on the effective
17 date of this Act is transferred to the general fund.

18 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

22-LS0488R
Cook
1/30/02

CS FOR SENATE BILL NO. 181()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL
FOR AN ACT ENTITLED

1 "An Act relating to the use of money from the housing assistance loan fund; limiting
2 certain loans of the Alaska Housing Finance Corporation to areas in which the average
3 cost of living is equal to or greater than 125 percent of the statewide average; repealing
4 the home ownership assistance fund; and providing for an effective date."

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 * Section 1. AS 18.56.440 is amended to read:

7 **Sec. 18.56.440. Limitations on use of housing assistance loan fund.** The
8 corporation may not use the money in the housing assistance loan fund to

9 (1) originate a direct loan or purchase or participate in the purchase of
10 a small community housing mortgage loan that exceeds the limitations on mortgage
11 loans purchased by the Federal National Mortgage Association as to principal amount
12 or loan-to-value ratio;

13 (2) originate a direct loan or purchase or participate in the purchase of
14 a loan made for building materials for small community housing

1 (A) that exceeds \$45,000 or exceeds

2 (i) 80 percent of the appraised value of the work
3 completed on the small community housing for which the loan is made
4 if the small community housing is pledged as collateral for the loan; or

5 (ii) 90 percent of the value of other property that is
6 pledged as security for the loan and that is satisfactory to the
7 corporation as collateral;

8 (B) unless the terms of the loan agreement require inspections
9 and certifications, as required by regulations of the corporation, at the expense
10 of the borrower; and

11 (C) unless the period of time allowed for repayment of the loan
12 is equal to or less than 15 years;

13 (3) originate direct loans or purchase or participate in the purchase of a
14 small community housing mortgage loan that is secured by real property the
15 marketable title to which is shown under AS 18.56.480(b)(2) if the total amount of
16 outstanding small community housing mortgage loans held by the corporation exceeds
17 10 times the amount of money in the restricted title loss reserve account established by
18 AS 18.56.490;

19 (4) originate a direct loan for small community housing or purchase or
20 participate in the purchase of a small community housing mortgage loan, other than a
21 loan for the repair, remodeling, rehabilitation, or expansion of an existing owner-
22 occupied residence, if the borrower has an outstanding housing loan made under a
23 state loan program, other than a loan for nonowner-occupied housing under former
24 AS 18.56.570 or under former AS 44.47.520, that bears interest at a rate that was less
25 than the prevailing market interest rate for similar housing loans at the time the loan
26 was made;

27 (5) originate a direct mortgage loan or purchase or participate in the
28 purchase of a mortgage loan for a single-family house that exceeds the statewide
29 average value of a single-family house or for an owner-occupied duplex that
30 exceeds the statewide average value of an owner-occupied duplex [RENTAL
31 HOUSING UNLESS THE BORROWER AGREES NOT TO DISCRIMINATE

1 AGAINST TENANTS OR PROSPECTIVE TENANTS BECAUSE OF SEX.
2 MARITAL STATUS, CHANGES IN MARITAL STATUS, PREGNANCY,
3 PARENTHOOD, RACE, RELIGION, COLOR, NATIONAL ORIGIN, OR STATUS
4 AS A STUDENT];

5 (6) originate, purchase, or participate in a loan to a person who has a
6 past due child support obligation established by court order or by the child support
7 enforcement division under AS 25.27.160 - 25.27.220 at the time of application;

8 (7) originate, purchase, or participate in a loan to a person who is
9 in a family whose income is greater than 200 percent of the level set under the
10 federal poverty guidelines for Alaska set by the United States Department of
11 Health and Human Services.

12 * Sec. 2. AS 18.56.440 is amended by adding a new subsection to read:

13 (b) The corporation may use the money in the housing assistance loan fund
14 only to provide housing assistance in a small community in which the average cost of
15 living is equal to or greater than 125 percent of the statewide average cost of living as
16 adjusted by application of the percentage change represented by the pay step
17 differentials under AS 39.27.020 for the location of the small community, as
18 determined by the corporation.

19 * Sec. 3. AS 18.56.430 and 18.56.580 are repealed.

20 * Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section to
21 read:

22 TRANSITION. The balance in the home ownership assistance fund on the effective
23 date of this Act is transferred to the general fund.

24 * Sec. 5. This Act takes effect immediately under AS 01.10.070(c).

adopted

22-LS0488VS
Cook
4/25/01

CS , OR SENATE BILL NO. 181(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act prohibiting the Alaska Housing Finance Corporation from using money in the
2 housing assistance loan fund to subsidize an amount that exceeds \$100,000 and limiting
3 certain loans of the corporation to areas in which the average cost of living is equal to or
4 greater than 125 percent of the statewide average."

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 * Section 1. AS 18.56.440 is amended to read:

7 **Sec. 18.56.440. Limitations on use of housing assistance loan fund.** The
8 corporation may not use the money in the housing assistance loan fund to subsidize
9 an amount that exceeds \$100,000 or to

10 (1) originate a direct loan or purchase or participate in the purchase of
11 a small community housing mortgage loan that exceeds the limitations on mortgage
12 loans purchased by the Federal National Mortgage Association as to principal amount
13 or loan-to-value ratio;

14 (2) originate a direct loan or purchase or participate in the purchase of

1 a loan made for building materials for small community housing

2 (A) that exceeds \$45,000 or exceeds

3 (i) 80 percent of the appraised value of the work
4 completed on the small community housing for which the loan is made
5 if the small community housing is pledged as collateral for the loan; or

6 (ii) 90 percent of the value of other property that is
7 pledged as security for the loan and that is satisfactory to the
8 corporation as collateral;

9 (B) unless the terms of the loan agreement require inspections
10 and certifications, as required by regulations of the corporation, at the expense
11 of the borrower; and

12 (C) unless the period of time allowed for repayment of the loan
13 is equal to or less than 15 years;

14 (3) originate direct loans or purchase or participate in the purchase of a
15 small community housing mortgage loan that is secured by real property the
16 marketable title to which is shown under AS 18.56.480(b)(2) if the total amount of
17 outstanding small community housing mortgage loans held by the corporation exceeds
18 10 times the amount of money in the restricted title loss reserve account established by
19 AS 18.56.490;

20 (4) originate a direct loan for small community housing or purchase or
21 participate in the purchase of a small community housing mortgage loan, other than a
22 loan for the repair, remodeling, rehabilitation, or expansion of an existing owner-
23 occupied residence, if the borrower has an outstanding housing loan made under a
24 state loan program, other than a loan for nonowner-occupied housing under
25 AS 18.56.580 or under former AS 44.47.520, that bears interest at a rate that was less
26 than the prevailing market interest rate for similar housing loans at the time the loan
27 was made;

28 (5) originate a direct mortgage loan or purchase or participate in the
29 purchase of a mortgage loan for rental housing unless the borrower agrees not to
30 discriminate against tenants or prospective tenants because of sex, marital status,
31 changes in marital status, pregnancy, parenthood, race, religion, color, national origin,

1 or status as a student;

2 (6) originate, purchase, or participate in a loan to a person who has a
3 past due child support obligation established by court order or by the child support
4 enforcement division under AS 25.27.160 - 25.27.220 at the time of application.

5 * **Sec. 2.** AS 18.56.440 is amended by adding a new subsection to read:

6 (b) The corporation may use the money in the housing assistance loan fund
7 only to provide housing assistance in a small community in which the average cost of
8 living is equal to or greater than 125 percent of the statewide average cost of living as
9 adjusted by application of the percentage change represented by the pay step
10 differentials under AS 39.27.020 for the location of the small community, as
11 determined by the corporation.

SENATE FINANCE COMMITTEE

~~2000~~ **COMMITTEE ACTION**

4/25/01

Bill Number	SB 181		
Amendment	CS "S"		
Motion	adopt as Workdraft		
<u>Motion by</u>	D		
<u>Objection by</u>	H		
<u>Removed</u>	✓		
<u>Second Objection by</u>			
<u>Committee Member</u>	<u>Y</u>	<u>Vote</u>	<u>N</u>
Senator Ward			
Senator Wilken			
Senator Austerman			
Senator Green			
Senator Hoffman			
Senator Leman			
Senator Olson			
Co-Chair Donley			
Co-Chair Kelly			
<u>Tally</u>			
Yea			
Nay			
Absent			
MOTION	PASS		

SENATE FINANCE
COMMITTEE
Amendment Number: #2
Bill Number: SB 181
Sponsor: Donley Date: 3/21/02
Logged In By: J. Mindy

ADOPTED

22-LS0488\W.1

Cook
3/20/02

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR DONLEY

TO: CSSB 181(), Draft Version "W"

1 Page 1, line 1, following "Act":

2 Insert "relating to the Alaska Housing Finance Corporation's rural assistance
3 loan program;"

4

5 Page 1, following line 6:

6 Insert a new bill section to read:

7 **** Section 1.** AS 18.56.420(a) is amended to read:

8 (a) There is created in the corporation, as a revolving loan fund, the housing
9 assistance loan fund consisting of money appropriated to it by the legislature and
10 deposited in it by the corporation, and repayments of principal and interest on loans
11 made or purchased from the assets of the fund. The corporation shall

12 (1) adopt regulations to administer the housing assistance loan fund
13 under AS 18.56.400 - 18.56.600; and

14 (2) subject to appropriation, provide money for a rural assistance loan
15 program to originate, purchase, [OR] participate in the purchase of, or refinance

16 (A) small community housing mortgage loans;

17 (B) loans made for building materials for small community
18 housing;

19 (C) loans made for renovations or improvements to small
20 community housing;

21 (D) loans made for the construction of owner-occupied small
22 community housing other than loans to builders or contractors or loans that
23 compensate an owner for the owner's labor or services in constructing the
24 owner's own housing. "

- 1 Page 1, line 7:
- 2 Delete "* Section 1."
- 3 Insert "* Sec. 2."
- 4
- 5 Renumber the following bill sections accordingly.

SENATE FINANCE
COMMITTEE #1
Amendment Number: #1
Bill Number: SB 181
Sponsor: Donley Date: 3/21/02
Logged In By: Mindy

22-LS0488\W.2
Cook
3/20/02

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR DONLEY

TO: CSSB 181(), Draft Version "W"

- 1 Page 1, line 5:
- 2 Delete "repealing the home ownership assistance fund;"
- 3
- 4 Page 3, line 13:
- 5 Delete "AS 18.56.430 and 18.56.580 are"
- 6 Insert "AS 18.56.580 is"
- 7
- 8 Page 3, lines 14 - 17:
- 9 Delete all material.
- 10
- 11 Renumber the following bill section accordingly.

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR DONLEY

TO: AMENDMENT TO CSSB 181(), Draft Version "U"

1 The amendment previously adopted by the committee is amended by adding a new bill
2 section to read:

3 ** Sec. 4. AS 18.56.580 is amended by adding a new subsection to read:

4 "(e) A loan may be made under this section only for multi-family housing in
5 which each unit that is not vacant is occupied by at least one individual who is
6 employed as a certificated teacher in a public elementary or secondary school in a
7 small community. Notwithstanding AS 18.56.470(a), if, before the loan is entirely
8 repaid, the occupancy requirement of this subsection is not complied with, the interest
9 rate on the entire original loan amount becomes the same as the interest rate
10 determined under AS 18.56.098(f)(1) - (4) on a mortgage loan purchased under
11 AS 18.56.098(a) from the proceeds of the most recent applicable issue of taxable
12 bonds before the loan under this section was made."

13
14 Renumber the following bill section accordingly.

15
16 The legal services division is directed to change "certified teacher" to
17 "certificated teacher" in the amendment and to make all drafting changes necessary to
18 clarify and conform the amendment as amended to requirements of the "Manual of
19 Legislative Drafting".

Sectional Analysis

Committee Substitute Senate Bill 181

Sec. 1 Deletes AS 18.56.440(5). This change eliminates financing rental housing with this subsidized program.

Rationale: It is not good public policy to subsidize loans on non-owner occupied housing.

Sec.2 AS 18.56.470 (a) is amended so that the subsidized portion of the loan is limited to an amount equal to the statewide average cost of a single-family home. Should the loan amount exceed the statewide average cost of a single-family home, the interest rate on the excess amount would carry the market (not-subsidized) rate.

Rationale: This change allows the financing of the "average priced" home with the subsidized loan program and permits the borrower to finance a higher amount at market interest rates. This blended rate concept was suggested as an alternative to the original bill by AIIFC.

Sec.3 Deletes AS 18.56.580. This change is a companion to section 1 above. It eliminates the section on "Loans for non-owner occupied housing".

Rationale: Non-owner occupied homes which are investments should not be eligible for this subsidized loan program.



Official Business

Alaska State Senate

Senate Finance Committee

Sponsor Statement

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1117

Senate Bill 181

“An Act relating to the use of money from the housing assistance loan fund and to the interest rate on loans originated or purchased by the Alaska Housing Finance Corporation for small community housing; and providing for an effective date”

This Committee Substitute makes two changes to the AHFC rural housing loan program established by AS18.56.420 and known as the HALF program. The changes are to:

- Make the program only available for owner occupied single family or duplex homes and not investment properties.
- Limits the subsidized portion of loans to no more than the statewide average for the cost of a house.

It is clearly not good public policy to have a state program that rewards rich and well off people in low cost construction areas with a special discriminatory housing loan subsidy that discourages formation and unification of local governments. But that is just what AS18.56.420 (the HALF program) does. The program includes a statutory 1 percent below market interest rate for the Housing Assistance Loan Fund (HALF) program. AS 18.56.420 creates the HALF program to provide housing loans to residents in communities of less than 6,500. AS 18.56.420 currently requires that these loans be made at 1 percent below market rates. This loan program is managed by AHFC. The 1 percent discount on HALF loans costs the state on average over \$40,000 in lost income over the life of one of these loans. The Committee Substitute modifies the program by **capping the subsidized portion of the loan**. Capping the subsidized portion of the loan amount at the statewide average cost of a single family home will make the program more profitable to AHFC, make more loans available to other borrowers, and will stop the current subsidizing of the full cost of higher than average cost homes.

1. A September 2000 legislative audit concluded that the need for the program has been eliminated through other programs and private entities meeting the needs of homeowners.
2. By limiting the subsidized portion of the loans, AHFC should be able earn additional income while still offering a subsidized program to qualified borrowers.
3. Providing these low cost loans to borrowers who don't need the subsidy while denying such a subsidy to other less well off Alaskans is unfair discrimination. The Committee Substitute also provides that any loan amount in excess of the average statewide cost of a single-family home can be offered at market rates.

4. AHFC have indicated that they have changed their lending regulations so that the program no longer inhibits formation, consolidation and unification of local governments and these changes will further reduce that disincentive.

At Senate Finance Committee hearings held last April support existed for continuation of this program. Accordingly, this committee substitute was drafted so that the program could continue. The program should also be limited to financing a primary residence. In fiscal years 98 and 99 there were 1,026 HALF-subsidized loans made. During that two-year period the 1 percent subsidized loans were made to 166 borrowers with annual incomes over \$100,000. 74 percent of the loans made during this period were to borrowers in areas where home construction costs are less than in the Anchorage area. The average price of a home receiving a subsidized loan during this period was \$167,000. During this same period 148 loans were made for amounts above \$200,000. 11 loans were for amounts greater than \$300,000, the highest loan being for \$400,000. The 1 percent subsidy on that \$400,000 loan will cost the state close to \$100,000 in lost income over the life of that loan. In order to eliminate the abuse of residents receiving loans to finance expensive homes, the subsidized loan amounts are capped at the current state wide average sales price of a single family home, which for 3Q 2001 was \$187,000.

The HALF program was intended to give people a chance at home ownership when they didn't have other options. However, the eligibility requirements need to be tightened up so that those who can afford other programs or are already in low cost construction areas are not eligible. The eligibility requirements included in the Committee Substitute include limiting the loans to owner occupied single family or owner occupied duplex homes. This should continue to provide an attractive loan program while providing more income to the state and AHFC. It's just not good public policy to subsidize a multi unit housing development to increase the owner's profits. Even though no loans have been made for housing units larger than two units, it is good policy to place the prohibition in statute. It is probable that the people building multi unit housing have the income and /or the financial strength to use other non-subsidized programs. A subsidy program is usually reserved for those whose circumstances require it.

It is clearly not good public policy to have a state program that rewards rich and well off people in low cost construction areas with a special discriminatory housing loan subsidy that discourages formation and unification of local governments. For these reasons the HALF 1 percent subsidy program should be modified so that high value loans cannot be fully subsidized under this state loan program.

DD/pc

All loans that would ^{not} qualify under 400% from
year 2002
provided by:

Rural HALF Loans

2002 Sample of Households That Would Not Fall Below 400% Poverty Level

Senator
Kelly

TOTFAM	Yearly Income	400% Poverty	Loan
1	44,616	44,320	100,000
1	48,060	44,320	217,200
1	49,104	44,320	177,243
1	51,552	44,320	70,641
1	54,000	44,320	188,900
1	55,224	44,320	148,091
1	55,572	44,320	147,450
1	55,980	44,320	154,800
1	56,844	44,320	325,300
1	58,716	44,320	64,000
1	59,184	44,320	225,000
1	60,492	44,320	379,050
1	65,976	44,320	105,750
1	70,200	44,320	83,331
1	70,500	44,320	84,300
1	77,796	44,320	159,600
1	82,176	44,320	160,000
1	84,396	44,320	181,850
1	86,184	44,320	272,950
1	88,196	44,320	69,650
1	87,756	44,320	143,100
1	111,504	44,320	70,893
2	61,872	59,720	127,700
2	62,532	59,720	142,474
2	62,616	59,720	330,000
2	66,000	59,720	31,900
2	66,612	59,720	137,750
2	67,056	59,720	77,850
2	68,532	59,720	180,662
2	73,560	59,720	80,000
2	73,932	59,720	186,900
2	75,396	59,720	123,250
2	76,464	59,720	140,000
2	76,536	59,720	173,700
2	76,728	59,720	182,700
2	80,544	59,720	169,638
2	80,796	59,720	148,235
2	81,816	59,720	301,250
2	83,400	59,720	136,721
2	84,912	59,720	202,931
2	86,660	59,720	158,650
2	85,932	59,720	170,000
2	88,692	59,720	200,000
2	89,796	59,720	292,600
2	90,000	59,720	258,400
2	90,168	59,720	187,680
2	91,388	59,720	149,600

Rural HALF Loans

2002 Sample of Households That Would Not Fall Below 400% Poverty Level

TOTFAM	Yearly Income	400% Poverty	Loan
2	92,952	59,720	187,200
2	93,144	59,720	225,000
2	95,076	59,720	251,100
2	96,984	59,720	163,975
2	98,076	59,720	200,000
2	105,144	59,720	150,000
2	112,020	59,720	86,069
2	118,248	59,720	196,830
2	127,596	59,720	240,000
2	128,124	59,720	157,422
2	132,000	59,720	188,000
2	152,592	59,720	190,800
2	173,340	59,720	265,500
3	76,176	75,120	112,000
3	76,632	75,120	130,965
3	78,636	75,120	113,400
3	79,284	75,120	202,999
3	80,148	75,120	137,431
3	85,188	75,120	81,352
3	95,184	75,120	146,400
3	100,968	75,120	238,000
3	105,684	75,120	225,000
4	91,068	90,520	256,500
4	93,708	90,520	139,500
4	93,744	90,520	105,900
4	94,008	90,520	335,000
4	94,200	90,520	180,250
4	95,328	90,520	164,700
4	99,744	90,520	412,500
4	99,972	90,520	130,530
4	107,568	90,520	85,400
4	108,060	90,520	175,750
4	113,340	90,520	405,000
4	120,000	90,520	134,500
4	121,596	90,520	269,500
4	340,920	90,520	412,500

Sectional Analysis

Committee Substitute Senate Bill 181

Sec. 1 amends AS 18.56.440(5) by deleting the rental housing provision and replaces the language to read "a single family owner occupied home with a value that exceeds \$250,000"....

Rationale: This change limits the program to owner occupied homes with a value not exceeding \$250,000. The \$250,000 cap will increase with inflation.

Sec.1 also adds AS 18.56.440(7). This new subsection places an income limit of 4 times the federal poverty level as a qualifying criterion. Currently, that is over \$88,000 for a family of four.

Rationale: This change limits this loan subsidy program to families that might not qualify for a market rate loan which is the intention of the program. The state should not have to subsidize loans for higher income residents.

Amendment W.2 amends work draft "W" by deleting the sections that repeal the home ownership assistance fund.

Rationale: This amendment is necessary to keep the program available to Alaskans. Repealing the fund would close the program to new loans.



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

Sponsor Statement

Committee Substitute Senate Bill 181

"An act relating to the use of money from the housing assistance loan fund in the Alaska Housing Finance Corporation, preventing use of that money for a single family owner-occupied house with a value that exceeds \$250,000, adjusted for inflation, and repealing a provision authorizing use of the money for non-owner occupied housing; repealing the home ownership assistance fund; and providing for an effective date"

It is clearly not good public policy to have a state program that rewards rich and well off people in low cost construction areas with a special discriminatory housing loan subsidy that discourages formation and unification of local governments. But that is just what AS18.56.420 (the HALF program) does. CSSB181 restructures eligibility for the small community housing loan program. The program includes a statutory 1 percent below market interest rate for the Housing Assistance Loan Fund (HALF) program. AS 18.56.420 creates the HALF program to provide housing loans to residents in communities of less than 6,500. AS 18.56.420 currently requires that these loans be made at 1 percent below market rates. This loan program is managed by AHFC. The 1 percent discount on HALF loans costs the state on average over \$40,000 in lost income over the life of one of these loans. The Committee Substitute modifies the eligibility requirements to make it **needs based, caps the loan amount, and does not permit loans for non-owner occupied homes**. The original legislation sought to eliminate this HALF program because:

- 1) A September 2000 legislative audit concluded that the need for the program has been eliminated through other programs and private entities meeting the needs of homeowners.
- 2) Providing these low cost loans to borrowers who don't need the subsidy while denying such a subsidy to other less well off Alaskans is unfair discrimination.
- 3) Elimination of the subsidy will help to promote formation, consolidation and unification of local governments.

At Senate Finance Committee hearings held last April support existed for continuation of this program. Accordingly, this committee substitute was drafted so that the program could continue. However, it is appropriate that eligibility standards be adapted to make the program

needs based. The program should also be limited to financing a primary residence. The reason the bill modifies eligibility is that it is apparent that the 1 percent subsidized rate is being abused. In fiscal years 98 and 99 there were 1,026 HALF-subsidized loans made. During that two-year period the 1 percent subsidized loans were made to 166 borrowers with annual incomes over \$100,000. 74 percent of the loans made during this period were to borrowers in areas where home construction costs are less than in the Anchorage area. The average price of a home receiving a subsidized loan during this period was \$167,000. During this same period 148 loans were made for amounts above \$200,000. 11 loans were for amounts greater than \$300,000, the highest loan being for \$400,000. The 1 percent subsidy on that \$400,000 loan will cost the state close to \$100,000 in lost income over the life of that loan.

The HALF program was intended to give people a chance at home ownership when they didn't have other options. However, the eligibility requirements need to be tightened up so that those who can afford other programs or are already in low cost construction areas are not eligible. The eligibility requirements included in the Committee Substitute include limiting the loans to owner occupied single family or owner occupied duplex homes; owners must have incomes less than four times the Federal poverty level for Alaska, and the home being financed cannot have a value of more than \$250,000. The \$250,000 cap will be indexed to inflation so the value will increase in step with inflation should continue to provide an attractive loan program for those needing to use the program. It's just not good public policy to subsidize a multi unit housing development to increase the owner's profits. Even though no loans have been made for housing units larger than two units, it is good policy to place the prohibition in statute. It is probable that the people building multi unit housing have the income and/or the financial strength to use other non-subsidized programs. A subsidy program is usually reserved for those whose circumstances require it. Accordingly, the Committee Substitute includes an income ceiling of four times the Federal poverty guidelines. So that extravagant homes are not subsidized, the loans are capped at a housing value of \$250,000. The current 1 percent subsidy as it currently exists is simply not good public policy. Providing these low cost loans to borrowers who don't need the subsidy while denying such a subsidy to other Alaskans is unfair discrimination.

In addition, the HALF 1 percent subsidy program has had a negative impact on creation of unified local governments. The constitutionally created Local Boundary Commission report released in 1998 cited this program as a major impediment to the formation and consolidation of local government in Alaska. That report cited specific examples including that of opponents of the proposal to consolidate the City of Haines and the Haines Borough, who listed the loss of eligibility for the HALF 1 percent subsidy as a reason not to consolidate.

Another example is in the Kenai area where among residents who live along the boundary between the city and the borough, those who live in the borough get the 1 percent reduced home loans, while residents on the city side do not. It is this unfair discrimination that inhibits the efficient formation of local government. The state pursuant to the Alaska Constitution should be encouraging the formation and unification of local government not discouraging it.

It is clearly not good public policy to have a state program that rewards rich and well off people in low cost construction areas with a special discriminatory housing loan subsidy that

discourages formation and unification of local governments. For these reasons the HALF 1 percent subsidy program should be modified so that only those who truly need the subsidy for an "average" home are eligible.

DD/pc



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

Sponsor Statement

Senate Bill 181

“An Act relating to the use of money from the housing assistance loan fund; amending the definition of ‘small community’ for purposes of the small community housing loan program in the Alaska Housing Finance Corporation; and providing for an effective date”

It is clearly not good public policy to have a state program that rewards rich and well off people in low cost construction areas with a special discriminatory housing loan subsidy that discourages formation and unification of local governments. But that is just what AS18.56.420 (the HALF program) does. CSSB 181 restructures eligibility for the small community housing loan program. The program includes a statutory 1 percent below market interest rate for the Housing Assistance Loan Fund (HALF) program. AS 18.56.420 creates the HALF program to provide housing loans to residents in communities of less than 6,500. AS 18.56.420 currently requires that these loans be made at 1 percent below market rates. This loan program is managed by AHFC. The 1 percent discount on HALF loans costs the state on average over \$40,000 in lost income over the life of one of these loans. The Committee Substitute modifies the eligibility requirements to make it needs based. The original legislation sought to eliminate this HALF program because:

- 1) A September 2000 legislative audit concluded that the need for the program has been eliminated through other programs and private entities meeting the needs of homeowners.
- 2) If the 1 percent subsidy is eliminated from the HALF program, over a half-million dollars a year in additional AHFC earnings could potentially be made available to help balance the state fiscal gap.
- 3) Providing these low cost loans to borrowers who don't need the subsidy while denying such a subsidy to other less well off Alaskans is unfair discrimination.
- 4) Elimination of the subsidy will help to promote formation, consolidation and unification of local governments.

At Senate Finance Committee hearings held last April support existed for continuation of this program. Accordingly, this committee substitute was drafted so that the program could continue. However, it is appropriate that eligibility standards be adapted to make the program needs based. The program should also be limited to financing a primary residence. The reason the bill modifies eligibility is that it is apparent that the 1 percent subsidized rate is being abused.

In fiscal years 98 and 99 there were 1,026 HALF-subsidized loans made. During that two-year period the 1 percent subsidized loans were made to 166 borrowers with annual incomes over \$100,000. 74 percent of the loans made during this period were to borrowers in areas where home construction costs are less than in the Anchorage area. The average price of a home receiving a subsidized loan during this period was \$167,000. During this same period 148 loans were made for amounts above \$200,000. 11 loans were for amounts greater than \$300,000, the highest loan being for \$400,000. The 1 percent subsidy on that \$400,000 loan will cost the state close to \$100,000 in lost income over the life of that loan.

The HALF program was intended to give people a chance at home ownership when they didn't have other options. However, the eligibility requirements need to be tightened up so that those who can afford other programs or are already in low cost construction areas are not eligible. The eligibility requirements included in the Committee Substitute include limiting the loans to owner occupied single family or owner occupied duplex homes. It's just not good public policy to subsidize a multi unit housing development to increase the owner's profits. It is probable that the people building multi unit housing have the income and /or the financial strength to use other non-subsidized programs. A subsidy program is usually reserved for those whose circumstances require it. Accordingly, the Committee Substitute includes an income ceiling of twice the Federal poverty guidelines. One of the premises of the subsidy was that building homes in rural areas cost more than in urban areas. To make sure that the subsidy is reserved for those homes being built in high cost areas, the CSSB includes the requirement that loans are limited to areas whose cost of living index is at least 125% of Anchorage as measured by the cost of living pay adjustments received by state employees in accordance with AS 39.27.020..

The current 1 percent subsidy as it currently exists is simply not good public policy. Providing these low cost loans to borrowers who don't need the subsidy while denying such a subsidy to other Alaskans is unfair discrimination.

In addition, the HALF 1 percent subsidy program has had a negative impact on creation of unified local governments. The constitutionally created Local Boundary Commission report released in 1998 cited this program as a major impediment to the formation and consolidation of local government in Alaska. That report cited specific examples including that of opponents of the proposal to consolidate the City of Haines and the Haines Borough, who listed the loss of eligibility for the HALF 1 percent subsidy as a reason not to consolidate.

Another example is in the Kenai area where among residents who live along the boundary between the city and the borough, those who live in the borough get the 1 percent reduced home loans, while residents on the city side do not. It is this unfair discrimination that inhibits the efficient formation of local government. The state pursuant to the Alaska Constitution should be encouraging the formation and unification of local government not discouraging it.

It is clearly not good public policy to have a state program that rewards rich and well off people in low cost construction areas with a special discriminatory housing loan subsidy that discourages formation and unification of local governments. For these reasons the HALF 1 percent subsidy program should be modified so that only those who truly need the subsidy are eligible or eliminated

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



P.O. Box 113300
Juneau, AK 99811-3300
(907) 465-3830
FAX (907) 465-2347
Internet e-mail address:
legaudit@legis.state.ak.us

SUMMARY OF: A Special Report on the Department of Revenue, Alaska Housing Finance Corporation, Housing Assistance Loan Fund, September 25, 2000.

PURPOSE OF THE REPORT

In accordance with Title 24 of the Alaska Statutes and a special request by the Legislative Budget and Audit Committee, we performed a special review of the Housing Assistance Loan Fund (HALF) and its use by the Alaska Housing Finance Corporation (AHFC) to fund rural housing programs. The objectives of this audit were to determine: (1) whether the barriers to home ownership financing in rural Alaska at the inception of the State's rural housing programs still exist, and (2) whether the Housing Assistance Loan Fund is necessary to provide home ownership financing in rural Alaska.

REPORT CONCLUSIONS

Alaska Housing Finance Corporation's rural loan programs and HALF were created two decades ago to overcome certain barriers to home ownership in rural Alaska. These included the following:

- Lack of private financing services
- Housing that did not meet minimum building standards required by governmental or private mortgage financing programs
- Residential properties without fee simple titles required by governmental or private mortgage financing programs
- Unavailability of hazard, title, or private mortgage insurance
- Higher construction costs than in urban areas of the State

Since that time all of these barriers, except higher construction costs, have been adequately addressed by other private and government programs.

Higher construction costs have not been fully addressed. Although the HALF program provides a 1% subsidy in recognition of these costs, most of these loans are not being made in the high construction cost regions of the State. However, several other subsidy programs provide coverage in these areas and are available to assist low-income and Native borrowers.

Borrowers under HALF are generally not low or median income.

The HALF program should either be modified or eliminated. It is no longer needed in its present form.

FINDING AND RECOMMENDATION

Recommendation No. 1

The legislature should either modify or eliminate of the Housing Assistance Loan Fund program.

Alaska Statute 18.56.600(2) currently allows HALF to assist borrowers in communities:

. . . with a population of 6,500 or less that is not connected by road or rail to Anchorage or Fairbanks, or with a population of 1,600 or less that is connected by road or rail to Anchorage or Fairbanks; in this paragraph "connected by road" does not include a connection by the Alaska marine highway system.

If the legislature elects to continue the HALF program, we recommend it modify this statute to specifically target high-cost areas. While the above statute appears to address this concern, its application has not been effective. We recommend a more direct approach. For example, the legislature may wish to subsidize only borrowers in communities where building costs exceed 115% of the costs in Anchorage.

The legislature should also consider whether to continue to provide this program's subsidies to moderate and high-income borrowers. In addition to HALF's 1% interest rate subsidy, AHFC has also lowered the private mortgage insurance requirement for these loans. With an average loan amount of \$167,000, these wealthier borrowers are receiving an annual subsidy from the State of \$2,300. In FY 98 and FY 99, HALF made loans to 166 borrowers with annual incomes over \$100,000. This is 16% of the loans made during this period.

If the legislature chooses to eliminate the HALF program, no new loans would be made and the proceeds from existing loans would become unrestricted assets in AHFC and would be available for other uses. These loans totaled \$349,018,000 at June 30, 2000. Further, HALF's \$15 million investment balance could be available for immediate use.

distributed by:
Senator Donley.

September 25, 2000

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 of the Alaska Statutes, the attached report is submitted for your review.

DEPARTMENT OF REVENUE
ALASKA HOUSING FINANCE CORPORATION
HOUSING ASSISTANCE LOAN FUND

September 25, 2000

Control Number

04-4600-00

The objectives of this audit were to determine: (1) whether the barriers to home ownership financing in rural Alaska at the inception of the State's rural housing programs still exist, and (2) whether the Housing Assistance Loan Fund is necessary to provide home ownership financing in rural Alaska.

The audit was conducted in accordance with generally accepted government auditing standards. The fieldwork procedures utilized in the course of developing the findings and discussion presented in this analysis are discussed in the Objectives, Scope, and Methodology section. Audit results can be found in the Report Conclusions and Finding and Recommendation sections.

Pat Davidson, CPA
Legislative Auditor

TABLE OF CONTENTS

	<u>Page</u>
Objective, Scope, and Methodology	1
Organization and Function	3
Report Conclusions.....	5
Finding and Recommendation.....	11
Agency Response:	
Alaska Housing Finance Corporation	13

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

In accordance with a Legislative Budget and Audit Committee special request and Title 24 of the Alaska Statutes, we performed a special review of the Housing Assistance Loan Fund (HALF) and its use by the Alaska Housing Finance Corporation (AHFC) to fund rural housing programs. The purposes of the review were as follows:

1. To determine whether the barriers to home ownership financing in rural Alaska at the inception of the State's rural loan programs still exist, and
2. To determine whether HALF is necessary to provide home ownership financing in rural Alaska.

Scope and Methodology

The scope of our loan review consisted of 1,056 loans, totaling \$154,670,358, originated between July 1, 1997 and June 30, 1999 and held in HALF as of June 30, 1999. We stratified the 1,056 loans between nonowner-occupied (30) and owner-occupied (1,026) residences. An analysis included the 1,026 (97.2%) owner-occupied residence loans with outstanding balances totaling \$149,394,312 (96.5%).

We obtained the U.S. Department of Housing and Urban Development's schedule of building costs dated March 31, 1998¹ and the AHFC *1999 Construction Cost Survey*. We used the cost of construction in Anchorage as a baseline for analysis of costs in other communities.

We reviewed AHFC's programs and compared them to home ownership financing programs administered by Native housing authorities, tribally designated housing entities, the U.S. Department of Agriculture Rural Development, and private lending institutions.

¹All project costs were adjusted to 1999 dollars.

ORGANIZATION AND FUNCTION

The Alaska Housing Finance Corporation (AHFC) was created in 1971. In 1992, the Alaska State Housing Authority and certain Department of Community and Regional Affairs housing and energy programs were merged with AHFC.

The AHFC Board of Directors consists of seven members: the commissioners of the Departments of Revenue, Health and Social Services, and Community and Economic Development; three public members with expertise in finance or real estate, residential energy efficient home building or weatherization, or senior or low-income housing; and one member who is a rural resident or who has experience with a rural Native housing authority.

The mission of the corporation is to provide Alaskans "*access to safe, quality, affordable housing.*"² AHFC accomplishes its mission in part by functioning as a secondary market for qualified real estate and mobile home loans originated by financial institutions. The corporation has special lending and grant programs that are specifically designed to meet the housing needs of low and moderate-income borrowers. Also, AHFC maintains 1,705 units of public housing in 14 communities across the State and administers the federally-funded Section 8 program that provides rent subsidies for approximately 2,720 families living in private sector housing.

AHFC operates the Housing Assistance Loan Fund³ program to assist borrowers in communities

. . . with a population of 6,500 or less that is not connected by road or rail to Anchorage or Fairbanks, or with a population of 1,600 or less that is connected by road or rail to Anchorage or Fairbanks; in this paragraph "connected by road" does not include a connection by the Alaska marine highway system.

²Alaska Housing Finance Corporation, *Strategic Plan 1999 - 2003* (July 1998), p. 3 - 4.

³See AS 18.56.600(2).

REPORT CONCLUSIONS

Alaska Housing Finance Corporation's (AHFC) rural loan programs and the Housing Assistance Loan Fund (HALF) were created two decades ago to overcome certain barriers to home ownership in rural Alaska. These included the following:

- Lack of private financing services
- Housing that did not meet minimum building standards required by governmental or private mortgage financing programs
- Residential properties without fee simple titles required by governmental or private mortgage financing programs
- Unavailability of hazard, title, or private mortgage insurance
- Higher construction costs than in urban areas of the State

Since that time all of these barriers, except higher construction costs, have been adequately addressed by other private and government programs.

Higher construction costs have not been fully addressed. Although the HALF program provides a 1% subsidy in recognition of these costs, most of these loans are not being made in the high construction cost regions of the State. However, several other subsidy programs provide coverage in these areas and are available to assist low-income and Native borrowers.

Borrowers under HALF are generally not low or median income.

The HALF program should either be modified or eliminated. It is no longer needed in its present form (see Recommendation No. 1).

Our detailed conclusions follow.

Financing services now available in rural Alaska

One barrier to home ownership in rural Alaska was the absence of financing services. These services are now available to rural Alaskans through private lending institutions, Native regional housing authorities, and tribally designated housing entities.

Of the 61 communities with outstanding¹ HALF loans, 24 (39%) of the communities have a branch or community agent of a private financial institution located there. In addition to face-to-face access, these financial institutions offer loan applications through the Internet and loans by telephone, which effectively extends the area these institutions serve.

¹As of June 30, 1999.

There are 15 Native regional housing authorities⁵ in the State. AHFC has agreed to purchase loans from two of these authorities so far. The other authorities are in the process of implementing loan origination services.

The Native American Housing Assistance and Self Determination Act of 1996⁶ encourages Native housing authorities and tribes to provide lending services. Under this act, any of the 228 designated tribes in Alaska can become a tribally designated housing entity and receive substantial federal funding. These entities received \$94 million in FY 98 and \$102 million in FY 99. All of the State's Native regional housing authorities are eligible to participate. As this federal program becomes fully operational, even more opportunities for home financing in rural Alaska will be available.

HALF not the only source for nonconforming housing loans

Private financing and federal government loan programs still require residential structures to conform to minimum building standards. Two decades ago, if a structure deviated from these standards, it was considered to be nonconforming and financing was not available.

AHFC now has a separate nonconforming housing loan program.⁷ This program provides loans for the purchase or construction⁸ of nonconforming single-family and duplex units. This program is offered in both rural and urban areas and is funded through bond issuances, not HALF.

The interest rate on this other loan program is equal to AHFC's taxable program rate plus .25%. The HALF program interest rate is statutorily set at 1% below the taxable program rate. Under both programs, a low-income borrower may receive an interest rate reduction of up to 2% depending on his/her income. Also, if the nonconforming dwelling is constructed with energy efficient features, up to an additional 1.5% interest rate reduction may be obtained.

Whether a borrower goes through HALF or this other nonconforming program depends on where he/she can get the lowest rate, not whether the property meets the building standards. Nonconforming loans are readily available outside of HALF.

Private mortgage and hazard insurance now available in rural Alaska

The lack of private mortgage and hazard insurance was a barrier to home ownership in rural Alaska. Without these insurances, loans could not be readily sold in the secondary market. When insurance was available, it was expensive. However, mortgage and hazard insurances are now available throughout rural Alaska.

⁵ See AS 18.55.996.

⁶ See U.S. Public Law 104-330 (October 26, 1996).

⁷ See AS 18.56.106.

⁸ Construction loans can only be made when construction of a conforming house is not possible.

Private mortgage insurance⁹ (PMI) is required by most financial institutions if the loan amount is greater than 80% of the appraised value of the secured residential property. PMI costs the borrower between \$27 and \$65 a month on a \$100,000 loan, depending on the loan-to-value ratio. The rates charged by private mortgage insurers are the same for rural and urban areas.

Most financial institutions also require hazard insurance on the secured property. Even AHFC requires its borrowers to maintain hazard insurance. The HALF program is no exception. Private commercial insurers offer hazard insurance statewide. These insurers consider the same risk factors in both rural and urban areas. The result is often somewhat higher rates for rural properties. However, these rates are not unreasonably high. Even though AHFC has the authority to waive the hazard insurance requirement, it has not needed to do so in recent years.

Federal program provides loan guarantees for properties with title restrictions

Financing institutions require secured residential property to have an unrestricted title. However, in rural Alaska some properties have federal Bureau of Indian Affairs or tribal restrictions. These restrictions could prevent the lender from obtaining title to the secured property if the borrower defaults.

Prior to 1994, AHFC purchased loans on properties with title restrictions. In these cases, AHFC required the borrower to provide documents issued by the federal government or an Alaska Native village corporation showing conveyance of the property or intent to convey the property to the borrower. AHFC absorbed losses, if any, due to foreclosure.

In 1994, the U.S. Department of Housing and Urban Development (HUD) implemented the Section 184 Native American loan guarantee program. This program provides home ownership opportunities to Native Americans wanting to own a home on tribal, individual trust, or Indian area land. A 100% guarantee of the full faith and credit of the U.S. government is provided to the lender against losses as a result of foreclosure. In order for loans to be made on properties with title restrictions under the guarantee program, the tribe must enact and enforce foreclosure laws and eviction procedures.

Private financing institutions will issue loans on the properties with the Section 184 guarantee. AHFC and the other secondary financing institutions purchase these guaranteed loans from the lenders. Given the 100% guarantee, these loans are readily purchased.

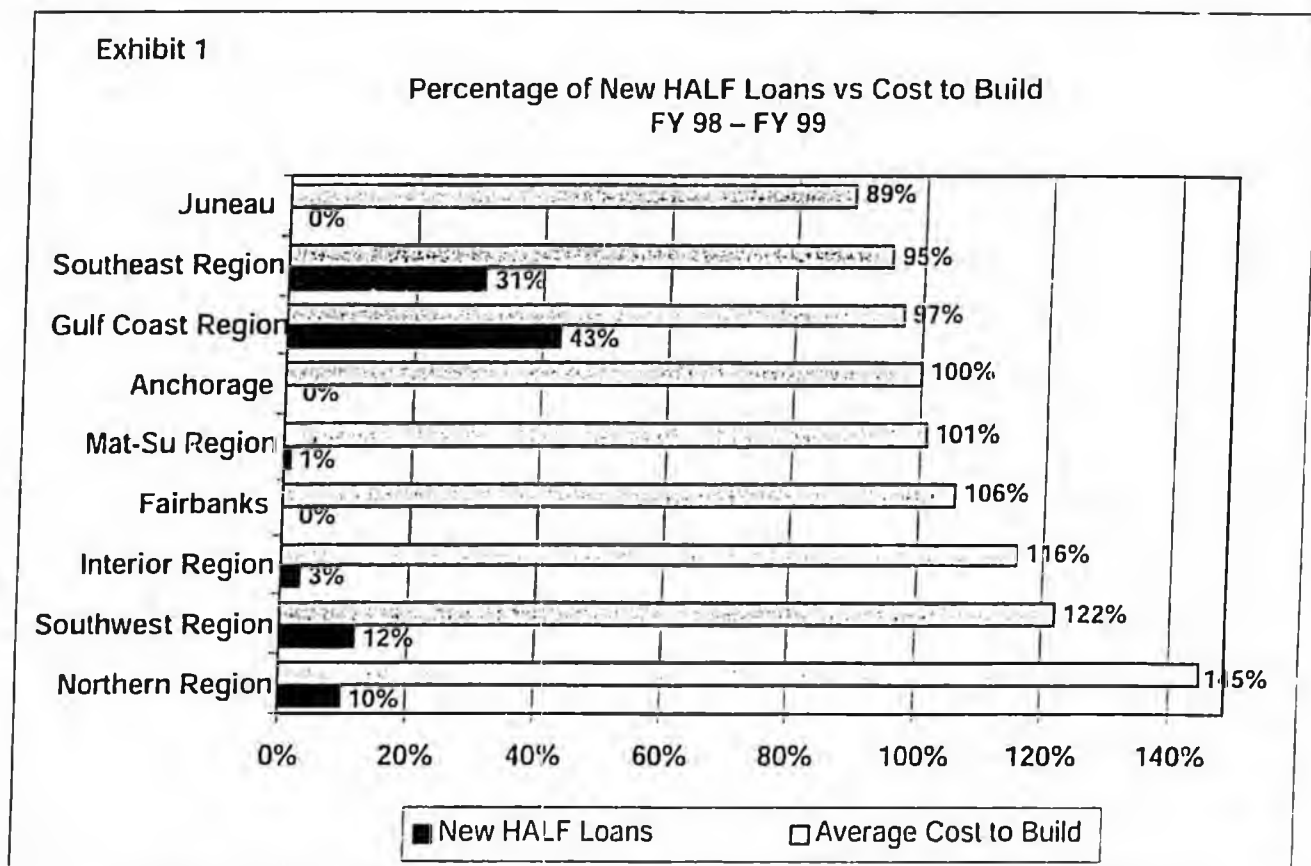
Further, these loans are now eligible to be placed under normal bond issuances. AHFC does not need to fund them with HALF.

⁹Private mortgage insurance can cover up to 20% of a property's value. It is payable to the lender in the event of foreclosure.

HALF program not focused on areas with high construction costs

The legislative intent behind the 1% interest rate reduction¹⁰ under HALF was to defray the high construction cost of home ownership in rural Alaska. Nevertheless, most of these loans are going to borrowers in low-cost regions.

Exhibit 1 compares the relative cost to build in each region with the percentage of HALF loans going to the region. This graph sets Anchorage building costs¹¹ at a baseline of 100. Approximately 74% of the loans went to the Southeast and Gulf Coast regions, rather than the high-cost Northern and Southwest regions.



Borrowers using HALF not generally low income

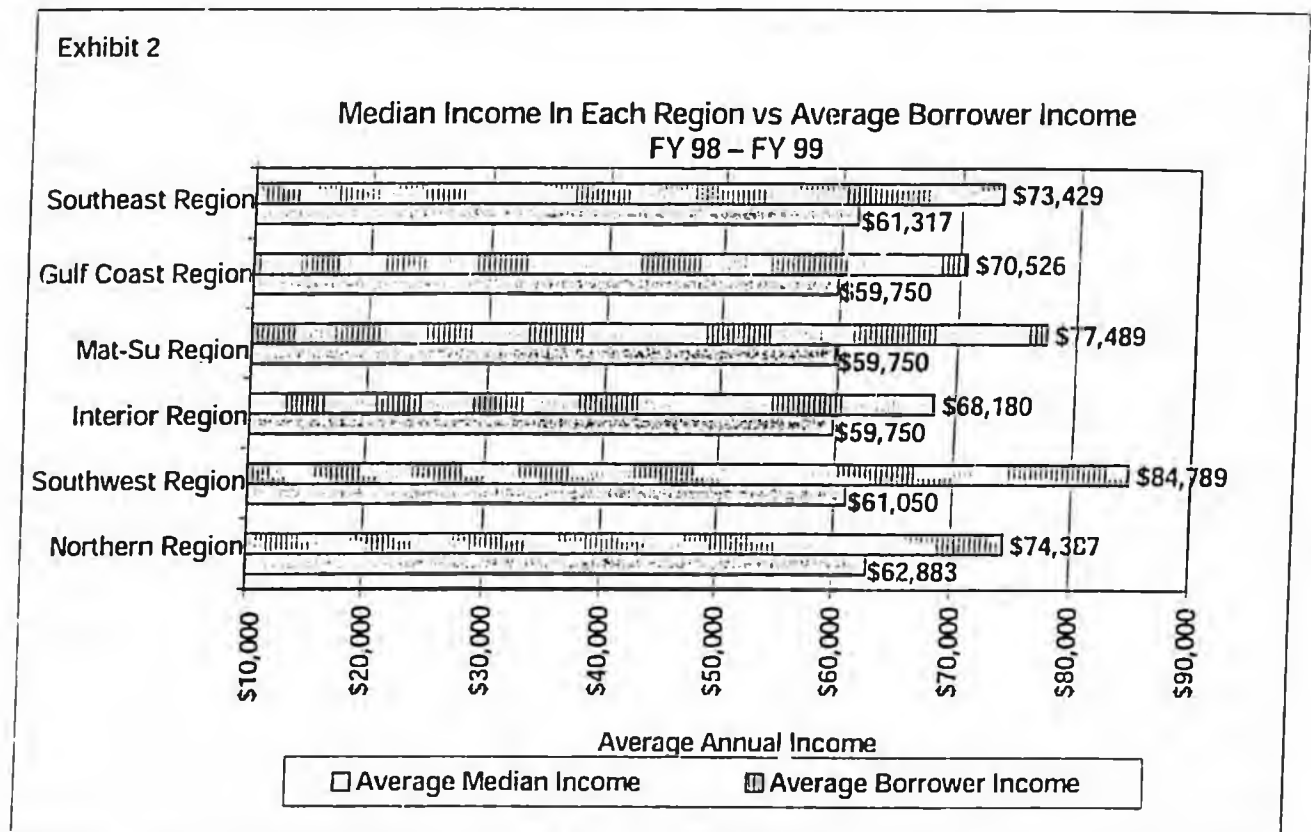
Affordability can be defined by looking at two components. One is building cost, as previously discussed. The other is the borrower's income. We expected HALF loans to be focused on median to low-income individuals in high-cost areas. As noted above, AHFC's HALF program has not focused on high-cost areas. Here we also note that it has not focused on median to low-income borrowers.

¹⁰See AS 18.56.470(a). The interest rate is set at 1% less than the rate charged by AHFC on loans purchased with the proceeds of the most recent issue of taxable bonds.

¹¹HUD schedule of building costs (March 31, 1998) and AHFC 1999 Construction Cost Survey.

Exhibit 2 compares the average borrower's income with the median income¹² needed for a family of four.

AHFC defines low income as 80% of the median income. Thus, low income is between \$48,000 and \$49,000 for a family of four, depending on the region. However, the average income of HALI¹ borrowers ranged from \$68,000 to \$85,000.



Other subsidy programs serve rural Alaskans with home ownership financing

AHFC has numerous home financing programs. Through these programs it offers subsidies, such as for first-time buyers, low-income buyers, energy efficient properties, nonconforming housing, and veterans. These programs and subsidies are available in urban as well as rural areas of the State.

In addition, the tribally designated entities mentioned earlier may issue, purchase, or participate in home mortgages. One example of loan participation is when federal grant funds are used to leverage funds from other sources, such as private or governmental financing institutions. These leveraged loan programs offer no-interest or low-interest second mortgages to assist the borrower with the down payment and/or closing costs.

¹²AHFC's schedule of income limits for the Interest Rate Reduction for Low-Income Borrowers program (March 2, 1999).

For example, the Tlingit-Haida Regional Housing Authority administers a leveraged loan program for the Juneau tribal community. The borrower must be Native and a first-time homebuyer. The program focuses on borrowers with 80% or less of the median income as defined by HUD. The borrower is required to qualify for a loan from a private lending institution for up to 60% of the price of the home.

The housing authority uses federal grant¹³ funds for the other 40%. This amount is recorded as a second deed of trust. There are no monthly payments required or interest charged on this loan. The amount of the second deed of trust is due in full upon the sale of the home.

Exhibit 3

Leveraged Loan Example

Purchase Price of Home	<u>\$150,000</u>
Loan from Lender	\$ 87,300
Second Deed of Trust	60,000
Borrower Down Payment	<u>2,700</u>
	<u>\$150,000</u>
AHFC First-Time Homebuyer, Tax-exempt Interest Rate	7.00%
AHFC Interest Rate Reduction for Low-Income Borrower	<u>2.00%</u>
Adjusted Interest Rate	<u>5.00%</u>
Monthly Payment	\$469

The U.S. Department of Agriculture, Rural Development, Rural Housing Service also offers a leveraged loan program for residents of rural Alaska. Other subsidized programs that the agency administers include the direct loan program, loan guarantee program, mutual self-help program, and the home repair and preservation program. These programs all target lower income borrowers.

¹³Native American Housing Assistance and Self Determination Act of 1996.

FINDING AND RECOMMENDATION

Recommendation No. 1

The legislature should either modify or eliminate of the Housing Assistance Loan Fund (HALF) program

As discussed in the Report Conclusions section, most of the barriers to home ownership financing have been overcome by changes in the private and governmental sectors in the past two decades. We believe that the HALF program is no longer needed in its present form.

To some extent, one barrier does remain: High building costs still plague some areas of the State. Whether the State should subsidize loans in these areas is purely a public policy question for the legislature.

As outlined in the Report Conclusions section, there are a number of federal subsidies for rural housing. These will likely continue to make rural housing more affordable. ~~Even though the HALF program is not essential, the legislature may wish to continue it as an extension of these other programs:~~

Although the HALF program has not been effective in targeting high-cost areas of the State, it can be made effective through a statute change.

Alaska Statute 18.56.600(2) currently allows HALF to assist borrowers in communities

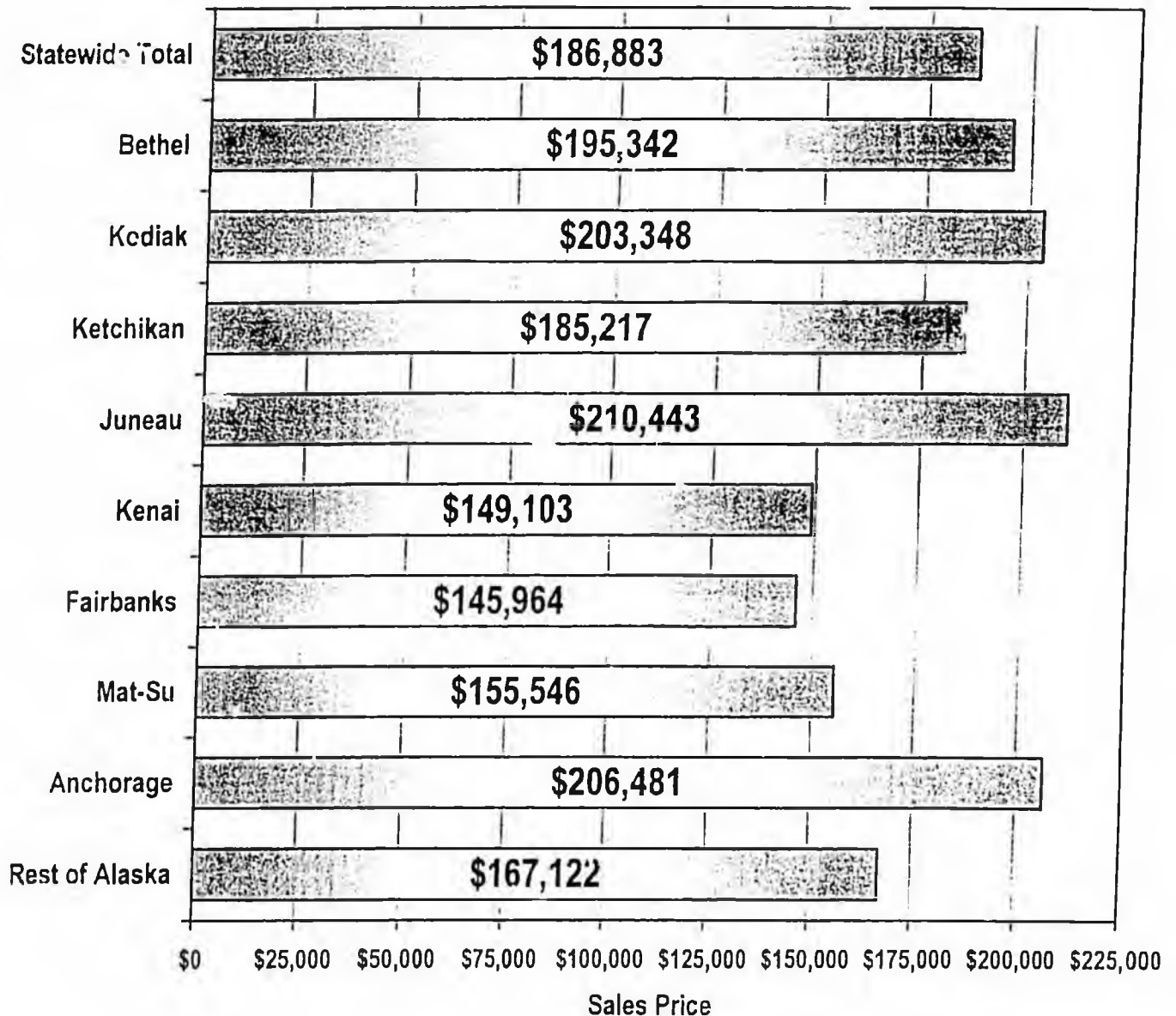
. . . with a population of 6,500 or less that is not connected by road or rail to Anchorage or Fairbanks, or with a population of 1,600 or less that is connected by road or rail to Anchorage or Fairbanks; in this paragraph "connected by road" does not include a connection by the Alaska marine highway system.

If the legislature elects to continue the HALF program, we recommend it modify this statute to specifically target high-cost areas. While the above statute appears to address this concern, its application has not been effective. We recommend a more direct approach. For example, the legislature may wish to subsidize only borrowers in communities where building costs exceed 115% of the costs in Anchorage.

The legislature should also consider whether to continue to provide this program's subsidies to moderate and high-income borrowers. In addition to HALF's 1% interest rate subsidy, AHFC has also lowered the private mortgage insurance requirement for these loans. With an average loan amount of \$167,000, these wealthier borrowers are receiving an annual subsidy from the State of \$2,300. In FY 98 and FY 99, HALF made loans to 166 borrowers with annual incomes over \$100,000. This is 16% of the loans made during this period.

If the legislature chooses to eliminate the HALF program, no new loans would be made and the proceeds from existing loans would become unrestricted assets in Alaska Housing Finance Corporation and would be available for other uses. These loans totaled \$349,018,000 at June 30, 2000. Further, HALF's \$15 million investment balance would be available for immediate use.

Average Sales Price of Single-Family Homes Third Quarter of 2001



Source: The Alaska Department of Labor, Research and Analysis Section and the Alaska Housing Finance Corporation.

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

Distributed by Sen. Donley
 SB 181
 Source: Dept of Health + Social Service
 Division of Public Assistance

ADULT PUBLIC ASSISTANCE (APA) NEED AND MAXIMUM PAYMENT STANDARDS

HOUSEHOLD TYPE	1/1/99		1/1/00		1/1/01		1/1/02	
	NEED STD	MAX PYMT	NEED STD	MAX PYMT	NEED STD	MAX PYMT	NEED STD	MAX PYMT
A Individual	929	862	901	874	984	892	1011	907
B Individual	768	701	786	709	814	721	836	731
A Couple, 1 Elig.	1117	1021	1144	1033	1184	1051	1216	1066
B Couple, 1 Elig.	882	797	903	805	935	817	960	827
A Couple, Both Elig.	1377	1279	1410	1297	1459	1324	1498	1345
B Couple, Both Elig.	1144	1044	1175	1056	1212	1074	1246	1088
NH Personal Needs	74	75	74	75	74	75	74	75
NH 300%	1500		1536		1590		1635	

SUPPLEMENTAL SECURITY INCOME (SSI) ELIGIBILITY/PAYMENT STANDARDS

HOUSEHOLD TYPE	1.3%		2.4%		3.5%		2.6%	
	1/1/99	1/1/00	1/1/01	1/1/02	1/1/99	1/1/00	1/1/01	1/1/02
A Individual	500	512	530	545	500	512	530	545
B Individual	333.34	341.34	353.34	363.34	333.34	341.34	353.34	363.34
A Couple, Both Elig.	751	769	796	817	751	769	796	817
B Couple, Both Elig.	500.67	512.67	530.67	544.67	500.67	512.67	530.67	544.67
NH Personal Needs	30	30	30	30	30	30	30	30

2001 FEDERAL POVERTY GUIDELINES FOR ALASKA

Effective 4/1/2001

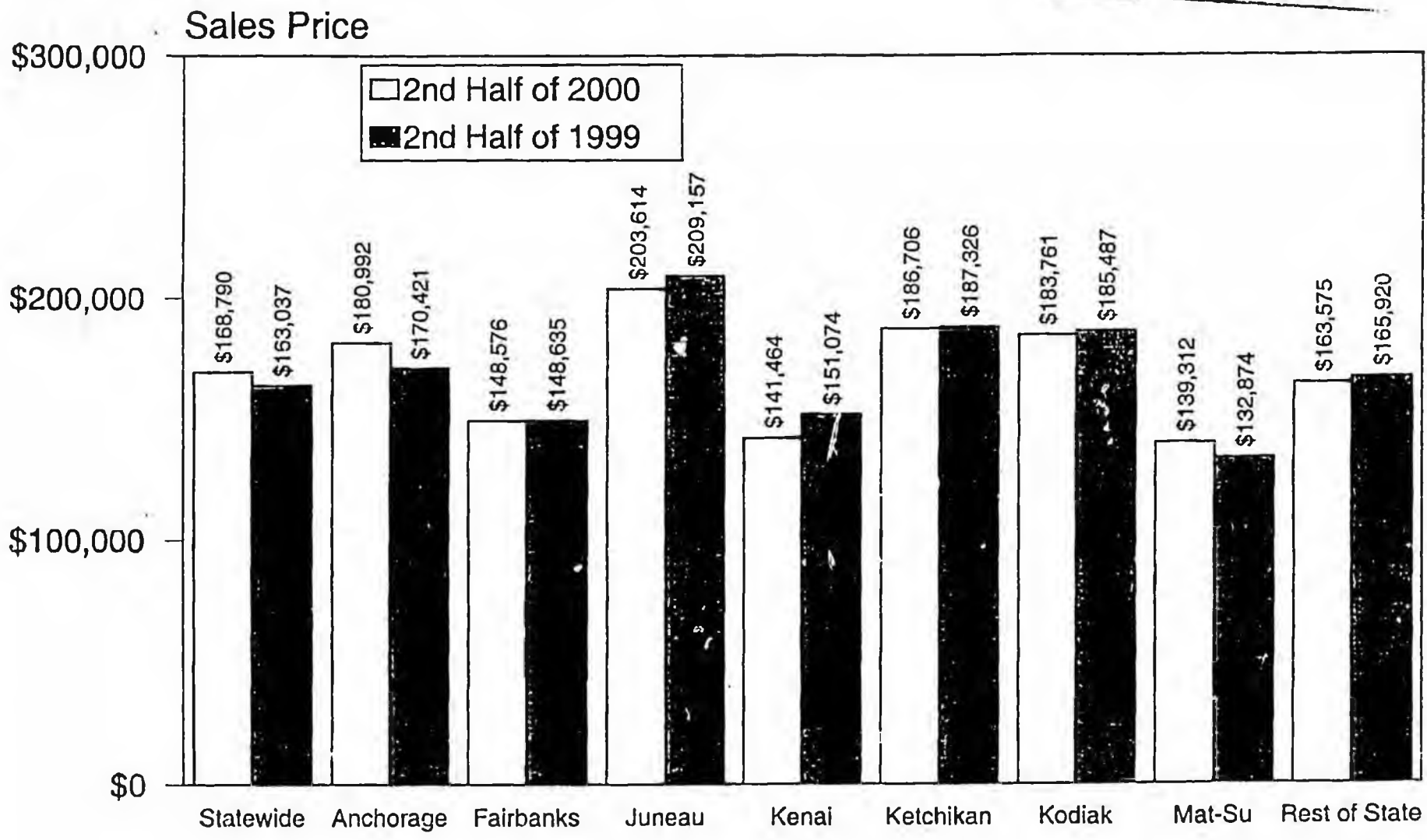
Family size	1	2	3	4	5	6	7	8	Ea. Additional
Monthly Income	895	1210	1525	1840	2155	2470	2785	3100	315
Annual Income	10730	14510	18290	22070	25850	29630	33410	37190	3780

Revised 3/01

Average Sales Price

Single-Family Homes 2nd Half 2000 vs. 2nd Half 1999

Sent to you by
**LEGISLATIVE RESEARCH
SERVICES**
Terry Miller, LGS, Room 300
465-3991 (phone) 465-3992 (fax)



Source: Alaska Department of Labor and Workforce Development, Research & Analysis Section.



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

Sponsor Statement

Senate Bill 181

"Elimination of discriminatory 1 percent mortgage subsidy"

SB 181 eliminates the statutory 1 percent below market rates for the Housing Assistance Loan Fund (HALF) program and replaces it with the standard market rate for AHFC home loans. AS 18.56.420 creates the HALF program to provide housing loans to residents in communities of less than 6500. AS 18.56.420 currently requires that these loans be at 1 percent below market rates. This loan program is managed by AHFC. The 1 percent discount on HALF loans costs the state on average over \$40,000 in lost income over the life of one of these loans. This legislation eliminates the 1 percent subsidy from the HALF program for the following reasons:

- 1) A September 2000 legislative audit concluded that the need for the program has been eliminated through other programs and private entities meeting the needs of homeowners.
- 2) If the 1 percent subsidy is eliminated from the HALF program, over a half-million dollars a year in additional AHFC earnings could potentially be made available to help balance the state fiscal gap.
- 3) Providing these low cost loans to borrowers who don't need the subsidy while denying such a subsidy to other less well off Alaskans is unfair discrimination.
- 4) Elimination of the subsidy will help to promote formation, consolidation and unification of local governments.

The HALF program was designed to help overcome certain barriers to home ownership in smaller Alaska communities such as high construction costs and a lack of private financing services. But according to a September 25, 2000 legislative audit, in the last 20 years most of these barriers have been removed. Other programs and private entities have moved in to meet the needs of rural homeowners. While the program tried to address allegedly higher costs, the audit found that building in smaller communities doesn't always cost more.

The 1 percent subsidized rate is being abused and is no longer necessary. In fiscal years 98 and 99 there were 1,026 HALF-subsidized loans made. During that two-year period the 1 percent subsidized loans were made to 166 borrowers with annual incomes **over \$100,000**. 74 percent of the loans made during this period were to borrowers in areas where home construction costs are **less than in the Anchorage area**. The average price of a home receiving a subsidized loan during this period was \$167,000. During this same period 148 loans were made for **amounts above \$200,000**. 11 loans were for amounts **greater than \$300,000**, the highest loan being for **\$400,000**. The 1 percent subsidy on that \$400,000 loan will cost the state **close to \$100,000 in lost income** over the life of that loan.

The HALF program was intended to give people a chance at home ownership when they didn't have other options. Now that those options are available, it appears that the program is being chosen for its lower discriminatory interest rate, not because it is the only way to get a home loan.

The recent legislative audit report indicated that "most barriers to home ownership financing have been overcome by changes in the private and governmental sectors...." Assuming that interest rates, loan volume, dollar value of loans and expenses remain the same as during FY 99 and FY 00, elimination of the HALF 1 percent subsidy could increase AHFC earnings by approximately \$540,000 in the first year, according to the report. If the subsidy program is eliminated, over a half-million dollars a year in additional AHFC earnings could be made available to help balance the state fiscal gap.

The HALF 1 percent subsidy as it currently exists simply does not make sense. Providing these low cost loans to borrowers who don't need the subsidy while denying such a subsidy to other Alaskans is unfair discrimination.

In addition, the discriminatory lower rate provided by the HALF 1 percent subsidy has had an unintended bad affect. The constitutionally created Local Boundary Commission report released in 1998 cited this program as a major impediment to the formation and consolidation of local government in Alaska. That report cited specific examples including that of opponents of the proposal to consolidate the City of Haines and the Haines Borough, who listed the loss of eligibility for the HALF 1 percent subsidy as a reason not to consolidate.

Another example is in the Kenai area where among residents who live along the boundary between the city and the borough, those who live in the borough get the 1 percent reduced home loans, while residents on the city side do not. It is this unfair discrimination that inhibits the efficient formation of local government. The state pursuant to the Alaska Constitution should be encouraging the formation and unification of local government not discouraging it.

It is clearly not good public policy to have a program that rewards rich and well off people in low cost construction areas with a special discriminatory subsidy that discourages formation and unification of local governments. For these reasons the HALF 1 percent subsidy should be eliminated.

DD/bc



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

Sectional Analysis

Senate Bill 181

Sec. 1 amends AS 18.56.470(a) by deleting the "1 percent less than" provision contained in AS 18.56.420 and replaces the language to read "the same as" the interest rate....

Rationale: This change eliminates a discriminatory subsidy, could increase AHFC earnings by approximately \$540.0 and helps to promote unification of local governments.

DD/bc



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

Talking Points

Senate Bill 181

"An act relating to the elimination of the discriminatory 1 percent mortgage subsidy"

- The Housing Assistance Loan Fund (HALF) program was designed to help overcome certain barriers to home ownership in smaller Alaska communities such as high construction costs and a lack of private financing services
- A September 2000 legislative audit concluded that the need for the program has been eliminated through other programs and private entities meeting the needs of homeowners.
- In fiscal years 98 and 99 there were 1,026 HALF-subsidized loans made. 74 percent of the loans made during this period were to borrowers in areas where home construction costs are less than in the Anchorage area.
- The legislation eliminates the statutory 1 percent below market rates for the HALF program and replaces it with the standard market rate for AHFC home loans.
- If the 1 percent subsidy is eliminated from the HALF program, over a half-million dollars a year in additional AHFC earnings could potentially be made available to help balance the state fiscal gap.
- Providing these low cost loans to borrowers who don't need the subsidy while denying such a subsidy to other less well off Alaskans is unfair discrimination.
- The constitutionally created Local Boundary Commission report released in 1998 cited this program as a major impediment to the formation and consolidation of local government in Alaska.
- Elimination of the subsidy will help to promote formation, consolidation and unification of local governments pursuant to the Alaska Constitution.

DD/bc

Additional Information on SB 181

"Elimination of discriminatory 1 percent mortgage subsidy"

Statutes that create the HALF and govern calculation of the special mortgage loan purchase program rate

AS 18.56.420. Housing Assistance Loan Fund.

(a) There is created in the corporation, as a revolving loan fund, the housing assistance loan fund consisting of money appropriated to it by the legislature and deposited in it by the corporation, and payments of principal and interest on loans made or purchased from the assets of the fund. The corporation shall

(1) adopt regulations to administer the housing assistance loan fund under AS 18.56.400 - 18.56.600; and

(2) subject to appropriation, provide money for a rural assistance loan program to originate, purchase, or participate in the purchase of

(A) small community housing mortgage loans;

(B) loans made for building materials for small community housing;

(C) loans made for renovations or improvements to small community housing;

(D) loans made for the construction of owner-occupied small community housing other than loans to builders or contractors or loans that compensate an owner for the owner's labor or services in constructing the owner's own housing.

(b) Money in the fund may be used by the legislature to make appropriations for costs of administering the housing assistance program.

AS 18.56.098. Special Mortgage Loan Purchase Program.

(a) The corporation shall establish a special mortgage loan purchase program. Under the special mortgage loan purchase program, the corporation may purchase first or second mortgage loans. A first or second mortgage loan purchased under this subsection must be made for the purchase, improvement, or rehabilitation of a residence or must be a refinancing loan. First or second mortgage loans purchased under this subsection may include graduated payment mortgage loans and adjustable rate mortgage loans.

(f) The corporation shall establish the interest rate on a first mortgage loan purchased under (a) of this section in accordance with the following:

(1) the interest rate on the loan amount eligible for assistance of a mortgage loan purchased with the proceeds of an issue of taxable bonds of the corporation is three percent less than the cost of funds of that issue, except that

(A) if the cost of funds of that issue is less than 10 percent, the interest rate is equal to the cost of funds; and

(B) if the cost of funds of that issue is more than 10 percent, the interest rate may not be less than 10 percent;

(2) an interest rate determined under this subsection on the loan amount eligible for assistance of a mortgage loan that is not purchased from the proceeds of bonds that are qualified veterans' mortgage bonds under the applicable provisions of 26 U.S.C. (Internal Revenue Code) shall be reduced by one percentage point if the loan is made to an eligible veteran under AS 18.56.101;

(3) the interest rate for the amount of a mortgage loan purchased under (a) of this section that exceeds the loan amount eligible for assistance is equal to the cost of funds to the corporation attributable to that part of the loan;

(4) the interest rate on the loan amount eligible for assistance of a mortgage loan purchased with money that is not the proceeds of either taxable or tax-exempt bonds is the rate the corporation determines is appropriate by application of the provision of (1) of this subsection;

**Additional Information on SB 181
Alaska Housing Finance Corporation (AHFC)**

Programs that Support Lower Mortgage Rates in Rural Alaska

The following mortgage loans depend on the availability of arbitrage funds.

Rural Enhancement Loan Program

The focus is on new construction in very small communities with $\leq 1,400$ residents.

Low income borrowers are those whose income is $\leq 115\%$ of the median for the area.

Interest rate reductions of 1 to 3% apply depending on family median income.

Interest Rate Reduction for Low-Income Borrowers

The focus is on increasing home ownership for low-income borrowers.

Low income borrowers are those whose income is $\leq 100\%$ of the median for the area.

Interest rate reductions of 1 to 2% apply depending on family median income.

Energy Efficiency Interest Rate Reduction

Provides a loan interest rate subsidy under all loan options.

The interest rate subsidy is based on the energy-efficient rating of the dwelling.

The following mortgage loans Do Not depend on the availability of arbitrage funds.

First-Time Home Buyer – Tax-Exempt

Federal reg's set a max acquisition cost & max income limits.

For the past 2 years the interest rate has been lower than the 1% HALF rate.

Veterans Mortgage Program (VMP)

The VMP offers financing for qualified veterans at lower interest rates.

Loan rates under this program have been equal to or less than the 1% HALF rate.

Arbitrage Everything you wanted to know

Arbitrage programs have always been intended to reach markets that are not served or under-served.

The federal government (IRS) regulates arbitrage.

In terms of dollars, AHFC currently makes available about \$60-\$70 million a year.

For FY2002 AHFC is looking at \$26 million in available funds.

Because of the limited funding available for FY 02 the Taxable First-Time Home Buyer will be eliminated. All remaining interest-rate reduction programs will be reduced in some manner.

Following are some of the proposed changes:

- **Interest Rate Reduction for Low Income Borrowers:** reductions will only be provided to borrowers who fall below 80% of median income.
- **Energy Efficiency Rate Reduction:** there will no longer be a difference between properties with access to natural gas and those without. The combined rate is then reduced across the board.
- **Rural Enhanced Loan Program** in remote regions will only offer rate reductions for borrowers below 80% of median income.

No other state in the nation has enjoyed the success that we have in generating arbitrage dollars to benefit our housing industry.

Using the average Rural loan amount for the fourth quarter of 2000 (\$154,812) divided into the FY 02 available arbitrage funds (26 million) means that approximately 167 loans can be made during FY 02.

DD/bc

distributed by!
Senator Donley.

September 25, 2000

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 of the Alaska Statutes, the attached report is submitted for your review.

DEPARTMENT OF REVENUE
ALASKA HOUSING FINANCE CORPORATION
HOUSING ASSISTANCE LOAN FUND

September 25, 2000

Control Number

04-4600-00

The objectives of this audit were to determine: (1) whether the barriers to home ownership financing in rural Alaska at the inception of the State's rural housing programs still exist, and (2) whether the Housing Assistance Loan Fund is necessary to provide home ownership financing in rural Alaska.

The audit was conducted in accordance with generally accepted government auditing standards. The fieldwork procedures utilized in the course of developing the findings and discussion presented in this analysis are discussed in the Objectives, Scope, and Methodology section. Audit results can be found in the Report Conclusions and Finding and Recommendation sections.

Pat Davidson, CPA
Legislative Auditor

TABLE OF CONTENTS

	<u>Page</u>
Objective, Scope, and Methodology	1
Organization and Function	3
Report Conclusions.....	5
Finding and Recommendation..... ..	11
Agency Response:	
Alaska Housing Finance Corporation	13

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

In accordance with a Legislative Budget and Audit Committee special request and Title 24 of the Alaska Statutes, we performed a special review of the Housing Assistance Loan Fund (HALF) and its use by the Alaska Housing Finance Corporation (AHFC) to fund rural housing programs. The purposes of the review were as follows:

1. To determine whether the barriers to home ownership financing in rural Alaska at the inception of the State's rural loan programs still exist, and
2. To determine whether HALF is necessary to provide home ownership financing in rural Alaska.

Scope and Methodology

The scope of our loan review consisted of 1,056 loans, totaling \$154,670,358, originated between July 1, 1997 and June 30, 1999 and held in HALF as of June 30, 1999. We stratified the 1,056 loans between nonowner-occupied (30) and owner-occupied (1,026) residences. An analysis included the 1,026 (97.2%) owner-occupied residence loans with outstanding balances totaling \$149,394,312 (96.5%).

We obtained the U.S. Department of Housing and Urban Development's schedule of building costs dated March 31, 1998¹ and the AHFC *1999 Construction Cost Survey*. We used the cost of construction in Anchorage as a baseline for analysis of costs in other communities.

We reviewed AHFC's programs and compared them to home ownership financing programs administered by Native housing authorities, tribally designated housing entities, the U.S. Department of Agriculture Rural Development, and private lending institutions.

¹All project costs were adjusted to 1999 dollars.

ORGANIZATION AND FUNCTION

The Alaska Housing Finance Corporation (AHFC) was created in 1971. In 1992, the Alaska State Housing Authority and certain Department of Community and Regional Affairs housing and energy programs were merged with AHFC.

The AHFC Board of Directors consists of seven members: the commissioners of the Departments of Revenue, Health and Social Services, and Community and Economic Development; three public members with expertise in finance or real estate, residential energy efficient home building or weatherization, or senior or low-income housing; and one member who is a rural resident or who has experience with a rural Native housing authority.

The mission of the corporation is to provide Alaskans "*access to safe, quality, affordable housing.*"² AHFC accomplishes its mission in part by functioning as a secondary market for qualified real estate and mobile home loans originated by financial institutions. The corporation has special lending and grant programs that are specifically designed to meet the housing needs of low and moderate-income borrowers. Also, AHFC maintains 1,705 units of public housing in 14 communities across the State and administers the federally-funded Section 8 program that provides rent subsidies for approximately 2,720 families living in private sector housing.

AHFC operates the Housing Assistance Loan Fund³ program to assist borrowers in communities

. . . with a population of 6,500 or less that is not connected by road or rail to Anchorage or Fairbanks, or with a population of 1,600 or less that is connected by road or rail to Anchorage or Fairbanks; in this paragraph "connected by road" does not include a connection by the Alaska marine highway system.

² Alaska Housing Finance Corporation, *Strategic Plan 1999 - 2003* (July 1998), p. 3 - 4.

³ See AS 18.56.600(2).

REPORT CONCLUSIONS

Alaska Housing Finance Corporation's (AHFC) rural loan programs and the Housing Assistance Loan Fund (HALF) were created two decades ago to overcome certain barriers to home ownership in rural Alaska. These included the following:

- Lack of private financing services
- Housing that did not meet minimum building standards required by governmental or private mortgage financing programs
- Residential properties without fee simple titles required by governmental or private mortgage financing programs
- Unavailability of hazard, title, or private mortgage insurance
- Higher construction costs than in urban areas of the State

Since that time all of these barriers, except higher construction costs, have been adequately addressed by other private and government programs.

Higher construction costs have not been fully addressed. Although the HALF program provides a 1% subsidy in recognition of these costs, most of these loans are not being made in the high construction cost regions of the State. However, several other subsidy programs provide coverage in these areas and are available to assist low-income and Native borrowers.

Borrowers under HALF are generally not low or median income.

The HALF program should either be modified or eliminated. It is no longer needed in its present form (see Recommendation No. 1).

Our detailed conclusions follow.

Financing services now available in rural Alaska

One barrier to home ownership in rural Alaska was the absence of financing services. These services are now available to rural Alaskans through private lending institutions, Native regional housing authorities, and tribally designated housing entities.

Of the 61 communities with outstanding⁴ HALF loans, 24 (39%) of the communities have a branch or community agent of a private financial institution located there. In addition to face-to-face access, these financial institutions offer loan applications through the Internet and loans by telephone, which effectively extends the area these institutions serve.

⁴As of June 30, 1999.

There are 15 Native regional housing authorities⁵ in the State. AHFC has agreed to purchase loans from two of these authorities so far. The other authorities are in the process of implementing loan origination services.

The Native American Housing Assistance and Self Determination Act of 1996⁶ encourages Native housing authorities and tribes to provide lending services. Under this act, any of the 228 designated tribes in Alaska can become a tribally designated housing entity and receive substantial federal funding. These entities received \$94 million in FY 98 and \$102 million in FY 99. All of the State's Native regional housing authorities are eligible to participate. As this federal program becomes fully operational, even more opportunities for home financing in rural Alaska will be available.

HALF not the only source for nonconforming housing loans

Private financing and federal government loan programs still require residential structures to conform to minimum building standards. Two decades ago, if a structure deviated from these standards, it was considered to be nonconforming and financing was not available.

AHFC now has a separate nonconforming housing loan program.⁷ This program provides loans for the purchase or construction⁸ of nonconforming single-family and duplex units. This program is offered in both rural and urban areas and is funded through bond issuances, not HALF.

The interest rate on this other loan program is equal to AHFC's taxable program rate plus .25%. The HALF program interest rate is statutorily set at 1% below the taxable program rate. Under both programs, a low-income borrower may receive an interest rate reduction of up to 2% depending on his/her income. Also, if the nonconforming dwelling is constructed with energy efficient features, up to an additional 1.5% interest rate reduction may be obtained.

Whether a borrower goes through HALF or this other nonconforming program depends on where he/she can get the lowest rate, not whether the property meets the building standards. Nonconforming loans are readily available outside of HALF.

Private mortgage and hazard insurance now available in rural Alaska

The lack of private mortgage and hazard insurance was a barrier to home ownership in rural Alaska. Without these insurances, loans could not be readily sold in the secondary market. When insurance was available, it was expensive. However, mortgage and hazard insurances are now available throughout rural Alaska.

⁵See AS 18.55.996.

⁶See U.S. Public Law 104-330 (October 26, 1996).

⁷See AS 18.56.106.

⁸Construction loans can only be made when construction of a conforming house is not possible.

Private mortgage insurance⁹ (PMI) is required by most financial institutions if the loan amount is greater than 80% of the appraised value of the secured residential property. PMI costs the borrower between \$27 and \$65 a month on a \$100,000 loan, depending on the loan-to-value ratio. The rates charged by private mortgage insurers are the same for rural and urban areas.

Most financial institutions also require hazard insurance on the secured property. Even AHFC requires its borrowers to maintain hazard insurance. The HALF program is no exception. Private commercial insurers offer hazard insurance statewide. These insurers consider the same risk factors in both rural and urban areas. The result is often somewhat higher rates for rural properties. However, these rates are not unreasonably high. Even though AHFC has the authority to waive the hazard insurance requirement, it has not needed to do so in recent years.

Federal program provides loan guarantees for properties with title restrictions

Financing institutions require secured residential property to have an unrestricted title. However, in rural Alaska some properties have federal Bureau of Indian Affairs or tribal restrictions. These restrictions could prevent the lender from obtaining title to the secured property if the borrower defaults.

Prior to 1994, AHFC purchased loans on properties with title restrictions. In these cases, AHFC required the borrower to provide documents issued by the federal government or an Alaska Native village corporation showing conveyance of the property or intent to convey the property to the borrower. AHFC absorbed losses, if any, due to foreclosure.

In 1994, the U.S. Department of Housing and Urban Development (HUD) implemented the Section 184 Native American loan guarantee program. This program provides home ownership opportunities to Native Americans wanting to own a home on tribal, individual trust, or Indian area land. A 100% guarantee of the full faith and credit of the U.S. government is provided to the lender against losses as a result of foreclosure. In order for loans to be made on properties with title restrictions under the guarantee program, the tribe must enact and enforce foreclosure laws and eviction procedures.

Private financing institutions will issue loans on the properties with the Section 184 guarantee. AHFC and the other secondary financing institutions purchase these guaranteed loans from the lenders. Given the 100% guarantee, these loans are readily purchased.

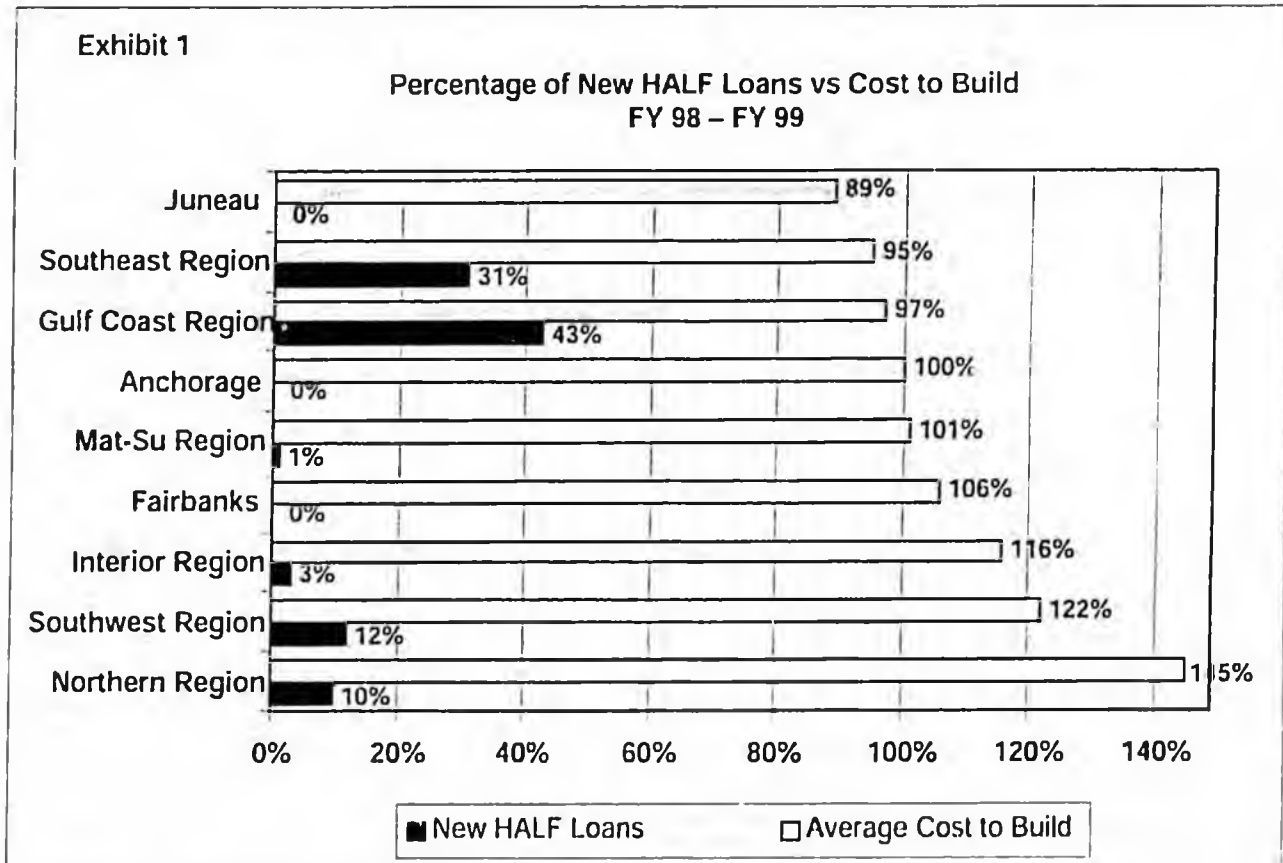
Further, these loans are now eligible to be placed under normal bond issuances. AHFC does not need to fund them with HALF.

⁹Private mortgage insurance can cover up to 20% of a property's value. It is payable to the lender in the event of foreclosure.

HALF program not focused on areas with high construction costs

The legislative intent behind the 1% interest rate reduction¹⁰ under HALF was to defray the high construction cost of home ownership in rural Alaska. Nevertheless, most of these loans are going to borrowers in low-cost regions.

Exhibit 1 compares the relative cost to build in each region with the percentage of HALF loans going to the region. This graph sets Anchorage building costs¹¹ at a baseline of 100. Approximately 74% of the loans went to the Southeast and Gulf Coast regions, rather than the high-cost Northern and Southwest regions.



Borrowers using HALF not generally low income

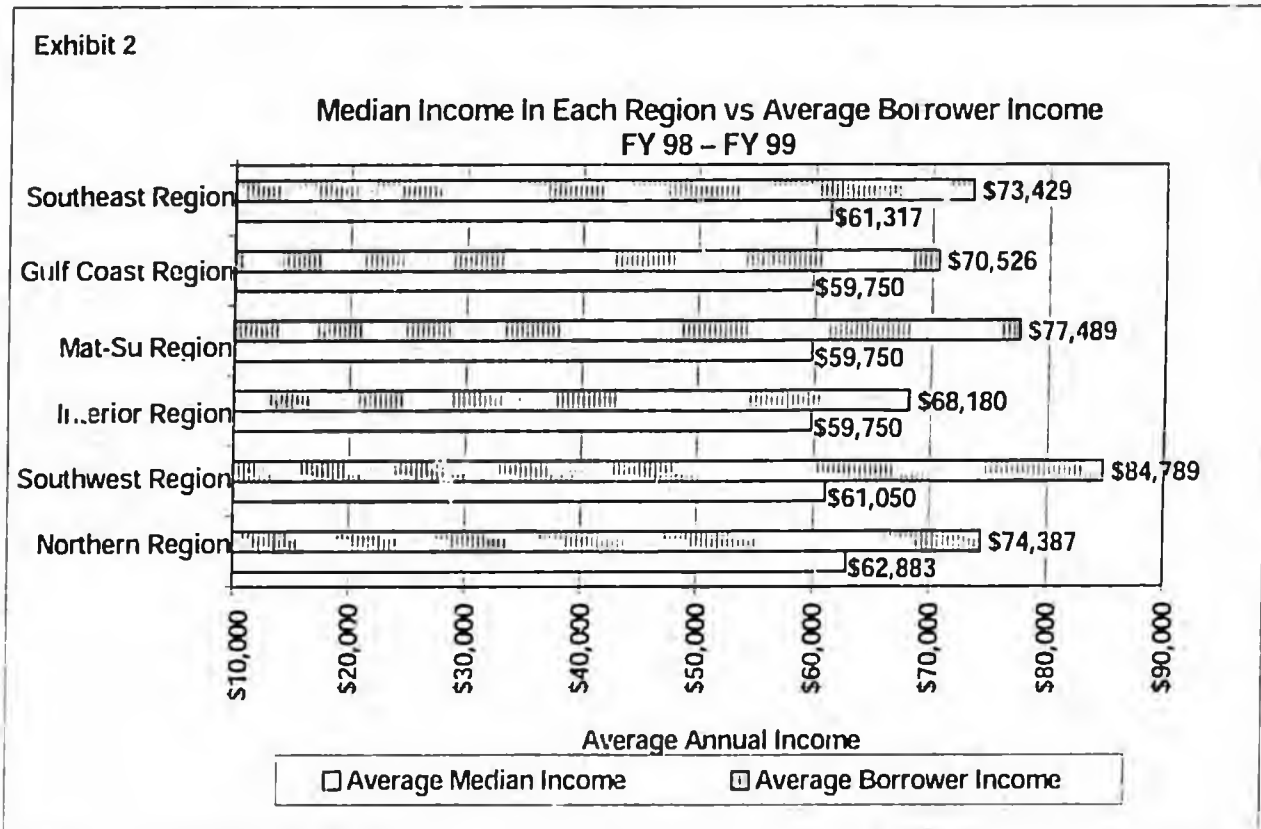
Affordability can be defined by looking at two components. One is building cost, as previously discussed. The other is the borrower's income. We expected HALF loans to be focused on median to low-income individuals in high-cost areas. As noted above, AHFC's HALF program has not focused on high-cost areas. Here we also note that it has not focused on median to low-income borrowers.

¹⁰See AS 18.56.470(a). The interest rate is set at 1% less than the rate charged by AHFC on loans purchased with the proceeds of the most recent issue of taxable bonds.

¹¹HUD schedule of building costs (March 31, 1998) and AHFC 1999 Construction Cost Survey.

Exhibit 2 compares the average borrower's income with the median income¹² needed for a family of four.

AHFC defines low income as 80% of the median income. Thus, low income is between \$48,000 and \$49,000 for a family of four, depending on the region. However, the average income of HALF borrowers ranged from \$68,000 to \$85,000.



Other subsidy programs serve rural Alaskans with home ownership financing

AHFC has numerous home financing programs. Through these programs it offers subsidies, such as for first-time buyers, low-income buyers, energy efficient properties, nonconforming housing, and veterans. These programs and subsidies are available in urban as well as rural areas of the State.

In addition, the tribally designated entities mentioned earlier may issue, purchase, or participate in home mortgages. One example of loan participation is when federal grant funds are used to leverage funds from other sources, such as private or governmental financing institutions. These leveraged loan programs offer no-interest or low-interest second mortgages to assist the borrower with the down payment and/or closing costs.

¹²AHFC's schedule of income limits for the Interest Rate Reduction for Low-Income Borrowers program (March 2, 1999).

For example, the Tlingit-Haida Regional Housing Authority administers a leveraged loan program for the Juneau tribal community. The borrower must be Native and a first-time homebuyer. The program focuses on borrowers with 80% or less of the median income as defined by HUD. The borrower is required to qualify for a loan from a private lending institution for up to 60% of the price of the home.

The housing authority uses federal grant¹³ funds for the other 40%. This amount is recorded as a second deed of trust. There are no monthly payments required or interest charged on this loan. The amount of the second deed of trust is due in full upon the sale of the home.

Exhibit 3

Leveraged Loan Example

Purchase Price of Home	<u>\$150,000</u>
Loan from Lender	\$ 87,300
Second Deed of Trust	60,000
Borrower Down Payment	<u>2,700</u>
	<u>\$150,000</u>
AHFC First-Time Homebuyer, Tax-exempt Interest Rate	7.00%
AHFC Interest Rate Reduction for Low-Income Borrower	<u>2.00%</u>
Adjusted Interest Rate	<u>5.00%</u>
Monthly Payment	\$469

The U.S. Department of Agriculture, Rural Development, Rural Housing Service also offers a leveraged loan program for residents of rural Alaska. Other subsidized programs that the agency administers include the direct loan program, loan guarantee program, mutual self-help program, and the home repair and preservation program. These programs all target lower income borrowers.

¹³Native American Housing Assistance and Self Determination Act of 1996.

FINDING AND RECOMMENDATION

Recommendation No. 1

The legislature should either modify or eliminate of the Housing Assistance Loan Fund (HALF) program

As discussed in the Report Conclusions section, most of the barriers to home ownership financing have been overcome by changes in the private and governmental sectors in the past two decades. We believe that the HALF program is no longer needed in its present form.

To some extent, one barrier does remain: High building costs still plague some areas of the State. Whether the State should subsidize loans in these areas is purely a public policy question for the legislature.

As outlined in the Report Conclusions section, there are a number of federal subsidies for rural housing. These will likely continue to make rural housing more affordable. Even though the HALF program is not essential, the legislature may wish to continue it as an extension of these other programs.

Although the HALF program has not been effective in targeting high-cost areas of the State, it can be made effective through a statute change.

Alaska Statute 18.56.600(2) currently allows HALF to assist borrowers in communities

. . . with a population of 6,500 or less that is not connected by road or rail to Anchorage or Fairbanks, or with a population of 1,600 or less that is connected by road or rail to Anchorage or Fairbanks; in this paragraph "connected by road" does not include a connection by the Alaska marine highway system.

If the legislature elects to continue the HALF program, we recommend it modify this statute to specifically target high-cost areas. While the above statute appears to address this concern, its application has not been effective. We recommend a more direct approach. For example, the legislature may wish to subsidize only borrowers in communities where building costs exceed 115% of the costs in Anchorage.

The legislature should also consider whether to continue to provide this program's subsidies to moderate and high-income borrowers. In addition to HALF's 1% interest rate subsidy, AHFC has also lowered the private mortgage insurance requirement for these loans. With an average loan amount of \$167,000, these wealthier borrowers are receiving an annual subsidy from the State of \$2,300. In FY 98 and FY 99, HALF made loans to 166 borrowers with annual incomes over \$100,000. This is 16% of the loans made during this period.

If the legislature chooses to eliminate the HALF program, no new loans would be made and the proceeds from existing loans would become unrestricted assets in Alaska Housing Finance Corporation and would be available for other uses. These loans totaled \$349,018,000 at June 30, 2000. Further, HALF's \$15 million investment balance would be available for immediate use.

Alaska Housing Finance Corporation
Executive Budget Summary
"Results-Oriented"



Valdez Arms, Valdez

Proposed FY2003 Draft
Operating & Capital Budgets
Missions & Measures

© January 28, 2002

FY2003 Budget

**\$40,288,241
Operating Budget**

**Ensures Compliance with
HUD funded Programs**

**Continues Results-based
budgeting**

**Adds 430 Additional
Units in the Voucher
Program**

**Adds Funding for
AHFC's LIHEAP
Program**

**\$85,214,000
Capital Budget**

**Provides Funding to
Supplement AHFC's
Housing Loan Programs**

**Maintains Steady
Progress toward AHFC's
Deferred Maintenance
Projects**

❖
❖
❖
Budget Message

**From Dan Fauske, CEO/Executive Director
January 2002**

In early 1995, AHFC was placed on *Credit Watch* by Standard & Poor's as a result of legislation to transfer hundreds of millions of dollars from the Corporation to the State's treasury. An agreement was made during that legislative session to establish an Asset Transfer Plan of \$270 million to the State over five years and a capital budget for the Corporation of \$53 million annually. By establishing a consistent and predictable transfer, the Corporation was taken off "Credit Watch" with the passage of Chapter 103, SLA 95.

The Transfer Plan was updated three years later with the passage of Chapter 129, SLA 98.

Section 1. The legislature intends to ensure the prudent management of the Alaska Housing Finance Corporation to protect its excellent debt rating by the nation's financial community and to preserve it as a valuable asset of the state. To accomplish this goal, the sum of withdrawals for the repayment of bonds under sec. 2(c) this Act, for transfer to the general fund, and for expenditures on corporate funded capital projects should not exceed the corporation's net income for the preceding fiscal year. The Alaska Housing Finance Corporation projects that \$103,000,000 will be available in each fiscal year beginning with 1999 through 2006, for a total amount during the seven-year period of \$721,000,000.

Two years later, the Transfer Plan was extended with the passage of Chapter 130, SLA 00:

(T)he legislature restates and reaffirms its intent as expressed in sec. 1, ch. 129, SLA 1998, that the sum of withdrawals for repayment of bonds under sec. 10(b) of this Act and for all other purposes described in sec. 1, ch. 129, SLA 1998, should not exceed the Alaska Housing Finance Corporation's net income for the preceding fiscal year, which the Alaska Housing Finance Corporation projects to be \$103,000,000 for each of the fiscal years beginning with 2000 through 2008, for a total during that nine-year period of \$927,000,000.

The Transfer Plan language calls for a sum not to exceed AHFC net income, but a minimum level of \$103 million has been provided annually for cash payments to the general fund, payments on bonds issued by AHFC for state capital projects, and for other state expenditures.

A projection of \$103 million for AHFC net income was done in 1995 when the Transfer Plan was established. The projection was built on financial assumptions that were reasonable and prudent at the time. For example, AHFC investments are largely short-term investments that enjoyed a 6% rate of return in 1995. With rates steadily falling in recent years, a six-month Treasury bill today is earning less than 2%.

To help offset earning losses from lower interest rates on mortgages and investments, AHFC has maintained and increased net income consistently in recent years by mortgage purchasing activity in Alaska. As our loan portfolio has risen from under 26,000 loans in 1997 to 30,239 loans at the end of FY01, total revenues of the Corporation have increased from \$308 million to \$376 million. The increased revenues, along with AHFC refunding outstanding debt and issuing new, lower-cost debt, have enabled the Corporation to maintain a relatively stable net income for the period.

The Legislative Budget & Audit (LB&A) Committee authorized a financial analysis of the Corporation and the Transfer Plan at the request of the Senate Finance Committee, releasing Audit Report 04-4608-00 on February 23, 2000. Concerns were expressed throughout the report and within the Report Conclusions regarding AHFC's financial ability to meet the \$103 million level for transfers through fiscal year 2006.

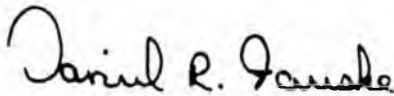
As a public document (the contents of which have the potential to impact bondholders), the concerns expressed in the LB&A report must be disclosed by AHFC in any offering circulars published after the release of the report. Market investors and analysts have begun to persistently raise the question -- how long can the AHFC continue to spend more than it earns?

For FY03, AHFC is making available \$96.3 million under the Transfer Plan agreement as the net income available to the State. This approach is the best way to ensure the prudent management of AHFC to protect its excellent debt rating by the nation's financial community and to preserve it as a valuable asset of the state.

Since 1995, AHFC and the State of Alaska have worked successfully to provide a Transfer Plan that helps the State of Alaska and the Corporation. The Corporation also offers a financial team that is considered one of the finest in the nation for taxable and tax-exempt municipal debt, mortgage revenue bonds, and commercial paper. The Legislature has worked well with this team to finance hundreds of millions of dollars in low-income housing, state office building purchases, student dormitory construction, state capital projects, and tobacco securitization for public schools and other construction projects.

We look forward to continuing to work with the Governor and the Legislature to keep AHFC as a strong working public asset for many years ahead.

Sincerely,



Daniel R. Fauske, CEO/Executive Director
Alaska Housing Finance Corporation

Budget Highlights

Consumer Education

Continues to Move Toward Results-Based Budgeting

Links the Budget to the Revised Strategic Plan

Adds Funding For Personal Services

3% Cola

Adds 430 Housing Choice Vouchers

Consumer Education – This budget continues to fund those consumer education programs designed to inform the public about various benefits and new technologies available to them. AHFC educates homeowners about ways they can make their homes safer, dryer, warmer, more durable, and more affordable. AHFC will continue to disseminate information through the media, HomeChoice, workshops, pamphlets, etc.

Results-Based Budgeting – Like many other states, Alaska is moving toward a budget process known as Results-Based Budgeting. This method of budgeting concentrates on performance and measurements designed to gauge successes. This budget presentation continues to attempt to provide useful, pertinent information for those that manage, as well as those providing oversight to the Corporation. This is the fourth budget cycle using this *results-oriented* methodology.

Links the Budget to the AHFC's Strategic Plan – In correlation with Results-Based Budgeting, this budget was prepared and developed tying back to the Corporation's Strategic Plan developed by AHFC's Board of Directors and senior management. This budget was developed with input from departmental staff. Each department has developed their own mission statement and goals and strategies to achieve the objectives of the updated Strategic Plan. Performance measures assess the progress toward these goals.

Personal Services – Personal Services are the largest portion of AHFC's Operating Budget. It accounts for nearly two-thirds of the Operating Budget. Each position is listed by grade and by location and grouped by department in the Personnel Section.

Salary Restructure initiated in FY2002— This budget increases the funding level to maintain the new salary restructure implemented July 1, 2001. The Salary Restructure eliminated the longevity portion of the old schedule.

3% Cola funded— HB3002 provided authorization for State employees to receive a 3% Cola adjustment beginning July 1, 2002. This is the third and final increase authorized under this legislation and is funded by an OMB adjustment to the FY2002 Base Salary.

Provides funding for 15 Temporary Laborer and 5 Student Hire— positions statewide. These positions will ensure that temporary help will be available wherever AHFC owns and operates low-income rental units. The student hires will allow AHFC to utilize low cost labor during the summer months to mow lawns and perform general clean-up activities.

Provides funding for 3 additional positions for the Voucher Program— AHFC has applied for and received 430 new Section 8 Housing Choice Vouchers. The Public Housing Division administers the voucher program in 11 communities throughout Alaska. Each caseworker can administer approximately 150 vouchers each.

**Alaska Housing Finance Corporation
Executive Budget Summary
Mission & Services Provided**

To provide Alaskans access to safe, quality, affordable housing. As a self-supporting public corporation, AHFC manages capital assets and grants. AHFC coordinates the State's housing strategy and homeless programs. AHFC also provides needed housing assistance to: (1) Alaskans with low and moderate incomes; (2) Alaska's rural residents; (3) Alaskans with special needs; and (4) Alaska's senior citizens.

Key Goals and Strategies

Provide programs and services that are responsive to the diverse housing needs statewide:

- Increase housing and finance options for rural areas.
- Define AHFC's role in meeting infrastructure needs.
- Increase leveraging of housing-related grants and other resources from other sources.
- Expand and promote family self-sufficiency.

Increase and sustain homeownership:

- Identify needs (existing gaps) in attaining and maintaining homeownership.
- Match AHFC's homeownership programs to needs and educate public.
- Streamline loan application process.
- Identify supporting infrastructure needs.

Key Issues

- AHFC strives hard to maintain an equitable balance between the Corporation's ability to meet its mission of ensuring quality and affordable housing for Alaskans, and to maintain levels of net income sufficient to meet financial expectations and obligations to the State of Alaska. This balance is achieved through the annual budget process that allocates AHFC's preceding year net income towards the Corporation's ongoing housing programs and State fiscal needs.

AHFC is recognized nationally as a leading housing authority for its strong management, innovative programs, excellent bond ratings, and financial strength. In recent years, AHFC has used this recognition to assist the State by issuing bonds (backed by the full faith and credit of the Corporation) to fund state deferred maintenance, capital construction, and other financing needs. This was done in a manner that protected the Corporation as a going concern to ensure that bond ratings by the nation's capital markets were preserved.

For the FY03 budget discussion, AHFC has developed a strategy to fund the deferred maintenance and major renovation of public housing facilities owned and operated by the Corporation. The strategy would complete the list of projects covered under its 10-Year Modernization Plan by combining Federal Funds and Corporate Receipts towards the issuance of tax-exempt bonds.

By authorizing the Corporation to complete the 10-Year Modernization Plan, both the fiscal needs of the State and AHFC's mission are being met. Assets of the Corporation are being maintained and modernized, hundreds of low-income families (many who are senior citizens) will obtain better housing, and corporate funded expenditures for public housing will be leveraged and stretched out in manner that makes dollars available in FY03.

- A key component of AHFC's Strategic Plan is to "plan and organize a statewide housing conference" to "expand partnerships to strengthen program and service delivery." AHFC feels it is important to strengthen relationships with regional housing authorities and other housing delivery organizations. A statewide housing conference will give AHFC an opportunity to network with other agencies and nonprofits to develop partnerships to enhance AHFC's housing programs and delivery systems.

Budget Summary	FY01 Actual	FY02 Authorized	FY03 Request
Corporate Receipts.....	\$15,420.9	\$17,168.2	16,862.2
Federal Receipts.....	\$17,351.2	\$20,218.6	21,012.6
Inter-Agency Receipts.....	\$1,862.5	\$600.0	\$800.0
CIP Receipts.....	\$1,375.6	\$1,501.1	\$1,613.4
Total Receipts.....	\$36,010.2	\$39,487.9	\$40,288.2
Full-Time Positions.....	319	325	328
Temporary Positions.....	30	29	49

AHFC Board of Directors

The Alaska Housing Finance Corporation Board of Directors is comprised of a seven-member board. The Board's members include: the Commissioner of Revenue, the Commissioner of Community and Economic Development and the Commissioner of Health and Social Services. In addition to the three Commissioners, the Board has four members from the general public appointed by the Governor to serve two-year terms. These members include: one member with expertise or experience in finance or real estate, one member who is a rural resident of the state or who has expertise or experience with a regional housing authority, one member who has expertise or experience in residential energy efficient home-building or weatherization; and one member who has expertise or experience in the provision of senior or low-income housing.

Regular meetings of the Board are held at least once during each quarter and the annual meeting is held during the third quarter of every year on the dates and at the place set by the Board. Four board members constitute a quorum for the purpose of conducting the Board's business, exercising its powers, and all other purposes. A smaller number may adjourn from time to time until a quorum is obtained. The following sub-committees of the Board of Directors have been established: Audit Committee, Budget/Housing Policy Committee, Investment Advisory Committee, and Personnel Committee. At the annual meeting the Board elects the offices of Chair and Vice-Chair. The Board also selects the Corporation's CEO/Executive Director, who is an exempt employee and serves at the pleasure of the Board. The current members of the AHFC Board of Directors are as follows:

Ms. Jewel Jones, Chair - Senior or Low-Income Housing Expertise/Experience. Appointed to the Board in January 1995. Ms. Jones is currently serving her fourth term as Chair of the Board. She has served as manager of the Social Services Division of the Municipality of Anchorage Department of Health & Human Services since 1988.

Mr. Robert A. Grove, Vice Chair - Energy Efficiency, Home-Builder or Weatherization Expertise/Experience. Appointed to the Board in October 1995. Mr. Grove is the former director of Super Insulated Homes in Fairbanks (1987-1989). He is a certified energy auditor of institutional buildings and he was appointed to the National Department of Energy Testing and Evaluation Committee on Methods and Materials in 1998. Currently, he is Operations Manager for the Geophysical Institute at UAF. Mr. Grove serves as Chair of the Board's Budget/Housing Policy Committee and the Personnel Committee.

Mr. Michael T. Cook - Finance or Real Estate Expertise/Experience. Appointed to the Board in September 1996. Mr. Cook is an accountant from Fairbanks who has worked for private and Native corporations, as well as, state agencies and municipalities. He has served as chairman of the State Board of Public Accountancy under several governors. Mr. Cook serves as Chair of the Board's Audit Committee and the Investment Advisory Committee.

Mr. Marty Shuravloff - Rural Resident or Experience with a Regional Housing Authority. Appointed to the Board in February 2000. Mr. Shuravloff is currently the Executive Director of the Kodiak Island Housing Authority. He serves on the Board's Budget/Housing Policy Committee and the Audit Committee.

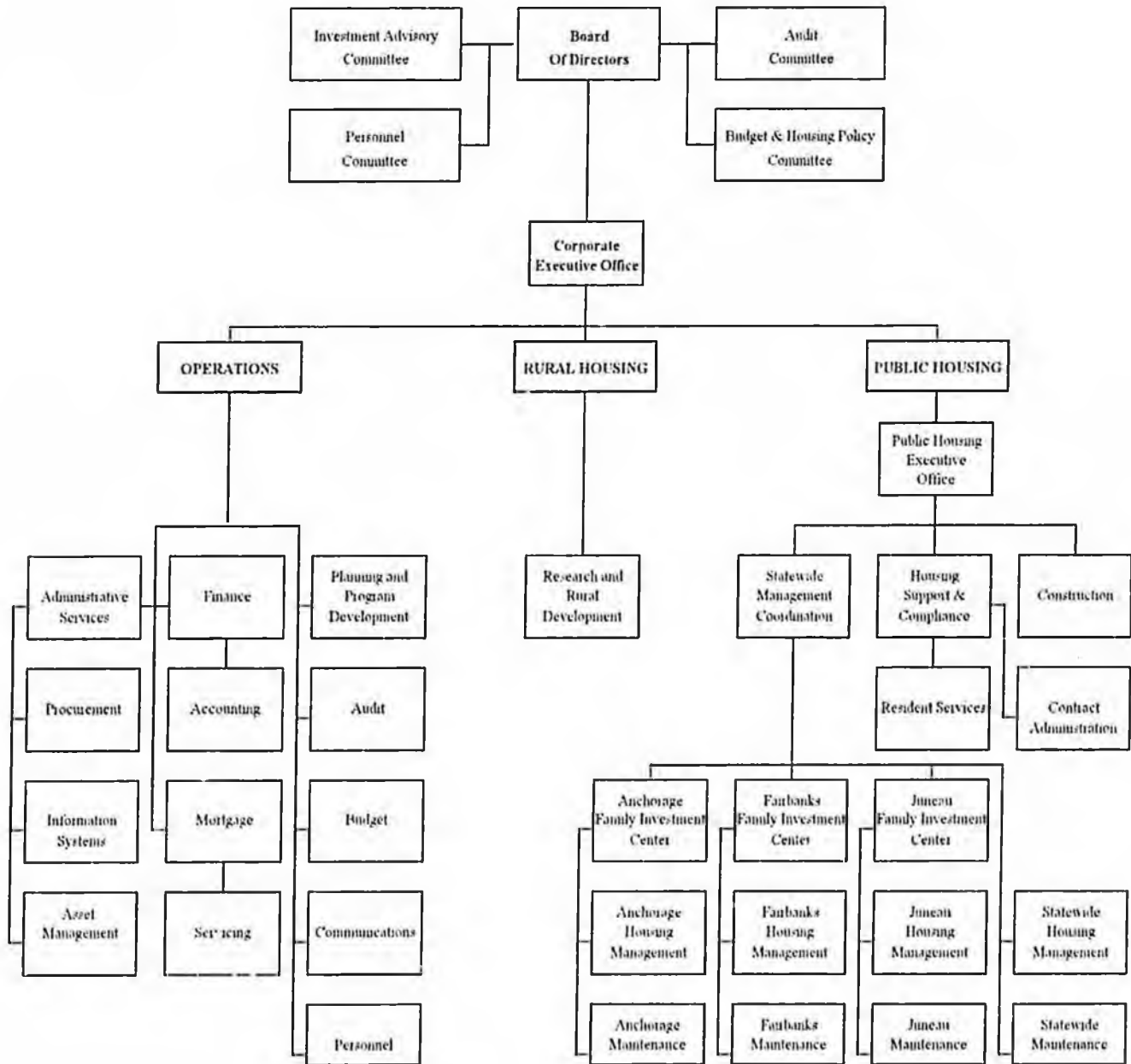
Mr. Wilson L. Condon - Commissioner of Revenue. Appointed to the Board in January 1995. Commissioner Condon served as Attorney General (1980-1982) during Governor Jay Hammond's second term of office. Prior State service includes Assistant Attorney General (1971-1975) and Deputy Attorney General (1975-1980). Commissioner Condon serves on the Board's Audit Committee and the Investment Advisory Committee. Larry Persily, Deputy Commissioner, serves as designee for the Commissioner.

Ms. Deborah Sedwick - Commissioner of Community and Economic Development. Appointed to the Board in July 1999. Commissioner Sedwick served as Assistant Commissioner in the Department of Commerce and Economic Development (1995 - 1999). Prior to her State service she enjoyed a successful career in the real estate business. Commissioner Sedwick serves on the Board's Investment Advisory Committee and the Personnel Committee. Lamar Cotton, Deputy Commissioner, serves as designee for the Commissioner.

Mr. Jay Lively - Commissioner of Health and Social Services. Appointed to the Board in September 2001. Commissioner Lively served as Deputy Commissioner of the Department of Health and Social Services. Commissioner Lively serves on the Board's Budget/Housing Policy Committee and the Personnel Committee. Janet Clarke, Deputy Commissioner, serves as designee for the Commissioner.

AHFC's Organizational Structure

FY2003



	Anchorage	Fairbanks	Juneau	Other	Total
FTE	264	16	12	6	328
PT	12	3	3	17	35
Temp	-	2	3	2	14
Total	281	21	18	25	377

AHFC Revenue			
Corporate	Federal	Inter-Agency	Capital Improvement (CIP)
Sources			
Interest Income	Rental Income	Health & Social Services (DHSS)	FY1997 Capital Projects
Investment Income	Commercial Income	Mental Health Trust Authority (MHITA)	FY1998 Capital Projects
Commitment Fees	Rent Subsidies	Community & Economic Develop. (DCED)	FY1999 Capital Projects
Origination Fees	Interest Income	Education & Early Development (EED)	FY2000 Capital Projects
Bond Issues	Program Reserves		FY2001 Capital Projects
Rental Income	Investment Income		FY2002 Capital Projects
Legal Settlements	Federal Grants		
Misc. Income	Misc. Income		
	Sales Proceeds		
	Administrative Fees		
	Resident Services Activity		
	Excess Utilities		
General Uses			
Capital Projects	Low Rent Program	Weatherization Program	Construction Projects
Personal Services	Section 8 New Const.	Capital Projects	Grant Programs
Operations	Wrangell's Ma03	Operations	Weatherization Program
RSAs	Energy Programs		Supplemental Housing
Loan Programs	Weatherization Program		Personal Services
Servicing Activities	Section 8 Certificates		Energy Programs
Grant Programs	Section 8 Vouchers		Senior Housing Projects
Debt Services	Section 8 SRO		Homeless Assistance
State Projects	Personal Services		Deferred Maintenance
Energy Programs	Operations		Special Needs Projects
Education Programs	Resident Service Activities		
	Grant Programs		

Corporate Receipts are all funds earned by Alaska Housing Finance Corporation through its core business activities. All mortgage loan interest payments, mortgage loan commitment fees, and all other receipts received by or accrued, as well as, all income earned on assets of the Corporation are Corporate Receipts.

Federal Receipts are funds received by Alaska Housing Finance Corporation through any federal agency or federal program. All rents and subsidies received from federal housing programs are considered Federal Receipts, as well as, any income earned through administration of federal programs. All federal grants and pass-through funds are also considered Federal Receipts.

Inter-Agency Receipts are funds received from another State agency. The original source of these funds may come from a variety of sources including Federal, State General Funds, etc. However, when AHFC receives the funds from another State agency they become Inter-Agency Receipts.

Capital Improvement Projects Receipts (CIP) are funds from budgeted Capital Improvement Projects. The original source of these funds may come from a variety of sources including Corporate, Federal, State, etc. However, when AHFC uses these funds they are considered CIP Receipts. Only the Personal Services portion of CIP receipts is included in the Operating Budget.

AHFC's Program List

Energy Programs

Supplemental Housing Development Program
 Building Energy Efficiency Standards (BEES)
 State Energy Plan (SEP)
 Research and Information Center (RIC)

Low-Income Home Energy Assistance Prog. (LIHEAP)
 Low-Income and Enhanced Weatherization Program
 Builder & Rater Education Program
 Consumer Education Program

Grant Programs

Senior Citizens Housing Development Program
 Low-Income Housing Tax Credit Program
 Supplemental Assistance for Facilities to Assist the Homeless (SAFAH)
 Housing Opportunities for People with AIDS (HOPWA)
 Shelter Plus Care Program
 HUD Technical Assistance Grant
 Supportive Housing Technical Assistance
 Telecommunications and Information Infrastructure Assistance Program (TIAP)
 Special Needs Housing Program
 Homeless Assistance Grant Program

HOME Investment Partnership Act Programs
 > Home Opportunity Program (HOP)
 > Owner-Occupied Rehabilitation Program (ORP)
 > GOAL Program - Rental Housing Development
 HOME Technical Assistance
 Capital Grant Match Program
 > HUD Continuum of Care Program
 > Supportive Housing
 > USDA Housing Preservation Grant

DOE Healthy Home Grant

Public Housing Programs

Conventional Low Rent Housing Program
 Section 8 Existing Housing Voucher Program
 Section 8 Moderate Rehabilitation Program
 Section 8 New Construction Program
 State Lease Building Program
 Turnkey III Program
 Mutual Help Program
 Section 221(d) Ma03 Wrangell Program
 Family Self-Sufficiency Program (FSS)
 Family Investment Center
 Flexible Subsidy Program
 Gateway Literacy Program
 Capital Fund Program (CFP) formerly CGP
 Comprehensive Grant Program (CGP)
 Service Coordination for Public Housing Agencies

Energy Conservation Retrofit
 10 Year Modernization Plan
 Drug Elimination Program
 Youth Sports Program
 Environmental Cleanup and Abatement
 Senior and Statewide Deferred Maintenance
 Public Housing Support Program
 Triodetic Foundation Program
 Public Housing Renovation/Reconstruction Program
 Hope VI - Revitalization of Public Housing
 Veterans Administration Supportive Housing (VAISH)
 Welfare-to-Work Voucher Program
 Mental Health Voucher Program
 Project-Based Section 8 Contract Administration

Loan Programs

Taxable Loan Program
 Tax-Exempt Loan Program
 Veterans Mortgage Program
 Mobile Home Program
 Second Mortgage Program
 Streamlined Refinance Loan Program
 Association Loan Program
 Affordable Home Ownership Guaranteed Loan Program
 Non-Conforming Loan Program
 Affordable Housing Enhanced Loan Program
 Interest Rate Reduction for Energy Efficiency
 Interest Rate Reduction for Low Income Borrower
 Assistance Provider Interest Rate Reduction Program
 Rural Owner-Occupied Loan Program

Rural Non-Owner-Occupied Loan Program
 Rural Building Material Loan Program
 Home Ownership Assistance Fund Loans
 Rural Small Building Material Loan Program
 Rural Public Service Rental Housing Program
 Multi-Family, Special Needs, and Congregate Housing Loan Program
 Multi-Family Loan Purchase Program
 Loans to Sponsors Program
 Senior Housing Loan Program
 Federally Guaranteed/Insured Multi-Family Mortgage Program
 Rural Housing Initiative Pilot Program

AHFC FY2003 Operating Budget Request Summary

<i>Total Draft FY2003 Operating Budget Request</i>			Total
State Budget Categories	Operations	A-SoB	AHFC
Personal Services:	23,633,900	0	23,633,900
Travel:	926,700	0	926,700
Contractual:	10,729,541	1,228,076	11,957,617
Supplies:	2,680,400	0	2,680,400
Equipment:	259,600	0	259,600
Building:	0	0	0
Grants:	830,000	0	830,000
Misc:	0	0	0
Total AHFC Operating Budget:	39,060,141	1,228,076	40,288,217
Funding			
Federal:	21,012,641	0	21,012,641
Inter-Agency:	800,000	0	800,000
CIP:	1,613,400	0	1,613,400
Corporate:	15,634,100	1,228,076	16,862,176
Total:	39,060,141	1,228,076	40,288,217
Staffing			
Full-time:	328	0	328
Part-time:	35	0	35
Temporary:	14	0	14
Total:	377	0	377

<i>Difference</i>			Total
State Budget Categories	Operations	A-SoB	AHFC
Personal Services:	1,847,500	0	1,847,500
Travel:	(113,800)	0	(113,800)
Contractual:	(501,259)	(756,624)	(1,257,883)
Supplies:	99,500	0	99,500
Equipment:	25,000	0	25,000
Building:	0	0	0
Grants:	200,000	0	200,000
Misc:	0	0	0
Total AHFC Operating Budget:	1,556,941	(756,624)	800,317
Funding			
Federal:	794,041	0	794,041
Inter-Agency:	200,000	0	200,000
CIP:	112,300	0	112,300
Corporate:	450,600	(756,624)	(306,024)
Total:	1,556,941	(756,624)	800,317
Staffing			
Full-time:	3	0	3
Part-time:	15	0	15
Temporary:	5	0	5
Total:	23	0	23

Budget Overview

Budget Process

The FY2003 budget format presented in this document continues to move the Corporation toward a results-based budget system. This format was developed to link the Corporation's Strategic Plan to the budget and develop performance measures that will help manage and oversee corporate activity.

The FY2003 budget is based on the goals and objectives outlined in the Strategic Plan. Departments within the organization have developed action plans to implement their portion of the overall goals and objectives of the Corporation. They were given instructions, budget forms, and guidelines developed and distributed by the Budget Department. AHFC's budget request maintains the current level of authorization, with the exception of changes to programs, funding sources, funding levels, or increases to fixed costs such as merit increases, insurance premiums, legal cost, and the like.

Budget Development

The Budget Department has the responsibility for gathering and compiling the information received from all departments, and then preparing summary information to review and discuss with the Budget and Housing Policy Committee. Based on the timelines of the prior year, a tentative schedule was developed. FY2003 budget forms and instructions were distributed in August with completion deadlines set for September 21, 2001. Both the Operating and Capital budgets were developed concurrently. Once received, the information was entered into spreadsheets, combined, calculated, adjusted, and recalculated. Justification was required for all anticipated major contracts or other expenses, as well as, any increases over prior year's budget request.

All departments are required to develop and maintain mission statements and descriptions for the services they provide. In addition, each department was assigned the responsibility to develop an action plan to achieve the results outlined in the Strategic Plan. The department's goals and strategies became the department's action plan, tying back to the overall Strategic Plan. Each department has developed performance measures for the services they provide to measure their success in reaching their goals. After the action plan was developed, budgets were built to ensure the plan could be implemented and achieved.

After review and discussions, AHFC's Budget and Housing Policy committee set priorities and voted to send the budget to the full Board. At the October 31st Board meeting the Board authorized, by resolution, submission of the Operating and Capital budgets to the Governor's Office of Management and Budget (OMB), through the Department of Revenue (DOR). After the Board's final review, the budget was approved for submittal to the Department of Revenue. The budgets were entered into the State's Automated Budget System (ABS). OMB made further adjustments to AHFC's submission and the Board of Directors met again on December 7, 2001 and passed a resolution directing staff to bundle the remaining Public Housing construction projects under a bond proposal package. They also instructed staff to limit the total "Transfer Plan" funding to AHFC's last year's net income of \$96,300,000. The Governor's Budgets were released on December 14, 2001.

Budget Implementation

The Strategic Plan began as a five-year plan; it was revised March 2001 and extended through FY2004. The FY2003 budget is in the fifth year of the overall plan and the second year of the revised plan, with many of the goals and strategies beginning in FY1999. The FY2003 budget continues toward the results-oriented desires of the Board of Directors and senior management of the Corporation. This is the fourth year the budget is presented in this format.

Major Changes for FY2003

- Add CIP funding to cover Personal Services Costs.
- Add Federal funding to administer 430 new Section 8 Vouchers.
- Add Inter-Agency Funding for Low Income Home Energy Assistance Program (LIHEAP) Activities.
- Add Federal funding for Temporary Laborers and Student Hires.
- Transfer Corporate and Federal Funding for Line Item Transfers.
- Decrease Corporate funding for the Anchorage State Office Building (A-SOB).

FY2003 Budget Development Calendar

Time-lines will be adjusted as new information is received from the Department of Revenue (DOR) and the Office of Management and Budget (OMB). With the internal schedule of AHFC's FY2003 State Budget submission, the following schedule outlines important events and key deadlines:

<p>July 1 – August 31, 2001</p>	<p>Preliminary Budget Discussions with Senior Staff</p> <ul style="list-style-type: none"> • <i>Budget Department (BD) prepares Instructions and Guidelines</i> • <i>Close Out FY2001</i> • <i>Implement FY2002</i>
<p>August 24, 2001 August 24, 2001</p>	<p>FY2003 Personal Services Reconciliation Due to OMB Distribute Budget Forms and Instructions for FY03</p> <ul style="list-style-type: none"> • AHFC Departments prepare their requests
<p>September 6, 2001 September 10, 2001 September 15, 2001 September 21, 2001</p>	<p>Preliminary List of Capital Projects Due (<i>into ABS</i>) "Big Picture" Meeting with OMB Mental Health Budget due to OMB Departmental Submission Deadline Due to BD</p> <ul style="list-style-type: none"> • <i>BD compiles requests from Departments</i> • <i>Executive Review</i> • <i>Departmental Budget Hearings</i> • <i>BD prepares presentation for Budget and Housing Policy (BHP) Meeting</i>
<p>October 1, 2001 October 11, 2001</p>	<p>FY2001 Final Authorizations & Actuals to OMB BHP FY2003 Draft Operating & Capital Budget Presentations</p> <ul style="list-style-type: none"> • <i>BD prepares submission to State</i> • <i>BD prepares Board Resolution</i>
<p>October 22, 2001 October 31, 2001</p>	<p>Submit Initial Draft Budgets to DOR (<i>into ABS</i>) Board Meeting - Resolution for Approval to Submit to OMB</p>
<p>November 14, 2001 November 30, 2001</p>	<p>Final Budgets Submitted to DOR Final Deadline for Changes to OMB</p> <ul style="list-style-type: none"> • <i>OMB Compiles State Agency Budgets</i> • <i>OMB Prepares the Governor's Budget</i>
<p>December 3, 2001 December 7, 2001 December 14, 2001</p>	<p>Executive Budget Summary due to OMB Board Meeting – Resolution revising the Capital Budget Submission Governor's Budget Released to Public</p>
<p>January 14, 2002</p>	<p>Legislature Convenes</p> <ul style="list-style-type: none"> • <i>Budget Overviews to Legislators</i> • <i>Operating Budget Presentations</i> <ul style="list-style-type: none"> • <i>House Finance Committee (Subcommittees)</i> • <i>Senate Finance Committee (Subcommittees)</i> • <i>Capital Budget Presentations</i> <ul style="list-style-type: none"> • <i>Senate Finance Committee (Subcommittees)</i> • <i>House Finance Committee (Subcommittees)</i>
<p>January-February</p>	<p>Capital Project Status Report due (CP3) Supplemental Budgets due to OMB Lapse Projections due to OMB Budget Amendments due to OMB Legislature Adjourns</p>
<p>May 14, 2002</p>	<p>FY2002 Ends - <i>Governor signs FY2003 Budget Bills</i> FY2003 Begins</p>
<p>June 30, 2002 July 1, 2002</p>	<p>FY2002 Ends - <i>Governor signs FY2003 Budget Bills</i> FY2003 Begins</p>

Missions & Measures

Mission

The Mission is a short statement of the department's overall purpose. It should begin with: "To...." It describes clearly and succinctly what the department is and why it exists. The mission provides the foundation for the remainder of the document. It is linked to the department's key issues, goals and objectives, as well as, pointing to the Corporation's overall Strategic Plan. A mission statement serves as a reminder of the unique purposes promoted and served by the department.

Services Provided

Services Provided are the daily, programmatic and/or administrative activities performed by the department to accomplish its goals and objectives. Services Provided are the means used to achieve the "results" desired of the goals and strategy. Consideration of the department's resources is essential to successfully implement the desired goals and objectives that have been set. When new services have been added or deleted from the FY2001 base, an explanation of those changes are reflected in the Proposed Changes in Levels of Service section.

Goals & Strategy

Goals are specific conditions or effects that when achieved, usually in combination with other goals, bring about a desired result. They are the general end towards which departments direct their efforts. They state policy intention related to relevant issues. Goals are ranked for priority. Goals stretch and challenge, but are realistic and achievable. A single goal may be subdivided into multiple objectives.

An objective is an intermediate step toward achieving a goal. It specifies a measurable change in the current status of a condition affecting people or places (external to the program providing services) within a specific time period. An objective will tell the reader what is to be accomplished.

A strategy is a chosen course of action to achieve a goal. A combination of goals, objectives, and strategy provide the basis for the activities outlined in the Services Provided.

Key Issues

Key Issues are short narratives describing major issues that must be resolved through administrative action; work with others (such as local governments, realtors, lenders, builders, etc.); legislation; etc. They focus on issues that have budget implications of some kind.

Prior Year's Major Accomplishments

Prior Year's Major Accomplishments highlight the major "results" that the department achieved during the past fiscal year. They relate to the department's goals and strategies, past or present. This is the place for the department to highlight what they have done to serve their clients better.

Performance Measures

Performance Measures evaluate how well a particular element of a strategy is working. They enable departments to objectively gauge and report progress in carrying out their mission and goals. Careful performance measurements provide the information necessary to make meaningful management decisions. Reports on performance measurement also provide clear, objective means of meeting obligations for effective and efficient utilization of resources.

Performance measures target a proposed annual amount of improvement or one-year level of progress in reaching a multi-year goal. They are used to measure key "results-oriented" measures, ensure accountability, and provide a basis for assessing the successful achievement of the department's goals and objectives.


Partners in Achieving Results

Partners in Achieving Results are the associated groups that have a major influence on the outcomes desired by the department. They can provide both "opportunities" and/or "threats" to the "results" process. They are external factors, as to the department or the Corporation, that influence the department's ability to achieve key goals. Partners, whether forced or friendly, positive or negative, are an element that can affect the environment in which the department functions.

Proposed Changes in levels of Service

Describes any changes that have been made from the prior year, or are being proposed in the service provided by the department.

AHFC's FY2003 Proposed Capital Budget

		Governor's Budget			
		FY2003 Capital Budget Request			
		@ December 15, 2001			
		Federal	Other	Corp	Total
Programs/Projects					
1	PHD Construction Projects ***New***		\$55,249.8		\$55,249.8
2	Supplemental Housing Development Program			\$4,500.0	\$4,500.0
3	Low Income Weatherization Program	\$1,800.0		\$4,000.0	\$5,800.0
4	Senior Citizens Housing Development Program			\$1,975.2	\$1,975.2
5	Sr. & Statewide Deferred Maint. & Renovation	\$500.0		\$0.0	\$500.0
6	HUD Federal HOME Grant Program	\$3,159.0		\$750.0	\$3,909.0
7	Pacific Terrace Replacement Ph I - Kodiak ***New***	\$500.0		\$0.0	\$500.0
8	HUD Capital Fund Program (CFP) formerly (CGP)	\$500.0			\$500.0
9	Federal & Other Competitive Grants	\$3,000.0		\$1,250.0	\$4,250.0
10	Competitive Grants for Public Housing	\$750.0		\$250.0	\$1,000.0
11	Energy Efficiency Monitoring Research			\$300.0	\$300.0
12	State Energy Program (SEP) Special Projects	\$150.0		\$30.0	\$180.0
13	Central Terrace Renovation IV ***Re-New***	\$750.0			\$750.0
*	Housing Loan Programs ***New***			\$4,000.0	\$4,000.0
1	Homeless Assistance Program		\$500.0	\$500.0	\$1,000.0
2	Beneficiary & Special Needs Housing			\$800.0	\$800.0
Total AHFC's Capital Project Budget:		\$11,109.0	\$55,749.8	\$18,355.2	\$85,214.0
AHFC Funding for Other State Projects					
3	DHSS Residential Housing Programs		\$150.0	\$100.0	\$250.0
4	DHSS - Brother Francis Shelter Replacement ***New***			\$500.0	\$500.0
DEC - Water & Sewer Projects				\$21,401.8	\$21,401.8
Total AHFC Capital Project Funding:		\$11,109.0	\$55,899.8	\$40,357.0	\$107,365.8
Transfer Type Funding					
UAA Student Hsg. Debt Service (FY1999 - FY2024)				\$1,000.0	\$1,000.0
State Capital Project Bonds (FY1999 - FY2008)				\$50,000.0	\$50,000.0
PHD Capital Project Bonds (FY2003 - FY2008)		\$3,000.0		\$1,913.0	\$7,913.0
Total Other (Transfer Type) Funding:		\$3,000.0	\$0.0	\$55,913.0	\$58,913.0
Total AHFC Funding		\$14,109.0	\$55,899.8	\$96,300.0	\$166,308.8
Total AHFC Funding Cmp (FY2001 Net Income)				\$96,300.0	
Over/(Under)				\$0.0	

Capital Projects & Program Synopsis

The Capital Budget is a plan for the distribution of AHFC's financial resources for items that have an anticipated life exceeding one year and the cost exceeds \$25,000. Unlike the Operating Budget which lapses at the end of one year, capital budget appropriations lapse only if funds remain after the project is completed, and/or if funds are lapsed administratively or legislatively, usually after five years.

AHFC Capital Improvement Projects (CIP) reflect the needs of the Corporation and the pursuit of its mission through the Goals and Objectives of the Corporation's Strategic Plan. Departments review prior Capital budgets to determine if there are any unfinished projects/programs that need to be completed or extended.

This Capital Budget was developed by AHFC staff and recommended for inclusion in the Governor's budget submission to the Legislature. Each project/program was reviewed and prioritized by the Budget and Housing Policy Committee and presented to the Board of Directors for approval. The Board passed a resolution approving this budget and instructed the Executive Director to submit the budget to the Governor's Office of Management and Budget (OMB) through the Department of Revenue.

1. **PHD Construction Program** – The Public Housing Division (PHD) Construction Program utilizes Bond Proceeds to complete the Corporation's 10-year plan to renovate and modernize AHFC's inventory of public housing units. This new program will leverage Federal funds to replace or renovate scheduled projects.

The **Senior and Statewide Renovation** program utilizes Corporate (AHFC) Bond Proceeds to reduce deferred maintenance at several facilities utilized by senior citizens and low-income families. General physical upgrades are needed in addition to specific security and accessibility modifications.

Chugach Manor Renovation utilizes Corporate (AHFC) Bond Proceeds for the major renovation of 120 senior units at Chugach Manor. This funding will cover both the design and the renovation cost. The renovation work will include interior and exterior work such as sidewalk repairs and door replacement; kitchen and bathroom upgrades. Renovations will also include: new appliances and fixtures; carpet and vinyl replacement; unit entry and interior doors; electrical upgrades, including exterior and common area lighting; ventilation and heating control upgrades; water heater replacement; relocation of the storm drain; and interior painting.

Glacier View Renovation utilizes Corporate (AHFC) Bond Proceeds to support the design and renovation of 30 units at Glacier View in Seward. The funds requested for this work will cover total renovation design, as well as all of the renovation work. The work will include bathroom and kitchen renovation, common area and unit painting, upgrades to the electrical service, installation of an emergency generator and transfer switch, and improved ventilation.

Sea View Terrace Renovation utilizes Corporate (AHFC) Bond Proceeds for the major renovation of 49 senior units and other site improvements at Sea View Terrace in Ketchikan. Sea View Terrace is a three-story, four-level senior housing facility constructed in 1977. The facility includes 49 one-bedroom units, community room, kitchen, laundry room, management office, maintenance shop, and public restrooms. The facility was built using prefabricated modular construction.

Pacific Terrace Replacement utilizes Corporate (AHFC) Bond Proceeds to replace 40 units in Kodiak. These funds will be used for the design of all new units and a 2,000 square foot multipurpose building. It will provide funding to demolish 37 units and construct new four and five-plex buildings. It will renovate three existing single family four-bedroom homes and construct a multipurpose building.

The **HUD Capital Fund Project (CFP)** utilizes Corporate (AHFC) Bond Proceeds to leverage the Federal (HUD) grant that provides Public Housing Authorities with funds each year to help renovate and modernize public housing units. Funds also provide for administrative expenses, tenant-education projects, drug elimination/safety projects and management improvements.

Pfarmigan Park Renovation utilizes Corporate (AHFC) Bond Proceeds to support the design and renovation of 17 units in Anchorage. The funds requested for this work will cover total renovation design, as well as all of the renovation work.

Sunset View Renovation utilizes Corporate (AHFC) Bond Proceeds to support the design and renovation of 22 units at Sunset View in Cordova. The funds requested for this work will cover total renovation design, as well as all of the renovation work. The work will include replacement of lighting fixtures and boilers, life safety upgrades, ADA compliance, and increase energy efficiency.

Alpine Terrace Renovation utilizes Corporate (AHFC) Bond Proceeds to support the design and renovation of 48 units at Alpine Terrace in Anchorage. The funds requested for this work will cover total renovation design, as well as all of the renovation work. The work will include replacement of the exterior siding and windows, renovate the interiors, upgrade electrical and mechanical/plumbing systems, and provide other site improvements.

Anchorage Family Investment Center (AFIC) utilizes Corporate (AHFC) Bond Proceeds to support the design and renovation of the Public Housing Division offices on International Blvd. in Anchorage. The funds requested for this work will cover total renovation design, as well as all of the renovation work. The work will include replacement of worn components, life safety upgrades, electrical improvements, increase energy efficiency, and provide other site improvements.

2. **Supplemental Housing Development Program** – Corporate (AHFC) funds to supplement Federal (HUD) funds to construct decent, safe and sanitary housing through regional housing authorities established under AS 18.55.996. Funds are used to cover housing development costs related to water distribution, sewer hookups, electrical distribution systems, road construction to project site, site development, and energy efficiency improvements. State laws limit the use of these funds to 20% of the HUD's total development cost per unit. These funds are prohibited from being used for administrative or other costs of the housing authority.
3. **Low Income Weatherization Program** – Federal U. S. Department of Energy (DOE) and Corporate (AHFC) funds to assist low- and moderate-income families attain decent, safe and affordable housing through the weatherization and rehabilitation of existing homes. Weatherization provides for fire safety through furnace and electrical repairs, education, chimney and woodstove repairs, and egress windows (installed during bedroom window replacements).
4. **Senior Citizens Housing Development Program** – Corporate (AHFC) funds for the development of senior citizen housing. Competitively awarded grants are provided for the purchase of building sites, site preparation, materials, construction, and rehabilitation of existing housing. Organizations qualified to apply include municipalities and public or private nonprofit corporations. Additional components include smaller grants (up to \$25,000) for nonprofit senior organizations to pay for preparation of plans and project feasibility studies, appraisals, site preparation and other pre-development activities.
5. **Senior & Statewide Deferred Maintenance & Renovation** – Corporate (AHFC) and Federal funds to reduce deferred maintenance in Public Housing facilities for senior citizens, disabled individuals, and low-income families. Funds authorized are for general physical upgrades as needed, and also for specific security and accessibility modifications.
6. **HUD Federal HOME Program** – Federal (HUD) and Corporate matching (AHFC) funds for the HOME Investment Partnership Program. The purpose of the HOME program is to expand the supply of affordable, low- and moderate-income housing and to strengthen the State's ability to design and implement strategies to achieve an adequate supply of safe, energy-efficient, and affordable housing. The Municipality of Anchorage has their own separate HOME program.
7. **Pacific Terrace Replacement – Phase I (Kodiak)** – Corporate (AHFC) funds for the first phase (of two) to replace 40 units in Kodiak. These funds will be used for the design of all new units and a 2,000 square foot multi-purpose building. It will provide funding to demolish the first 17 units, construct three new four-plexes and one five-plex. It will renovate two existing single family four-bedroom homes. Phase II will include demolition of 20 units, construction of five new four-plexes, renovation of one existing single family four-bedroom home, and construction of the

multipurpose building. The multi-purpose building will provide space for an office, larger maintenance shop, and a community room for the residents.

8. **HUD Capital Fund Program (CFP) (formerly CGP)** --- Federal (HUD) grant that provides Public Housing Authorities with funds each year to help renovate and modernize public housing units. Funds also provide for administrative expenses, tenant education projects, drug elimination/safety projects, and management improvements.
 9. **Federal and Other Competitive Grants** – Federal (HUD, USDA, DOE), or other Private funds, and Corporate matching (AHFC) for available housing grants. Nationwide, grants are made available annually by the federal government or private institutions or foundations that target the housing needs of low-income families, special needs groups, senior citizens, the mentally ill, disabled or the homeless, and others. In cases where grants require a match, AHFC funds will be used to the extent necessary. Grant funds received are often passed through to local nonprofit organizations, municipalities, and other organizations that deliver housing-related services.
 10. **Competitive Grants for Public Housing** – Federal (HUD), other private funds, and Corporate matching (AHFC) funds for available housing grants for public housing facilities and residents. Annually, HUD makes available grants that target the needs of public housing facilities and residents in areas such as crime and substance abuse prevention, and economic self-sufficiency. When required, AHFC will provide the needed match. Some of the funds received will be passed through to local nonprofit organizations that deliver services.
 11. **Energy Efficiency Monitoring Research** — Corporate (AHFC) funds to conduct housing construction research, analysis, and information dissemination among the housing industry and the public. Data gathering and analysis is being continually related to energy efficiency technology for homes constructed in northern building and market conditions.
 12. **State Energy Program (SEP) Special Projects** – Federal (DOE) and Corporate match funds for State Energy Program (SEP) special projects such as building technologies; codes and standards; wind and power technologies; renewable energy for remote areas or transportation technologies.
 13. **Central Terrace Renovation – Phase IV (Anchorage)** --- Federal (Sales Proceeds) to initiate the fourth phase of AHFC's multi-phased effort (funded in FY98, FY99 and FY01) to provide home-ownership opportunities to low-income people and to return deteriorated housing to a long-term viability status. Using the professional site assessments and information from AHFC's maintenance crews, units from the Central Terrace and Fairmount developments have been put in a priority hierarchy, according to their need for renovation.
- * **Housing Loan Program** – Corporate (AHFC) funds to supplement two of the Corporation's popular housing programs. This new program will replace diminishing arbitrage funds to continue the Interest Reduction for Low Income Borrowers (IRLIB) and the Energy Efficiency Interest Rate Reduction (EEIRR) programs. These funds will allow AHFC to continue these programs at the current levels. *Note: This program is not technically part of the Capital or Mental Health budgets but is considered part of the total transfer plan.*

***Mental Health Bill ***

1. **Homeless Assistance Program** – Corporate (AHFC) funds to grant to local communities/agencies to help develop programs to prevent homelessness by providing assistance to families in imminent danger of becoming homeless, or those who are currently homeless. Corporate funds will be matched by Mental Health Trust Authority funds. Both funds will be combined and administered as one program by AHFC.
2. **Beneficiary & Special Needs Housing** – Corporate (AHFC) funds for a continuing program to serve populations with special housing needs. The program provides funds to Alaskan nonprofit service providers to increase housing opportunities for Mental Health Trust beneficiaries and other special needs populations throughout the state. The funds may be used for housing development and/or other housing related purposes.

3. **DHSS – Residential Housing Programs** – Corporate (AHFC) funds to provide housing modifications to persons experiencing a disability, allowing them to remain in their homes and reduce the potential cost of providing supported housing. The program also provides funding to develop special needs housing that cannot be funded under AHFC's program because of statutory limitations. This program will be administered by DHSS.
4. **DHSS – Brother Francis Shelter Replacement (Anchorage)** – Corporate (AHFC) funds matching federal and local funds for a continuing program to serve homeless men and women in Alaska. This program provides funds to replace the existing homeless shelter in Anchorage, which has deteriorated beyond its useful life. Catholic Social Services, a not-for-profit organization will operate the shelter and administer supportive services.

Board Resolution

RESOLUTION OF THE BOARD OF DIRECTORS OF THE ALASKA HOUSING FINANCE CORPORATION AUTHORIZING AHFC TO SUBMIT THE FY2003 OPERATING AND CAPITAL BUDGETS THROUGH THE DEPARTMENT OF REVENUE TO THE GOVERNOR'S OFFICE FOR SUBMITTAL TO THE STATE LEGISLATURE.

Resolution No. 01-50

WHEREAS, the Executive Director of the Alaska Housing Finance Corporation has reviewed the proposed FY2003 Operating and Capital budgets submitted by staff; and

WHEREAS, the Executive Director presented the proposed FY2003 Operating and Capital budgets to the Budget and Housing Policy Committee on October 11, 2001.

WHEREAS, the Budget and Housing Policy Committee, after reviewing funding levels developed by staff, recommends to the full Board, the proposed Operating and Capital budgets for FY2003; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Alaska Housing Finance Corporation that the FY2003 Operating and Capital budget request be hereby approved for submission and authorizes the Executive Director to submit these budgets through the Department of Revenue to the Office of Management and Budget for inclusion in the Governor's Budget submitted to the State Legislature.

PASSED AND APPROVED by the Board of the Alaska Housing Finance Corporation this 31st day of October, 2001.



Jewel Jones, Board Chair

Operating Budget

AHFC's Strategic Plan

Executive Office

Administrative Services

Information Services

Asset Management

Procurement Department

Personnel Department

Corporate Communications

Internal Audit

Budget Department

Finance Department

Accounting Department

Planning & Program Development

Mortgage Department

Servicing Department

Research & Rural Development

Public Housing Executive Office

Housing Operations

Construction Department

Anchorage State Office Building

❖
❖
❖

Operating Budget

The Alaska Housing Finance Corporation (AHFC) is a public corporation and government instrumentality, but for bonding purposes, has legal existence independent and separate from the State of Alaska. AHFC was created in 1971 by the State to provide Alaskans with low cost mortgage financing, with the majority of funds used to purchase the mortgage loans generated through the issuance of taxable and tax-exempt bonds. In June 1992, the Legislature consolidated the housing functions of state government under AHFC by merging the Alaska State Housing Authority (ASHA) and the energy and rural housing programs of the Department of Community & Regional Affairs (DCRA). The authority of AHFC expanded to provide for the financing, acquisition, rehabilitation, construction, weatherization, and operation of housing for low- and moderate-income Alaskans, citizens in rural Alaska, those with special needs, and senior citizens. AHFC continues to review ways to institute mortgage finance, refinance, and assistance programs for residents of the state. As changes occur, AHFC's focus remains responsive to the needs of changing economic conditions and demographics.

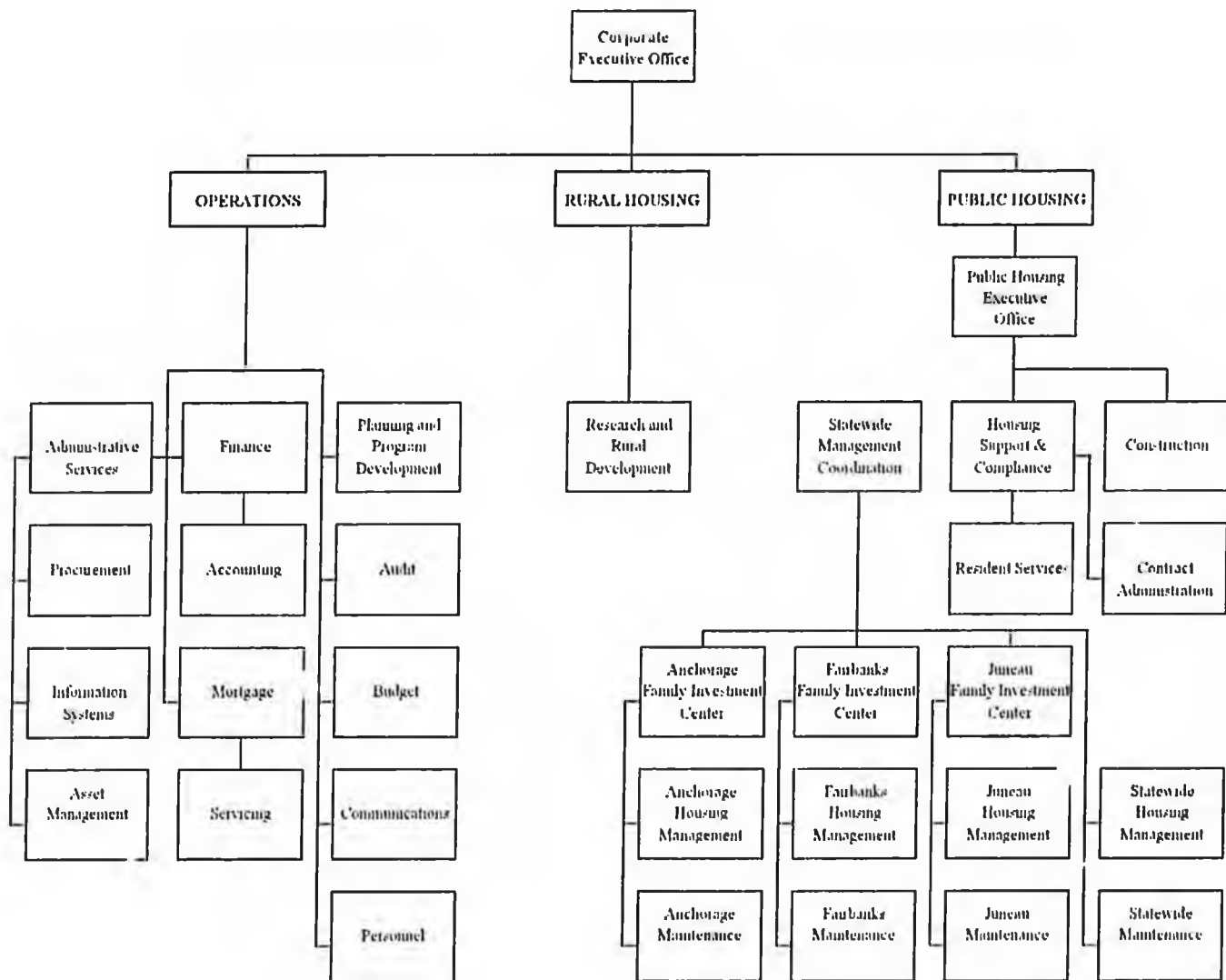
Since the merger AHFC has restructured the Corporation to use its resources more effectively. The agency has taken on the efficiencies and benefits of merging functions and activities into a well-managed organization. Staff is organized into departments with responsibilities and duties that avoid duplication of services. AHFC focuses on three main functions or divisions: Operations (including mortgage, finance and administrative support), Rural, and Public Housing. These divisions can not and do not function independently. Each department heavily relies on the talents, background, abilities, technical help, and support of the adjoining departments to deliver services to Alaska residents under its purview.

This is the fourth year the budget is presented in this format. The Corporation continues to move toward a Results-Based Budget. Budget activities are broken out and displayed by department. This section discusses the responsibilities, contributions, and operations of each department outlining:

- ◆ Organizational Chart
- ◆ Mission
- ◆ Budget Summary
- ◆ Services Provided
- ◆ Goals & Strategies
- ◆ Key Issues
- ◆ Prior Year's Major Accomplishments
- ◆ Performance Measures
- ◆ Partners in Achieving Results
- ◆ Proposed Changes in Levels of Service
- ◆ Statutes and Regulations

This page intentionally left blank.

AHFC's Organizational Structure FY2003



	Anchorage	Fairbanks	Juneau	Other	Total
FTE	261	16	12	36	325
FTE	12	1	1	17	31
Temp	-	2	3	2	14
Total	283	21	18	55	377

This page intentionally left blank.

Corporate Strategic Plan

Organizational Chart
Mission
Budget Summary
Services Provided
Goals & Strategies
Key Issues
Prior Year's Major Accomplishments
Performance Measures
Partners in Achieving Results
Proposed Changes in Levels of Service

Mission

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

Services Provided

- ☛ Provide, purchase, and/or participate in Mortgage Loan programs statewide:
 - ☛ Conventional Loan programs
 - ☛ First-time Home Buyer Program
 - ☛ Veteran Loan programs
 - ☛ Rural Loan programs
- ☛ Manage, operate, and maintain Public Housing and Rental Assistance programs.
- ☛ Administer the State's Senior Housing programs.
- ☛ Administer the State's Weatherization programs.
- ☛ Administer the State Energy Program (SEP).
- ☛ Coordinate Alaska's Housing Strategy and Homeless programs.
- ☛ Administer state and federal housing grants.
- ☛ Development and modernization of Public Housing.
- ☛ Administration of Low-Income Tax Credits.
- ☛ Provide workshops and training (i.e. HomeChoice, Grant writing, Energy, etc.)
- ☛ Access to low cost capital.

Agency Budget Summary

Resource Summary	FY1999 Actuals	FY2000 Actuals	FY2001 Actuals	FY2002 Authorized	FY2003 Request	Diff	%
Personal Services	18,762,600	19,185,337	20,469,456	21,786,400	23,633,900	1,847,500	7.8%
Travel	481,200	601,925	594,079	1,040,500	926,700	-113,800	-12.3%
Contractual	10,961,300	12,572,217	11,045,649	13,215,500	11,957,641	-1,257,859	-10.5%
Supplies	1,463,200	1,772,614	1,652,669	2,580,900	2,680,400	99,500	3.7%
Equipment	680,300	398,568	411,809	234,600	259,600	25,000	9.6%
Land/Building	0	0	0	0	0	0	0.0%
Grants	1,000,000	1,448,452	1,836,500	630,000	830,000	200,000	24.1%
Miscellaneous	0	0	0	0	0	0	
Expenditure Totals	33,349,200	35,979,113	36,010,162	39,487,900	40,288,241	800,341	2.0%
Funding Sources							
Federal Receipts	16,491,200	17,657,558	17,351,205	20,218,600	21,012,641	794,041	3.8%
Inter-Agency Receipt	1,026,200	1,500,000	1,862,483	600,000	800,000	200,000	25.0%
Capital Improvement Project Receipts	1,049,400	1,217,472	1,375,557	1,501,100	1,613,400	112,300	7.0%
AHFC Corporate Receipts	14,782,400	15,604,083	15,420,917	17,168,200	16,862,200	-306,000	-1.8%
Funding Totals	33,349,200	35,979,113	36,010,162	39,487,900	40,288,241	800,341	2.0%
Staffing							
Full-time Positions	310	316	319	325	328	3	0.9%
Temporary Positions	35	33	30	29	49	20	40.8%
Staffing Totals	345	349	349	354	377	23	6.1%

Goals and Strategies

- 1. Provide programs and services that are responsive to the diverse housing needs statewide:**
 - ✓ Increase housing and finance options for rural areas.
 - ✓ Define AHFC's role in meeting supporting infrastructure needs.
 - ✓ Review and update existing regulations.
 - ✓ Review statutes and identify needed changes.
 - ✓ Increase leveraging of housing-related grants and other resources from other sources.
 - ✓ Expand and promote family self-sufficiency.
 - ✓ Continue to develop and refine procedures to market an increasing supply of vouchers.
 - ✓ Refine plan/policies to resolve arbitrage-allocation issues.

- 2. Increase and sustain homeownership:**
 - ✓ Identify needs (existing gaps) in attaining and maintaining homeownership.
 - ✓ Match AHFC's homeownership programs to needs and educate public.
 - ✓ Streamline loan-application process.
 - ✓ Identify supporting infrastructure needs.
 - ✓ Preserve, upgrade and build the housing supply through energy and weatherization programs.

- 3. Increase special-needs housing:**
 - ✓ Work cooperatively with consumers, advocates, and special-needs service providers to identify and address needs.
 - ✓ Work with the Alaska Mental Health Trust Authority in addressing the housing need of Trust beneficiaries.
 - ✓ Develop incentives to encourage more development of special-needs housing.

- 4. Strengthen partnerships to improve program and service delivery:**
 - ✓ Strengthen relationships with housing delivery organizations.
 - ✓ Secure funding for a statewide housing conference.
 - ✓ Strengthen partnerships with government entities to address non-housing operations.
 - ✓ Update business relationships with other financial institutions.

- 5. Strengthen public understanding and commitments to AHFC housing programs and services:**
 - ✓ Strengthen cooperative relationships with governmental constituencies.
 - ✓ Strengthen cooperative relationships with public constituencies.
 - ✓ Maintain a public relations plan.

- 6. Promote operational excellence:**
 - ✓ Develop training program to strengthen staff knowledge and skills.
 - ✓ Identify and implement new or improved work processes and technology that benefit operations.
 - ✓ Utilize a mix of internal and external audit and feedback methodologies to measure and evaluate AHFC's performance.
 - ✓ Develop strategy to enhance customer service.
 - ✓ Identify survey mechanism most suitable for Corporation purposes.
 - ✓ Modernize and rehabilitate Corporate-owned and operated public housing in accordance with the 10-Year Plan.
 - ✓ Develop and implement plan to address employee compensation.
 - ✓ Implement personnel management techniques to strengthen internal communication and motivation.
 - ✓ Develop and implement a technology and e-commerce plan.
 - ✓ Sustain adequate operating budget to address public housing maintenance.

- 7. Manage finances to maximize AHFC's profits:**
 - ✓ Develop financial plan to manage risk, increase profit and meet financial commitments.
 - ✓ Update fiscal policies and mortgage programs to support financial plan.
 - ✓ Actively manage debt portfolio to enhance loan programs.
 - ✓ Develop strategies to retain a higher share of AHFC's profits.

Key Issues

- AHFC strives hard to maintain an equitable balance between the Corporation's ability to meet its mission of ensuring quality and affordable housing for Alaskans, and to maintain levels of net income sufficient to meet financial expectations and obligations to the State of Alaska. This balance is achieved through the annual budget process that allocates AHFC's preceding year net income towards the Corporation's ongoing housing programs and State fiscal needs.

AHFC is recognized nationally as a leading housing authority for its strong management, innovative programs, excellent bond ratings, and financial strength. In recent years, AHFC has used this recognition to assist the State by issuing bonds (backed by the full faith and credit of the Corporation) to fund state deferred maintenance, capital construction, and other financing needs. This was done in a manner that protected the Corporation as a going concern to ensure that bond ratings by the nation's capital markets were preserved.

For the FY03 budget discussion, AHFC has developed a strategy to fund the deferred maintenance and major renovation of public housing facilities owned and operated by the Corporation. The strategy would complete the list of projects covered under its 10-Year Modernization Plan by combining Federal Funds and Corporate Receipts towards the issuance of tax-exempt bonds.

By authorizing the Corporation to complete the 10-Year Modernization Plan, both the fiscal needs of the State and AHFC's mission are being met. Assets of the Corporation are being maintained and modernized, hundreds of low-income families (many who are senior citizens) will obtain better housing, and corporate funded expenditures for public housing will be leveraged and stretched out in manner that makes dollars available in FY03.

- In 1995, a plan was established for a Transfer of Assets (the "Transfer Plan"). That plan called for a "dividend" to the State of \$50 million per year, along with an annual capital budget of \$53 million. Discussions over time began to characterize AHFC's "dividend" as the combination of the two parts; or \$103 million per year. While the Transfer Plan has successfully achieved a consistent payment scheme, the \$103 million amount has exceeded the net income of this corporation over the past few years.

Both the Governor and the Legislature have leveraged the \$50 million portion by pledging this amount toward a series of bond issuances. Almost \$300 million worth of State Capital Project bonds were issued by AHFC by obligating these payments through the year 2007. In other words, the "dividend" portion of the Transfer Plan has already been spent for the next six years.

That leaves the \$53 million portion for capital projects. While the numbers vary each year, just less than half of this amount is returned to AHFC for our own housing programs such as Low-Income Weatherization, Homeless Assistance grants, Senior Housing Development, and Public Housing construction, renovations, & maintenance. The largest portion is used to pay for State projects like water and sewer improvements, Pioneer Home renovations, and other needs. In effect, AHFC has been paying out more than it is making. Discussions must take place to bring the total Transfer in line with net income.

- Due to recent changes in federal housing programs, AHFC is able to take advantage of new program funding that becomes available. AHFC has applied for and received 430 new Section 8 Housing Choice Vouchers. The Housing Choice Voucher Program provides eligible low-income Alaskans with a method of obtaining affordable housing. It helps families lease privately owned rental units from participating landlords. The Alaska Housing Finance Corporation's Public Housing Division administers the voucher program in 11 communities throughout Alaska. Increments using available federal funds have been requested to cover administrative expenses.
- Senior housing remains a concern to the Corporation. Housing needs for senior Alaskans continue to grow larger as the senior population increases faster than affordable housing can be provided. Developers, contractors, and nonprofit agencies continue to work with the Corporation to leverage funds and bring affordable housing and services to Alaska's senior citizens. However, project development startup costs are high and providers are hesitant to go through the long expensive process only to see their efforts dashed at the tail end of proposals.

- AHFC is still having difficulty attracting and retaining quality employees. AHFC has restructured its salary schedule to combat this problem. The new salary schedule eliminates longevity. The FY2003 budget request includes funding to pay for merit increases outlined in the new salary schedule.
- A key component of AHFC's Strategic Plan is to "plan and organize a statewide housing conference" to "expand partnerships to strengthen program and service delivery." AHFC feels it is important to strengthen relationships with regional housing authorities and other housing delivery organizations. A statewide housing conference will give AHFC an opportunity to network with other agencies and nonprofits to develop partnerships to enhance AHFC's housing programs and delivery systems.

Prior Year's Major Accomplishments

- Since the inception of the Corporation, the State has contributed a total of \$1,069,523,000 to the Corporation. As of June 30, 2001, the Corporation has transferred funds back to the State totaling \$1,128,671,000.
- HUD has revised FY2000 score to 100%. The original score received was a 92.9% (High Performer) score on HUD's FY2000 new Public Housing Assessment System (PHAS). The score generally measures performance in four areas of management of the 1365 public housing units owned by AHFC.
- Developed, published, and distributed agency-wide third annual *Missions and Measures* for results-oriented budgeting for the Corporation.
- Maintained and continued to expand our Web site to include more information and notices (programs, grants, jobs, workshops/classes, etc.), applications (grants, jobs, etc.), and financials (balance sheets, bonds, etc.). The Web site received the highest possible rating (4*) from *MuniNet Guide & Review*, an independent research company intended to help government users stay abreast of new and/or improving Internet sites.
- Provided \$755 million for 4,974 Alaskans to purchase homes.
- Maintained a delinquency rate of less than 4%.
- Contributed over \$8.7 million in servicing fees to Alaskan lenders.
- Maintained REOs (real estate owned) at less than 10.
- Purchased 2,181 new Tax-Exempt First Time Home Buyer loans totaling \$213.5 million.
- Provided lower mortgage rates to 1,238 low-income borrowers under the Interest Rate Reduction for Low-Income Borrowers Program (IRRLIB).
- Purchased 1,193 Energy Efficiency Interest Rate Reduction (EEIRR) loans totaling \$187.6 million.
- Increased mortgage loan activity by 19% in the urban loan programs and 34% in the rural loan programs.
- Purchased 1,228 Streamlined Refinance Loans with average monthly savings for Alaskans of \$207 per month.
- Reduced documentation required and procedures for loan commitments and purchases.
- Completed the rewrite and consolidation of the Rural & Urban Selling and Servicing Guides.
- Purchased 76 Multi-Family Loans totaling \$33.1 million.
- Maintained a 0% delinquency rate in the Multi-Family Loan Program.
- Conducted 199 HomeChoice workshops in 38 communities with 3,899 certificates issued, an increase of 75% in participation.
- Conducted 31 classes for "Realtors" with 339 participants in 15 communities.
- Conducted 31 classes for "Builders" with 94 participants in 13 communities.
- Conducted 31 classes for "Lenders" with 198 participants in 8 communities.
- Completed planning and development of the Annual Action Plan for the Housing & Community Development Plan (HCD) and the Annual Performance Report (APR), bringing \$7 million HUD funds to Alaska.
- Compiled housing market data for the Fall 2000 and Spring 2001 Alaska Housing Market Indicators Report, the most comprehensive profile of the Alaska housing market published. Information ranges from construction cost and rental market survey to loan and home sales price information.
- Held one round of the Homeless Assistance Program (\$450,000 awarded).
- Held one round each of the Grant Match Program for the USDA Housing Preservation Grant Program and the HUD Supportive Housing Program (\$550,000 awarded).
- Held two rounds 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 (3.4 million in grants, \$21.7 million in federal tax credits).

- Held one round of the Senior Access Accessibility Modification Program (\$400,000).
- Provided program management and compliance monitoring for 160 active grants totaling \$44 million.
- Held housing development workshops in Fairbanks, Bethel, Anchorage, Kenai and Sitka.
- Held three Affordable Housing Investment Forums in Fairbanks, Kenai and Anchorage.
- Sponsored Supportive Housing Training on how to fund supportive housing projects for the homeless.
- Weatherized 690 homes throughout the State.
- Additional accomplishments listed in the Appendix of FY2003 Missions & Measures.

Performance Measures

Maintain or Decrease Administrative Cost per Dollar of Investment (SCS CSIB 250(FIN) Sec. 132(h)(1):

Benchmark	FY01:	4.77% (Operating Expenses / Mortgage Purchases)
	FY00:	5.82% (Operating Expenses / Mortgage Purchases)
	FY99:	5.21% (Operating Expenses / Mortgage Purchases)
	FY98:	7.65% (Operating Expenses / Mortgage Purchases)

AHFC is using the prior year's total "actual" operating expenses divided by the mortgages purchased for the fiscal year as its benchmark. The total "actual" expenses include Corporate, Federal, and CIP receipts used in all AHFC programs.

Maintain or Increase Net Income (SCS CSIB 250(FIN) Sec. 132 (b)(2):

Benchmark:	FY01 Net Income:	\$96,353,000
	FY00 Net Income:	\$81,802,000
	FY99 Net Income:	\$79,850,000
	FY98 Net Income:	\$95,916,000

AHFC is using the prior year's "Net Income" for the fiscal year as its benchmark. The total "Net Income" includes Corporate, Federal, and CIP income generated by all AHFC programs.

Percentage of AHFC-owned housing per privately owned housing (SCS CSIB 250(FIN) Sec. 132 (b)(3):

Benchmark:	FY01 Market Share:	48.6%
	FY00 Market Share:	43.0%
	FY99 Market Share:	33.0%
	FY98 Market Share:	30.0%

AHFC is using the prior year's "market share" for the fiscal year as its benchmark. The "market share" is calculated by dividing AHFC's loan purchases by Alaska's total mortgage loans made within the fiscal year.

Maintain the rating of High Performer on the Public Housing Management Assessment Program (PHMAP) score (SCS CSIB 250(FIN) Sec. 132 (b)(4):

Benchmark:	FY01 PHAS Score:	100%	"High Performer" (Submitted Score)
	FY00 PHAS Score:	100%	"High Performer" (New Scoring System)-HUD Revised
	FY99 PHMAP Score:	100%	"High Performer"
	FY98 PHMAP Score:	100%	"High Performer"

AHFC is using HUD's Public Housing Assessment System (PHAS) rating (with four indicators) as its benchmark. FY2000 is the first year of this new system. The PHAS rating system uses third party assessors with little input by the Public Housing Authorities, while the PHMAP system was calculated by the Public Housing Authorities and verified by the local HUD office. PHAS indicators and point values are:

- *Physical Condition* 30.0 *Points possible*
- *Financial Condition* 30.0 *Points possible*
- *Management Operations* 30.0 *Points possible*
- *Resident Satisfaction* 10.0 *Points possible*

Prior to PHAS, the system was the Public Housing Management Assessment Program (PHMAP) with eight indicators.

Increase the Loan Portfolio:

Benchmark:	Loan Portfolio @6/30/2001: #30,239 Loans	\$3,157,467,083
	Loan Portfolio @6/30/2000: #28,325 Loans	\$2,714,816,145
	Loan Portfolio @6/30/1999: #26,776 Loans	\$2,367,754,000
	Loan Portfolio @6/30/1998: #26,159 Loans	\$2,119,516,000

Increase number of Loan applications:

Benchmark:	FY01 Loan Applications: 4,742 Loans	\$715,608,800 Urban / 784 Loans	\$123,027,451 Rural
	FY00 Loan Applications: 3,940 Loans	\$600,240,636 Urban / 609 Loans	\$92,034,078 Rural
	FY99 Loan Applications: 3,954 Loans	\$526,398,308 Urban / 825 Loans	\$128,060,289 Rural
	FY98 Loan Applications: 4,045 Loans	\$465,561,468 Urban / 795 Loans	\$117,697,768 Rural

Increase in Mortgage Loan Purchases:

Benchmark:	FY01 Mortgage Loan Purchases: 4,974 Loans	\$755,213,966
	FY00 Mortgage Loan Purchases: 4,421 Loans	\$618,626,813
	FY99 Mortgage Loan Purchases: 5,187 Loans	\$639,980,000
	FY98 Mortgage Loan Purchases: 3,503 Loans	\$431,440,000

Establish a High Performer rating on the Section Eight Management Assessment Program (SEMAP):

Benchmark:	FY01 SEMAP Score: 96%	<i>"High Performer"</i>
	FY00 SEMAP Score: 100%	<i>(Submitted Score)</i>
	FY99 SEMAP Score:	<i>Not Applicable</i>
	FY98 SEMAP Score:	<i>Not Applicable</i>

Timely completion of construction projects within budget:

Benchmark: FY2003 Construction Completion Schedule:

Project	Year Appropriated	Completion Date	Location
Major Renovation	FY99/FY00	09/02	Park View Manor
Major Renovation	FY00	07/02	Southall Manor
Major Renovation	FY01	01/03	Chugach View
Senior & Statewide Deferred Maintenance			
Re-route HRV Ducts	FY02	08/02	Riverbend
Windows/Mechanical	FY02	08/02	Alpine Terrace
Site Work	FY02	09/02	Birch Park I & II
Exterior Painting	FY02	07/02	Cedar Park
Site Improvements	FY02	08/02	Fairbanks FIC
Gutters/Downspouts	FY02	08/02	FSS
Deferred Maintenance	FY02	12/02	Central Terrace

Partners in Achieving Results

AHFC partners with a multitude of entities, including: commercial banks, Realtors, home builders, construction contractors; municipal, state and federal agencies and various nonprofit groups that deliver housing services across the state.

Proposed Changes in Levels of Service

Changes in the Narrative Section of the Operating Bill: The Narrative Section, formally called the Front Section, has moved towards the back of the Operating Budget Bill.

Section (e) will be changed to reflect the 430 additional Vouchers in the Section 8 Program. The line item has been increased by \$2.5 million in appropriations for the Section 8 Housing Assistance Payments (HAP) to private landlords throughout the state. Section 4 (e) will read as follows:

(e) The following amounts are appropriated to the Alaska Housing Finance Corporation (AHFC) from the sources indicated and for the following purposes:

PURPOSE	AMOUNT	SOURCE
Housing loan programs not subsidized by AHFC	\$798,000,000	AHFC corporate receipts
Housing loan programs and projects subsidized by AHFC	\$30,000,000	AHFC corporate receipts derived from arbitrage earnings
Housing Assistance Payments Section 8 Program ***	\$30,000,000	Federal receipts

*** Voucher Program	\$18,600,000
Adelaide SRO.....	\$400,000
Welfare-to-Work	\$4,000,000
Section 8 New Contract Administration.....	\$7,000,000

Add CIP funding to cover Personnel Costs

AHFC restructured its salary schedule due to difficulty in attracting and retaining quality employees. Employees leaving the Corporation and recruits who have declined positions have consistently referenced the opportunity for career advancement and/or higher wages and benefits. The new salary structure eliminates longevity limitations for receiving merit increases. The impact of the restructured salary schedule is an increase in the amount needed to cover merit increases for those that have been with the corporation longer than five years. This request is for the CIP portion of those increases that can not come from line item transfers.

Add Federal Funding to administer 430 new Section 8 Vouchers

AHFC has applied for and received 430 new Section 8 Housing Choice Vouchers. The Housing Choice Voucher Program provides eligible low-income Alaskans with a method of obtaining affordable housing. It helps families lease privately owned rental units from participating landlords. The Alaska Housing Finance Corporation's Public Housing Division administers the voucher program in 11 communities throughout Alaska.

Families whose income is at or below 50 percent of the area median income are encouraged to apply. Income limits are set by HUD and are based on family size and the community where the family resides. Applicants may qualify for and request a local

preference for conditions like displacement due to natural disaster, domestic violence, homelessness, a rent burden of 50 percent or more of income. Preference is also available for families with a terminally ill member, working families, elderly or disabled families, and veterans.

To use the Housing Choice Voucher, a private rental market landlord must enter into an agreement with AHFC to receive the subsidy. The rent must be reasonable and within limits set by HUD (Fair Market Rents). The unit also must meet a Federal Housing Quality Standards inspection. Landlords may use their own lease; however, AHFC recommends an initial lease term of one year.

The funding for this request will be earned through administrative fees and used accordingly. Three new positions will be required to administer this program.

Add Inter-Agency Funding for Low Income Home Energy Assistance Program (LIHEAP) Activities

For the past few years, AHFC has received additional unbudgeted LIHEAP funds from the Department of Health and Social Services (DHSS). This request is to increase the RSA from \$600,000 per year to \$800,000 per year. These funds are Inter-Agency Receipts, that were originally Federal Receipts. The funds are used to supplement CIP Receipts in the Weatherization Program.

Weatherization is a cost-effective service that improves the standard of living for 4000 Alaskans annually, without expenditures from the general fund. The benefits are based on 1100 homes completed, with expenditures of about \$5.4 million. Waiting lists for the five sub-contractors providing weatherization services exceed 500 people who have applied and are eligible. Weatherization improves residents' health and safety through the replacement of over 500 unsafe heating systems per year, abated carbon monoxide problems and installation of carbon monoxide detectors in 350 homes; repaired handrails and steps; and abated moisture and mold problems. Through weatherization drafts are reduced and comfort increased – this is especially important for infants, elderly, and disabled people.

Weatherization provides for fire safety through furnace and electrical repairs, education, chimney and wood-stove repairs, egress windows (installed during bedroom window replacements).

Weatherization improves building stock, increases durability, and reduces maintenance through moisture reductions. These improvements reduce rot and mildew, and potential ice dam problems through sealed attics and adequate insulation.

According to the September 1997 Progress Report of the National Weatherization Assistance Program prepared by the Oak Ridge National Laboratory (ORNL/CON-450), Weatherization produces an average energy savings of 23%. This program helps make utility bills more manageable for low-income consumers, leaving more cash available for other necessary expenses. It also reduces Public Housing expenditures, cash outflow for working poor clients, and fuel and maintenance on generators in villages. It can stretch limited Power Cost Equalization dollars and help with reduced utility arrearages, which lower the burden on other ratepayers through fewer disconnects and unpaid bills.

Add Federal Funding for Temporary Laborers and Student Hires

AHFC owns and operates rental units in many areas throughout the state. The AHFC maintenance crew is responsible for maintaining the units and keeping them in good repair. They must act quickly when tenants move out to turnaround units to make them available to rent to new clients on the waitlist. At the current time, there are not enough PCNs available to ensure there is enough help at each location. This request will allow additional positions to be distributed throughout the state to ensure there is at least one Temporary Laborer position available at each location. Each new position will add \$2,000 to the pool of Temps, which will be divided by the total value of the Temps and spread to each position appropriately considering geographical differences. This will increase the overall availability of the Temps without adding a lot of cost. This request is funded with Federal Receipts.

In the summer months, high school and college students become available to perform yard work, lawn mowing, clean-up activities, and other seasonal activities at a reduced cost to the Corporation. This request would allow AHFC to utilize this resource, as well as, give students an opportunity to enter the workforce and receive positive working experiences. It would also free up the regular maintenance staff to do the more difficult technical work. The cost of each student hired is expected to be \$4,000 each.

Transfer Corporate Funding from Anchorage State Office Building (A-SOB) to Corporate Operations

This request reduces Contractual Corporate funding authority from the Anchorage State Office Building (A-SoB), Atwood Building as funds are no longer required for the intended purpose.

The Department of Administration (DOA), as agreed in its lease with AHFC, allocates the operating expenses for the State Office Building – Atwood Building. AHFC reimburses DOA for the portion of the maintenance costs related to the private sector leases. As the private tenant's leases expire, State agencies take possession of the space. As more State agencies move into the building, more operating costs are allocated by DOA to the agencies, and less expenses are billed to AHFC for the reduced private lease space.

Transfer Corporate and Federal funding for Line Item Transfers

Reductions to cover the following increases are taken from decreases in contractual items using Corporate and Federal receipts. Increases to Personal Services for merit increases are offset by reductions in the contractual line. AHFC restructured its salary schedule due to difficulty in attracting and retaining quality employees. Employees leaving the Corporation and recruits who have declined positions have consistently referenced the opportunity for career advancement and/or higher wages and benefits. The new salary structure eliminates longevity limitations for receiving merit increases. The impact of the restructured salary schedule is an increase in the amount needed to cover merit increases for those that have been with the corporation longer than five years.

Increases to the Travel line are for monitoring the increased activity in the Voucher Program to ensure program compliance and guidance.

The increase in the Equipment line is for the purchase of a new copy machine to replace the old machine in the Construction department.

Statutes & Regulations

State of Alaska

AS 18.55	Housing, Public Building, Urban Renewal, and Regional Housing Authorities
AS 18.56	Alaska Housing Finance Corporation
15 AAC 118	Health and Safety
15 AAC 150	Alaska Housing Finance Corporation
15 AAC 151	AHFC General Programs
15 AAC 152	AHFC Rural Housing
15 AAC 153	AHFC Public Housing
15 AAC 154	Grant Programs
15 AAC 155	AHFC Energy Efficiency Programs
19 AAC 69	Energy Efficiency
19 AAC 80	Housing Assistance Loan Fund
19 AAC 82	Home Ownership Assistance Program
19 AAC 83	State-Assisted Rental Housing Construction Program
19 AAC 85	Senior Citizens Housing Development Fund
19 AAC 88	Supplemental Housing Development Grants
19 AAC 89	Senior Housing Revolving Fund

Code of Federal Regulations

10 CFR 420	State Energy Conservation Plans
10 CFR 440	Weatherization Assistance for Low-Income Persons
24 CFR 41	Policy and Procedures for the enforcement of standards and requirements for accessibility requirements by the physically handicapped
24 CFR 42	Uniform Relocation Assist. & Real Property Acquisition for federal assisted programs
24 CFR 91	State & Local Housing Affordability Strategies
24 CFR 92	HOME Investment Partnerships Program
24 CFR 219	Flexible Subsidy Program - Capital Improvement Loans
24 CFR 574	Housing Opportunities for Persons with AIDS
24 CFR 575	Emergency Shelter Grants
24 CFR 576	Emergency Shelter Grants: Steward B. McKinney Homeless Assistance Act
24 CFR 582	Shelter Plus Care Program
24 CFR 583	Supportive Housing Program
24 CFR 600	Comprehensive Planning Assistance
24 CFR 850	Housing Development Grants
24 CFR 880	Section 8 Housing Assistance Payment Program for new construction
24 CFR 882	Section 8 Housing Assistance Payment Program - existing housing
24 CFR 886	Section 8 Housing Assistance Payment Program - special allocations
24 CFR 887	Housing Voucher Program
24 CFR 889	Grant Programs - Housing & Community Development, Low- and Moderate-Income Housing, & Rent Subsidies
24 CFR 901	Public Housing Management Assessment Program
24 CFR 902	Public Housing Assessment System
24 CFR 941	Public Housing Development
24 CFR 961	Drug Abuse, Drug Traffic Control, Grants Programs - Housing & Community Development & Public Housing
24 CFR 963	Public Housing - Contracting with Resident-owned businesses
24 CFR 964	Tenant Participation & Management in Public Housing
24 CFR 965	PHA-Owned or leased projects - Maintenance & Operation
24 CFR 968	Comprehensive Grants Program
24 CFR 970	Public Housing Program - demolition or disposition of public housing projects
24 CFR 990	Annual Contributions for Operating Subsidy
45 CFR Subtitle B	Family Self-Sufficiency Program



Alaska State Legislature

Please enter into the record my testimony to the Senate Finance
committee name

Committee on SB 181, dated 4-25-01
bill # / subject

Dear Sir / Madam,

The housing loan is a very important piece of legislation that will help educational employees who want to work in rural Alaska. The problem is there's no housing for this people and it's very, very, important. Please help. Your ruling of support will help with public school, the whole community happy. I do appreciate the help and support in.

Respectfully,
Anita Byers

Signed: Anita Hyers
Testifier

Self: Mrs. Anita J. Byers
Representing (optional)

PO Box 863 Soldotna, AK 99669
Address

262-6188
Phone number



Alaska State Legislature

Please enter into the record my testimony to the Senate Finance committee name

Committee on SB 149, dated 4-25-01
bill # / subject

Dear Sir / Madam,
This bill is a very good legislation. It helps attract retired/experience teachers and go back to teaching. They (teachers) can be an asset for new teachers who are entering the field. Please support the bill sir.

Thank you committee member and your never ending support for public education.

Respectfully,
Mrs. Anita J. Byers

Signed: Anita Byers
Testifier

Mrs. Anita J. Byers
Self

Representing (optional)

PO Box 865 Soldotna, AK 99669
Address

262-6188
Phone number

SB 181-SMALL COMMUNITY HOUSING LOANS
SENATE FINANCE COMMITTEE

SIGN-IN

✓ NAME: John Bitney Subject/Bill No: SB181
Co./Dept./Title: AlfC Legis Liaison Phone: 330-8145
Address: 4300 Brainerd Anchorage Zip: 99510
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

SITE: HOMER LIO

COMMITTEE: SFIN

DATE: 3-21-02

SUBJECT OF MEETING:

**SB 181 Small Community Housing
Loans**

UPDATE #:



**PRINT YOUR NAME
TO TESTIFY?**

**DO YOU WANT
ADDRESS (MAILING & ZIP)**

REPRESENTING

Y or N

Julie Woodworth	88 Sterling Hwy., Homer	Self/Wells Fargo	Y SB181
Email address:			
Mary Ann Rowe	3670 Lake St. #300, Homer	Self/Homer Chamber	Y SB181
Email address:			
Email address:			
Email address:			
Email address:			
Email address:			
Email address:			
Email address:			
Email address:			

01/31/02

SB 181-SMALL COMMUNITY HOUSING LOANS
SENATE FINANCE COMMITTEE

SIGN-IN

NAME: Pat Davidson Subject/Bill No: SB181
Co./Dept./Title: Leg. Audit Phone: 465-3850
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: John Bihany Subject/Bill No: SB181
Co./Dept./Title: AHFC Phone: 330-8445
Address: 4300 Boniface Anchorage Zip: 99510

Do you wish to testify? Yes No Respond To Questions

NAME: Don Fauske Subject/Bill No: SB181
Co./Dept./Title: AHFC Phone: 330-8445
Address: 4300 Boniface Anchorage Zip: 99510

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

SENATE FINANCE COMMITTEE

SIGN-IN

SB 181-SMALL COMMUNITY HOUSING LOANS

NAME: John Bitney Subject/Bill No: SB 181
Co./Dept./Title: AHFC Phone: 330-8445
Address: Anchorage Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

SITE: Kodiak LIO

COMMITTEE:

Senate Finance Committee

DATE: 4/25/01

SUBJECT OF MEETING:

SB 181 - Small Community Housing
Loans

UPDATE #: 1



PLEASE SIGN IN

PLEASE PRINT:

NAME

ADDRESS (MAILING & ZIP)

REPRESENTING

**DO YOU WANT
TO TESTIFY?
Y or N**

NAME	ADDRESS (MAILING & ZIP)	REPRESENTING	DO YOU WANT TO TESTIFY? Y or N
Bob Brodie		self	Y SB 181

SITE: Kenai LIO

COMMITTEE: SFIN

DATE: 4-25-01

H **SUBJECT OF MEETING:**

SB181: Small Community Housing
Loans

UPDATE #:



PLEASE SIGN IN

PLEASE PRINT:

NAME	ADDRESS (MAILING & ZIP)	REPRESENTING	DO YOU WANT TO TESTIFY? Y or N
Barb Nord	105 Shady lane, Soldotna AK 99669	Ken Pen Assoc Realtors	Y SB181

Page of **KENAI LIO**

SITE: Kodiak LIO

COMMITTEE:

Senate Finance Committee

DATE: 4/25/01

SUBJECT OF MEETING:

SB 181 - Small Community Housing
Loans

UPDATE #: 1



PLEASE SIGN IN

PLEASE PRINT:

NAME

ADDRESS (MAILING & ZIP)

REPRESENTING

DO YOU WANT

TO TESTIFY?

Y or N

NAME	ADDRESS (MAILING & ZIP)	REPRESENTING	DO YOU WANT TO TESTIFY? Y or N
Bob Brodie		self	Y SB 181

SENATE FINANCE COMMITTEE

SIGN-IN

SB 181-SMALL COMMUNITY HOUSING LOANS

NAME: Daniel Fauske Subject/Bill No: SB181
Co./Dept./Title: AHFC Phone: 330-8449
Address: 4300 Barifac Anchorage Zip: 99510
Do you wish to testify? Yes No Respond To Questions

NAME: John Bitney Subject/Bill No: SB181
Co./Dept./Title: AHFC Phone: 330-8445
Address: 4300 Barifac Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: WAYNE Mundy Subject/Bill No: SB181
Co./Dept./Title: Beading Straits Regional Hosp Assn Phone: 443-5256
Address: POB 995 Nome Zip: 99762
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions



SITE: **KODIAK LIO**

COMMITTEES:
Senate Finance

DATE: 04/19/01

SUBJECT OF MEETING:

SB181 Small Community Housing Loans
SB145 Village Public Safety Officer Program
HB81 Community Property

UPDATE #:



PLEASE SIGN IN

PLEASE PRINT

NAME	ADDRESS (MAILING & ZIP)	PHONE	EMAIL ADDRESS	REPRESENTING	TESTIFY Y OR N
Jane Sample	1111 Spruce Cape Rd Kodiak, AK 99615	485-8118			
Susan Eoff	1254 Sargent Cr Rd Kodiak, AK 99615	487-2301	susanecking@ig	KITHA	?
Kim Daines	Box 1065 Kodiak, AK 99615	486-4373	KOAHM@PTI.AK.A.NST	CHASKA	?
Bob Brodtk	701 Center Ave #101 Kodiak, AK 99615	486-2300	rodier@igle.phialaska.net		Y
Keith A. Gillish	202 Marine Way Kodiak, AK 99615	486-8800	Keith.P@gov.ak.us	State of Alaska	
Dee Miller	PO Box 107 Kodiak, AK 99615	486-8338	Dee.M@FIRSTAK.COM	First American TITLE	
Bonnie J. J. J.	326 Central Ave Kodiak, AK 99615	486-3424	healy@pti.ak.us	Chelaca met. Healy	
Willie Hemmicks	Box 2512 Kodiak, AK 99615	486-3424	" "	Chelaca Realty	
	Kodiak, AK 99615				
	Kodiak, AK 99615				
	Kodiak, AK 99615				
	Kodiak, AK 99615				

update #1

Homer LIO



Teleconference

DATE: April 19, 2001

SPONSOR(S) Jensen

TIME: START 9:00 END 11:00

SB 181 Sim Com Housing Loan
 SB 145
 HB 81
 TCN# 7346

NAME (PLEASE PRINT)	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP CODE	(H) PHONE	(W) PRONE	TESTIFYING		WHAT SUBJECT OR BILL?
						Y	N	
David E. Wise	AHFC	P.O. Box 101020 Anch AK	99510	242-3344	330-9102	Y	N	SB 181
Alex A. Navarro	AHFC	P.O. BOX 101020 AK AK	99510	646-7678	330-8462	Y	N	SB 181
TERRY VANDER	Remax	412 E. Pioneer Ave Homer	99603	235-6434	235-7323	Y	N	SB 181
Annie Nandy	Homer R.E.	1529 ocean Dr #3 Homer	99603	235-5271	235-5294	Y	N	SB 181
John D. Kusch	Krch. Board of Realtors, Bay Realty	331 PIONEER AVE. SUITE 501 HOMER	99603	907-735-7222	907-735-4933	Y	N	SB 181
DAVID DENNY	Devaly & Assoc.	Box 951, Homer, AK	99603	235-6489	235-8423	Y	N	SB 181
						Y	N	
						Y	N	
						Y	N	
						Y	N	

~~KURT MATTLE~~

SB 181

~~Petersburg~~

~~FIRST BANK~~

Sections 2 – 7 relate to making VPSOs members of the State's PERS retirement system

Nonprofit	FY01 Salaries	Employer Contributions				Employee Contributions	
		PERS %	Indirect Rate	PERS Retirement	PERS %	PERS Retirement	
	1	2	3	4	5	6	
			Column 1x2		column 3x4		column 1x6
APIA	195,025	8.26%	16,109	1.253	20,185	6.75%	13,164
AVCP	889,212	8.26%	73,448	1.162	85,348	6.75%	60,022
BBNA	347,209	8.26%	28,679	1.273	36,509	6.75%	23,437
CHUG	66,781	8.26%	5,516	1.300	7,171	6.75%	4,508
KANA	126,875	8.26%	10,479	1.258	13,184	6.75%	8,564
KAWA	351,769	8.26%	29,056	1.260	36,611	6.75%	23,744
MANI	231,628	8.26%	19,132	1.220	23,342	6.75%	15,635
TCC	376,758	8.26%	31,120	1.167	36,317	6.75%	25,431
THCC	196,896	8.26%	16,263	1.165	18,947	6.75%	13,290
Base Total	2,782,153				277,613		187,795
PERS costs attributed to Probation and Parole Monitoring	573,200	8.26%	47,346	1.208	57,194	6.75%	38,691
					334,807		226,486
Net Offset for existing retirement benefits					(189,000)		
Net PERS Employer Fiscal Impact					145,807		

NOTES:

- The non-profits presently pay retirement benefit contributions of approximately \$189,000. This fiscal note is prepared on the assumption that participation in PERS would eliminate current retirement cost reimbursements to non-profits where VPSOs become PERS members. The fiscal note amount is reduced by netting \$334,807 in projected PERS costs against the \$189,000 in current retirement cost reimbursements.
- Assumes that mandatory Employee contributions of 6.75% would be deducted from the employee's salary and have no impact to the non-profits employers or state grant program. It is the department's understanding that VPSOs do not presently make employee contributions to existing non-profit retirement plans.
- Section 5 relates to entitlement to prior credited service. Employees do not have an option to buy back credited service until vested, after 5 years. At that time, the cost would fall solely to the employee. VPSOs who become PERS members would become Tier III members and would vest for retirement in 5 years, vest in 10 years for medical and would be eligible for retirement at age 60.
- Salaries related to probation monitoring and parole activities were from the sum of salaries reported on the two schedules on page two of this fiscal analysis.

~~TERRY YAGER 181~~

~~HOMER OFFNET~~

~~BOB BRODIE 181~~

~~KODIAK~~

~~BONNIE AULBAUGH 181~~

~~KODIAK~~

~~KEN DAMM~~

~~KODIAK 181~~

MAX ANGENAN

KWETHLUK

SB 181

OFF-NET

Meeting Information	
Meeting ID	7346
Meeting Telephone Number	
Password	Not Required
Meeting Name	SFIN
Meeting Date	Apr 19, 2001
Scheduled Start Time	9:00 AM
End Time	11:00 AM
Scheduled Length (minutes)	180
Number of Locations	9
Meeting Frequency	Once
# of Occurrences	1
Chair Site	Juneau
Meeting Room	CAP 532
Contact Person/Phone #	Mindy/4935
Testify (Y/N)/Time/Invitation	Y

Send mail to [Peg Warren](#) for more information about this meeting.

Using the buttons below, you may change meeting details, cancel the meeting, or add attachments.

Update Meeting	Cancel Meeting
Access MeetingNotes	
Refresh Meeting Details	
Make copy of this meeting	

Meeting Description

*jnu, anc, fbx, ktn, hom,kod, psg, dlq, nom, off(2) 9-11
 Senate Finance
 SB181, SB145, HB81
 Other sites may add
 ** Laurie Berg is the moderator **
 4/18 added DLG, NOM, PSG, offnet
 4/18 added hom and offnet
 4/18 added kod

Meeting Participants

SITE: Kenai LIO

COMMITTEE: SFIN

DATE: 4-19-01

SUBJECT OF MEETING:

SB 181: Small Community Housing
Loans

UPDATE #:



PLEASE SIGN IN

PLEASE PRINT:

NAME

ADDRESS (MAILING & ZIP)

REPRESENTING

**DO YOU WANT
TO TESTIFY?
Y or N**

NAME	ADDRESS (MAILING & ZIP)	REPRESENTING	DO YOU WANT TO TESTIFY? Y or N
Barb Nord		Kenai Pen As oc of Realtors	Y SB181

Page 1 of 1 KENAI LIO

SITE: KODIAK LIO

COMMITTEE:
Senate Finance

DATE: 04/19/01

SUBJECT OF MEETING:

SB181 Small Community Housing Loans
SB145 Village Public Safety Officer Program
HB21 Community Property

UPDATE #:



APR-19-01 THU 09:10 AM KODIAK LIO

PLEASE SIGN IN

PLEASE PRINT

NAME	ADDRESS (MAILING & ZIP)	PHONE	EMAIL ADDRESS	REPRESENTING	TESTIFY Y OR N
Jane Sample	1111 Spruce Cape Rd Kodiak, AK 99615	485-8116			
Susan Goff	1254 Sargent Cr Rd Kodiak, AK 99615	487-2301	susanec@alaska.net	KITIK	?
Kim Duda	Box 166 Kodiak, AK 99615	486-4373	KDANN@PTIALASKA.NET	CHUSA	?
Bob Brodie	201 Cedar Ave #101 Kodiak, AK 99615	486-2000	brodie@angie.phiatask.net		Y
Beth A. Yalish	202 Marine Way Kodiak, AK 99615	486-8810	beth.yalish@alaska.net		
Don Miller	PO Box 107 Kodiak, AK 99615	486-8338	DonM@FIRSTAK.COM	First America	TITLE
Bev. G. Galt	326 Central Ave G-B Kodiak, AK 99615	486-3424	bevg@alaska.net	Cheliza	net Realty
Willie Henrichs	Box 2512 Kodiak, AK 99615	486-3424	" "	Cheliza Realty	
	Kodiak, AK 99615				
	Kodiak, AK 99615				
	Kodiak, AK 99615				
	Kodiak, AK 99615				

FAX NO. 4865264

P. 01

update #1

Homer LI0

Teleconference



DATE: April 19, 2001

SPONSOR(S) Jensen

TIME: START 9:00 END 11:00

SB 181
SB 145
HB 81
TCN# 7346

NAME (PLEASE PRINT)	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP COD.	(H) PHONE	(W) PHONE	TESTIFYING		WHAT SUBJECT OR BILL?
						Y	N	
Dwight E. Wise	AHFC	P.O. Box 101020 Anch AK	99510	242-3344	330-8462	Y	N	SB 181
Alex A. Navarro	AHFC	P.O. BOX 101020 AK AK	99510	646-7678	330-8462	Y	N	SB 181
✓ TERRY YAGER	Remax	412 E. Pioneer Ave Homer	99603	235- 0609 235-6699	235-7773	Y	N	SB 181
ANGIE NEWBY	Homer R.E.	1529 ocean DR #3 Homer	99603	235-5277	235-5294	Y	N	SB 181
John D. Kosch	Krch. Cond of Realty 3rd Realty	331 PIONEER AVE. SUITE 101 HOMER	99603	907-235- 1223 907-235-1223	907-235-4923	Y	N	SB 181
✓ DAVID DERRY	DERRY & ASSOC	Box 951, HOMER, AK	99603	235-6661	235-8424	Y	N	SB 181
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	

ANCHORAGE
LEGISLATIVE TELECONFERENCE NETWORK
SIGN-IN SHEET



SPONSOR: Senate Finance
 SUBJECT: SA 181 / SA 145 / HB 81
 START/END TIME: 9:00 DATE: 4-19

PLEASE PRINT

	Name/Representing	Address	Zip	Phone No.	Testify	Observe	Bill No.
1.	Spive Devereaux - AK Mortgage	1400 W. Benson Blvd #200	99513	222-5815	X		SB 181
2.	BANKERS Association						
3.	Richard Krause	201 E 3 Ave	99502	276-2700	NO		SB 145
4.							
5.							
6.							
7.							
8.							
9.							
10.							
11.							
12.							
13.							
14.							
15.							

TERRY YAGER 181
HOMER OFFNET

BOB BRODIE 181
KODIAK

BONNIE AULABAUGH 181
KODIAK

~~KEN DAMM~~
~~KODIAK 181~~

KURT MATTLE

Petersburg

FIRST BANK

SB 181