

**2/18/09  
OVERVIEW:  
ALASKA  
HOUSING  
FINANCE  
CORP.**

<target><bill></bill><subject>2-18-09 OVERVIEW ALASKA  
HOUSING FINANCE  
CORPORATION</subject><comm>HFIN26</comm></target>

Alaska State Legislature  
HOUSE FINANCE COMMITTEE

Agenda  
1:30 PM

Wednesday, February 18, 2009

Presentation: Alaska Housing Finance Corporation  
Program Overview/Update  
Energy Efficiency  
Homeless Assistance  
Federal Stimulus Briefing

- ~~✂~~ Dan Fauske, CEO/Executive Director, Alaska Housing Finance Corporation, Department of Revenue
- ~~✂~~ Bryan Butcher, Legislative Liaison, Alaska Housing Finance Corporation
- ~~✂~~ Joe Dubler, Director of Finance, Alaska Housing Finance Corporation

Questions:

- ~~✂~~ Paul Kapansky, Director, Mortgage Operations, AHFC
- ~~✂~~ John Anderson, Weatherization Officer, Research and Rural Dev.

*Bob Green*



# Alaska's Housing Market 2009

Alaska Housing Finance Corporation

[www.ahfc.us](http://www.ahfc.us)



## Alaska's Housing Market

- Interest rates are historically low
- Prices are stable
- New construction
  - Extremely low
  - Contractors busy with remodeling



## What Happened Outside?

- Collapse of housing market
  - Economy – Loss of jobs
  - Excessive speculation
    - Buying
    - Construction
  - Subprime mortgages defaulted
  - Depreciating home values



## The good news is...

- Alaska is different from the Lower 48
  - Adjustable rate mortgages (ARMs) were a very small proportion of total market
  - Small lending community that didn't participate in riskier loan products
  - AHFC did not participate in them
  - Minimal speculative development or buying
  - Continued moderate growth in economy expected



## **Delinquencies—Are we in trouble? 3rd Quarter 2008**

- Mortgage Bankers Association survey – 6.99 percent nationally
  - In Alaska our rate was 2.66 percent — the lowest in the nation
  - AHFC's delinquencies—2.29 percent
- Alaska's delinquency rate reached 5.9 percent in 2000 and 2001



# Foreclosures 3<sup>rd</sup> Quarter 2008

- Alaska ranks 47th in foreclosures at 1.64 percent
- Nearly one-third the national average of 5.17 percent



## **Market is cooling**

- 2008 end-of-year numbers of homes for sale in Anchorage much lower than '90s
- From 1999 to 2005, market hot for sellers
- Now a more moderate pace

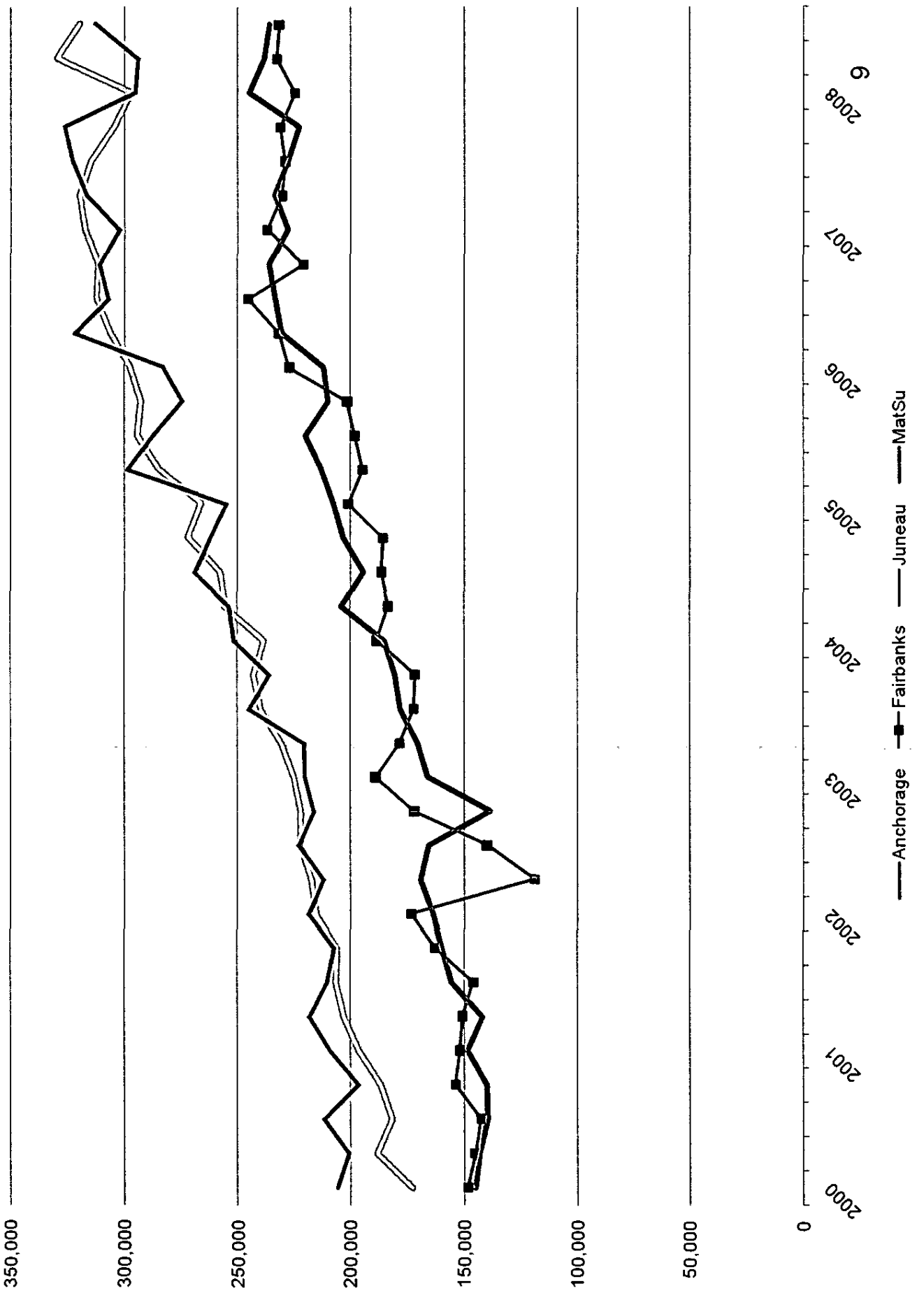


## Average Sales Price as of Dec. 2008

- Anchorage – \$326,000 (stable)
- Mat-Su – \$221,000 (stable)
- Fairbanks\* – \$213,000 (up 1 percent)
- Kenai – \$197,000 (up 2 percent)
- Kodiak – \$260,000 (up 10 percent)

\*as of Sept. 2008

# Average Sales Price Reported By Lenders



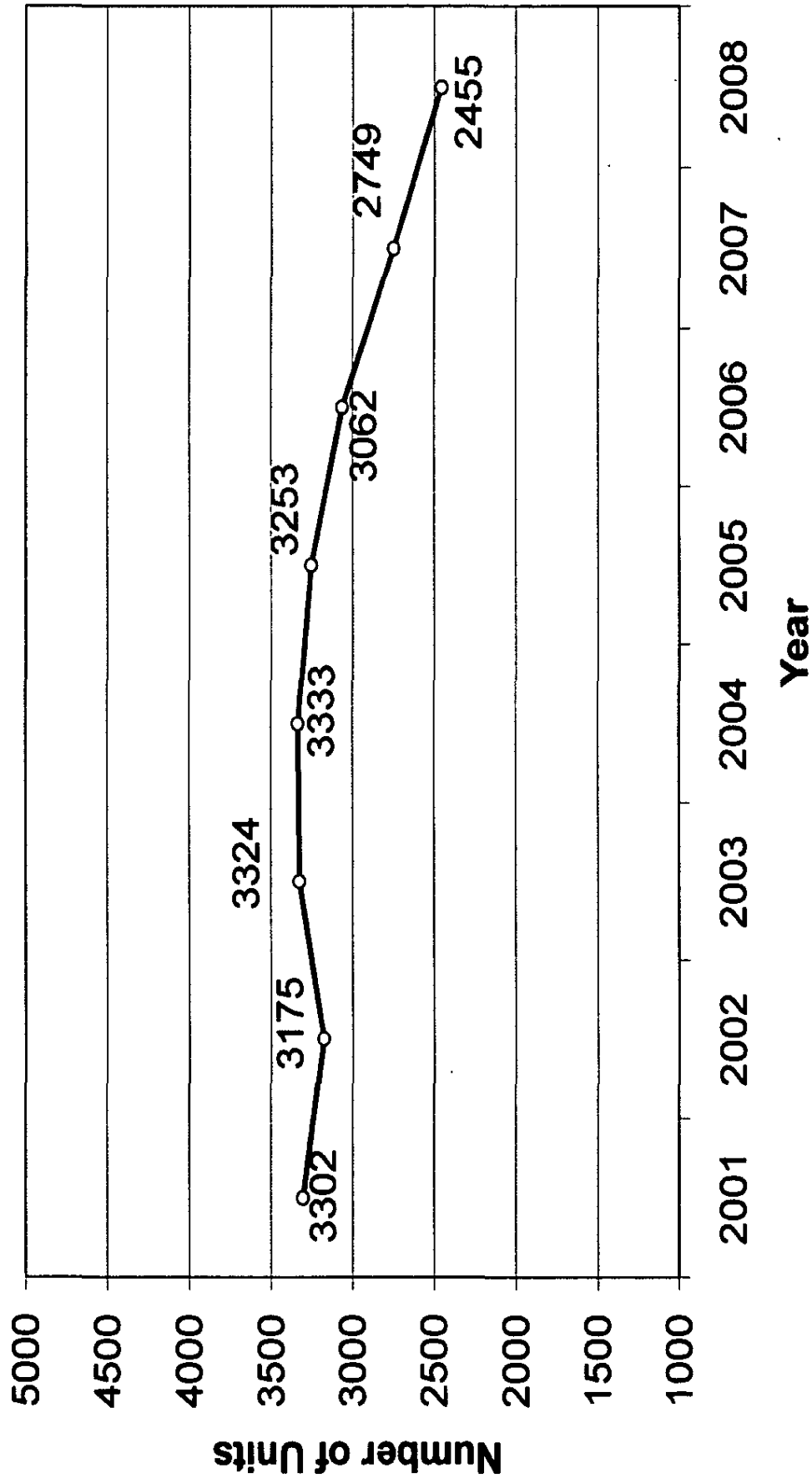


## Statewide Housing Market – 2008

### Sales Activity

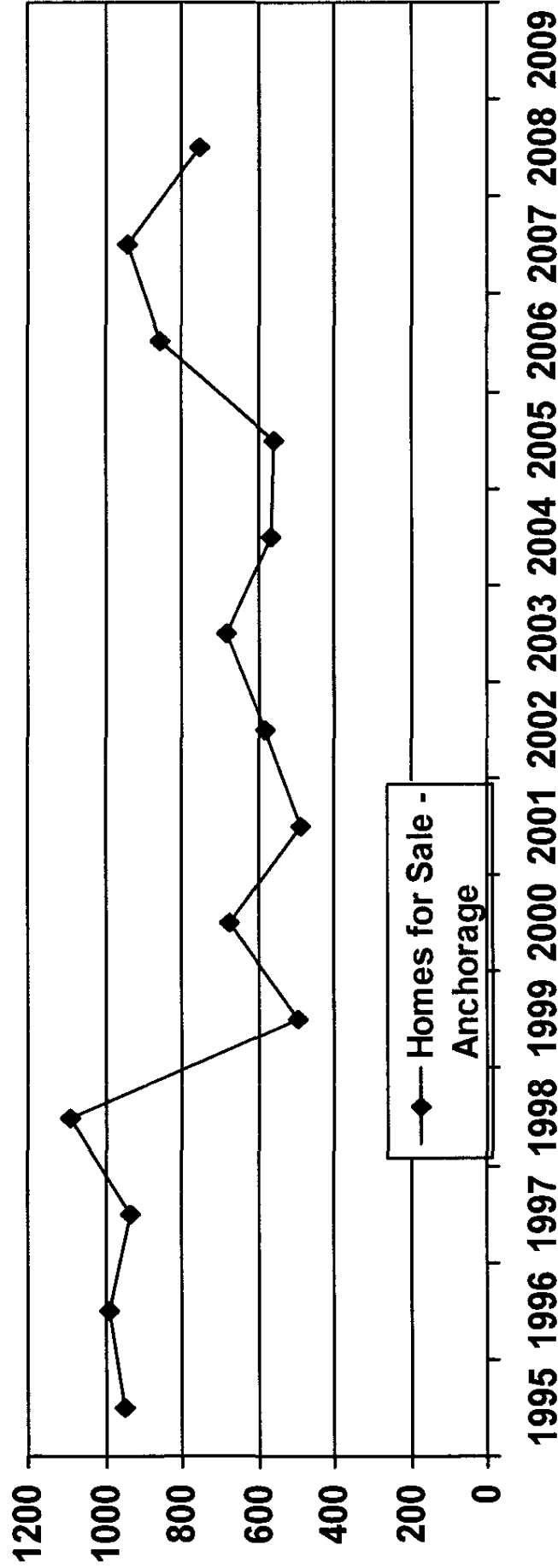
- Anchorage – down 10 percent
- Mat-Su – down 20 percent
- Fairbanks (as of 09/08) – down 13 percent
- Kenai – down 17 percent
- Kodiak – down .05 percent

### Annual Residential Sales Activity





# Number of Homes for Sale - Anchorage





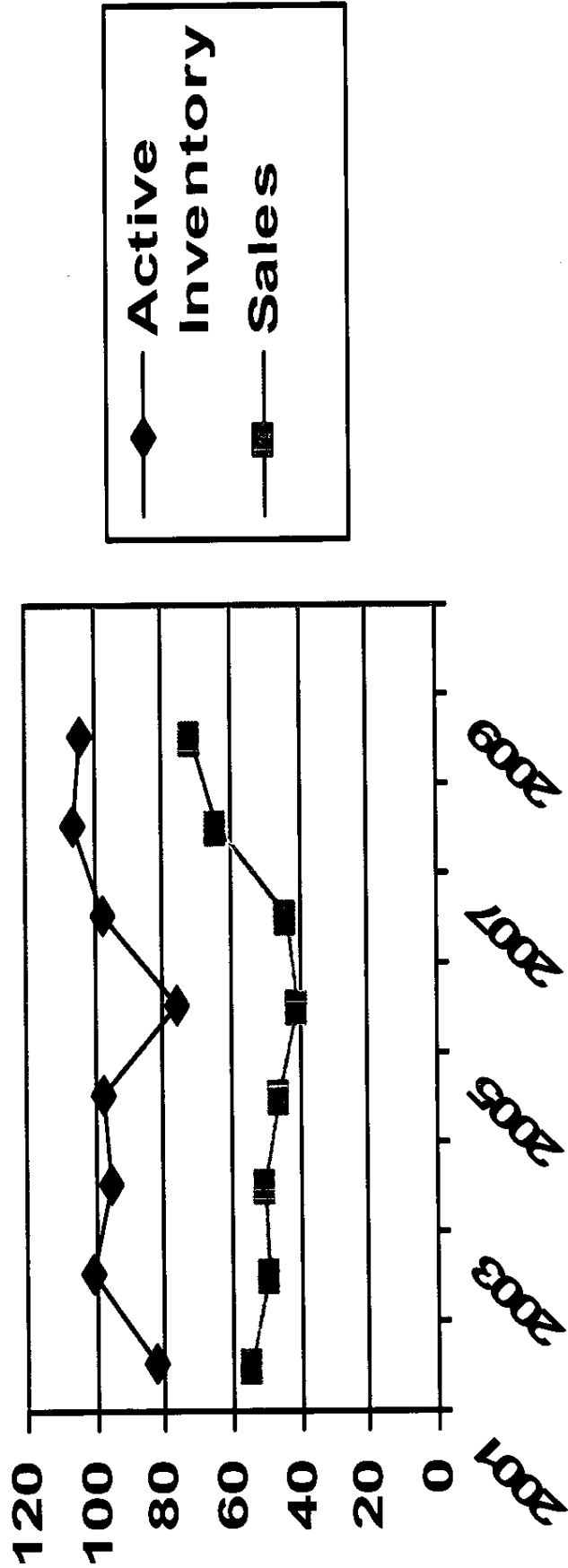
## Average Market Days – Statewide Through Dec. 2008

- Anchorage: 64 – 72, up 13 percent
- Mat-Su: 79 – 92, up 16 percent
- Fairbanks\*: 50 – 74, up 48 percent
- Kenai: 103 – 116, up 13 percent
- Kodiak: 68 – 85, up 25 percent

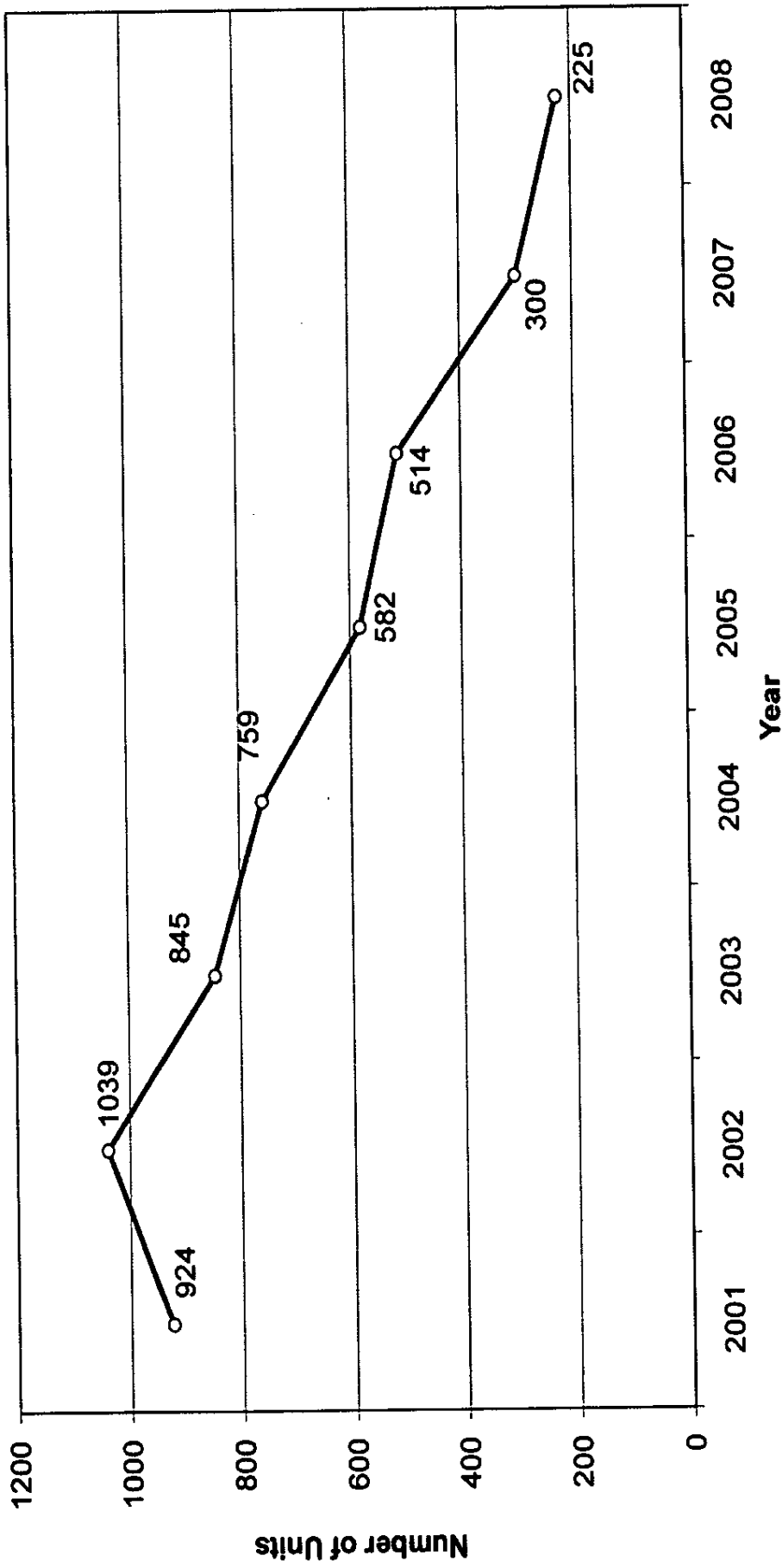
\*as of Sept. 2008

# How long does it take to sell?

Average time on the market – Anchorage



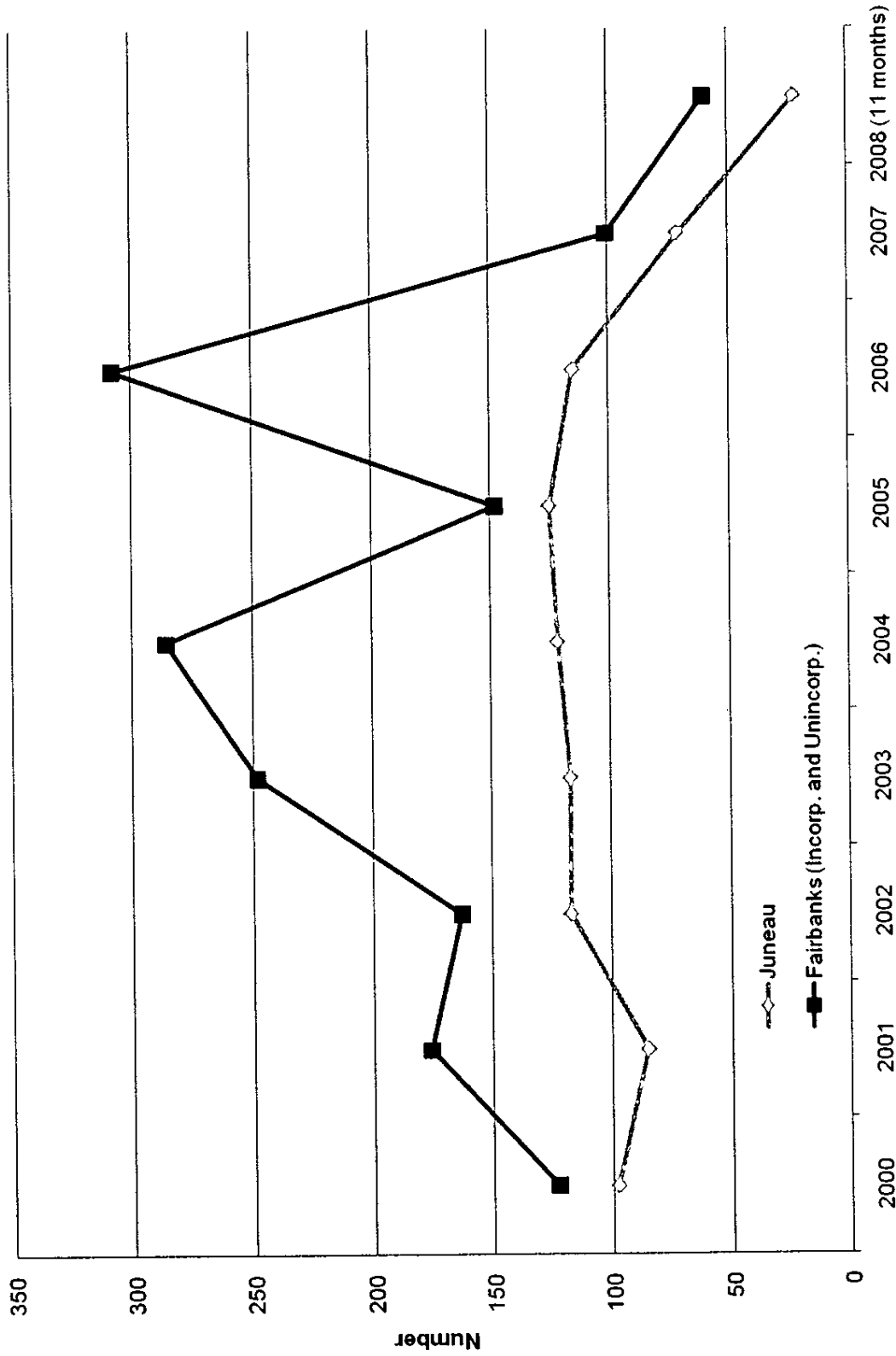
### Annual Residential Building Permit Activity



—○— Single Family

Anchorage

# Number of Permits By Area





## **Apartment Vacancies Feb. 2009**

- Anchorage - 5.0 percent
- Juneau - 4.7 percent
- Fairbanks - 21.2 percent
- Wasilla/Palmer - 2.1 percent
- Kenai/Wasilla - 8.6 percent

**See detailed chart next slide.**

**ANCHORAGE**

Unit Type	Eff.	1BR	2BR	3BR	Total
# Units	304	1,831	1,642	115	3,892
# Vacant	22	101	68	3	194
Vacancy Rate	7.2%	5.5%	4.1%	2.6%	5.0%

**JUNEAU**

Unit Type	Eff.	1BR	2BR	3BR	Total
# Units	65	167	107	23	362
# Vacant	11	2	4	0	17
Vacancy Rate	16.9%	1.2%	3.7%	0%	4.7%

**FAIRBANKS**

Unit Type	Eff.	1BR	2BR	3BR	Total
# Units	70	501	580	54	1,205
# Vacant	19	140	88	8	255
Vacancy Rate	27.1%	27.9%	15.2%	14.8%	21.2%

**PALMER/WASILLA**

Unit Type	Eff.	1BR	2BR	3BR	Total
# Units	13	128	72	20	233
# Vacant	0	5	0	0	5
Vacancy Rate	0%	3.9%	0%	0%	2.1%

**KENAI/SOLDOTNA**

Unit Type	Eff.	1BR	2BR	3BR	Total
# Units	5	102	95	30	232
# Vacant	0	11	7	2	20
Vacancy Rate	0%	10.8%	7.4%	6.7%	8.6%



## How about interest rates?

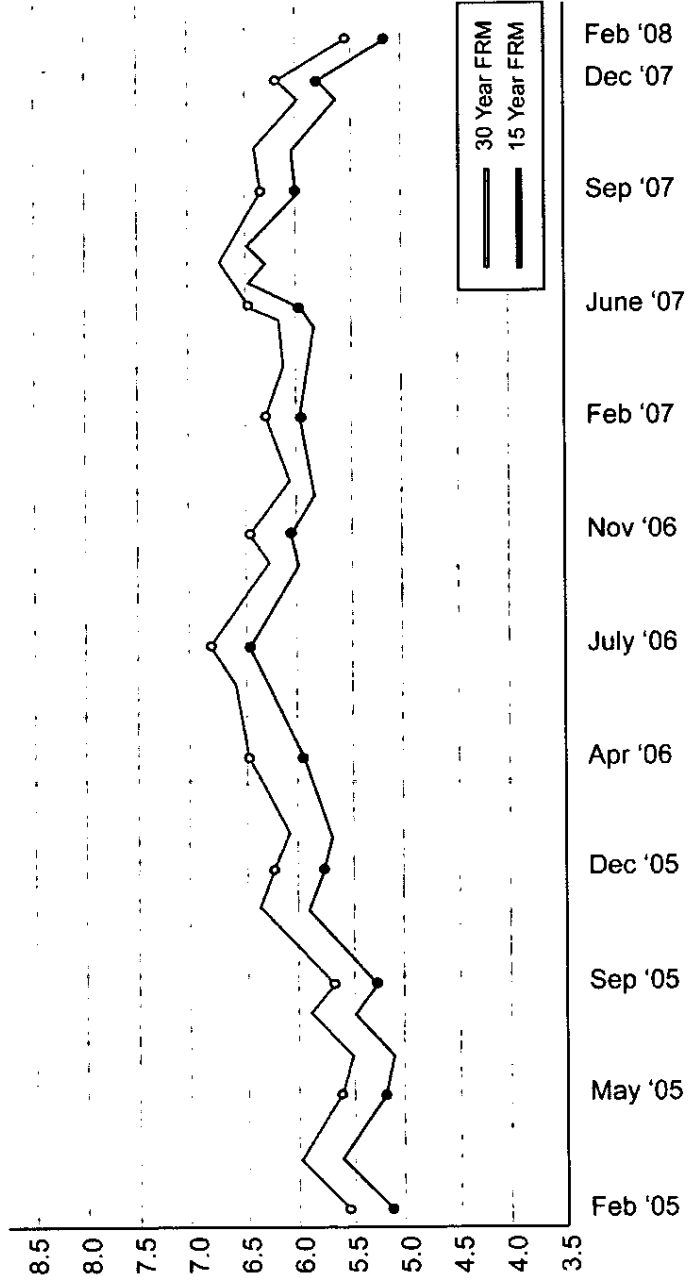
- Let's look at the average interest rates over time...
- The following four slides are reprinted with permission from Mortgage X Mortgage Information Service.

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Source: [www.mortgage-x.com](http://www.mortgage-x.com)  
Used with permission)



# Short term: Good to still good...

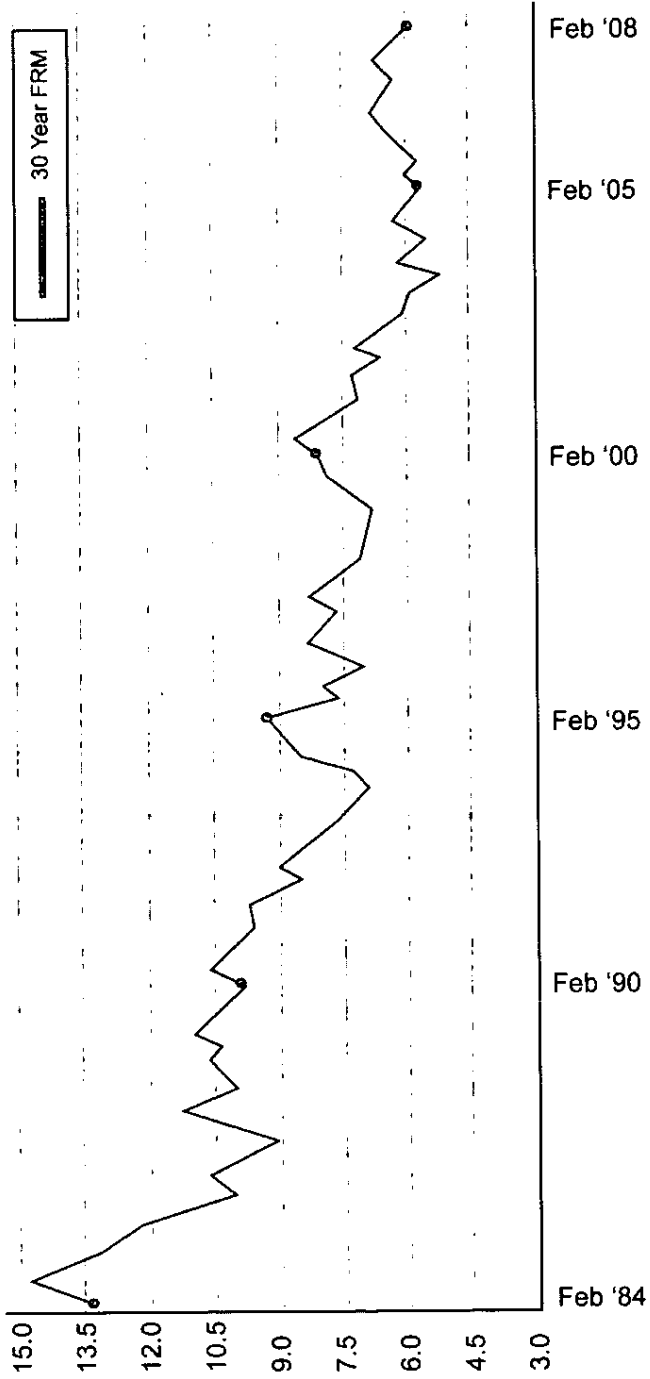
Three Year Trends:





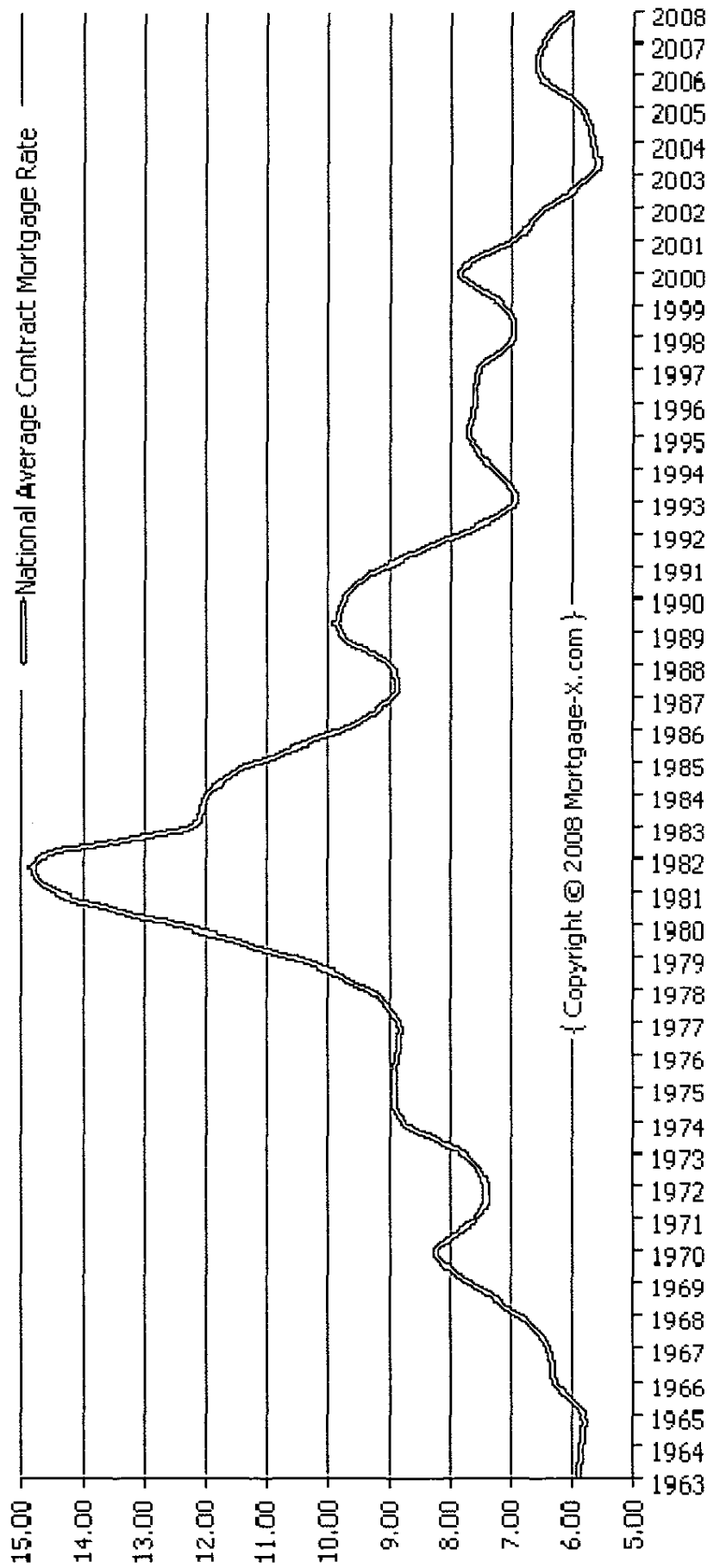
**Longer view:  
Rates well below average...**

**30-Year Fixed Rate Mortgages, 1984 – 2008**

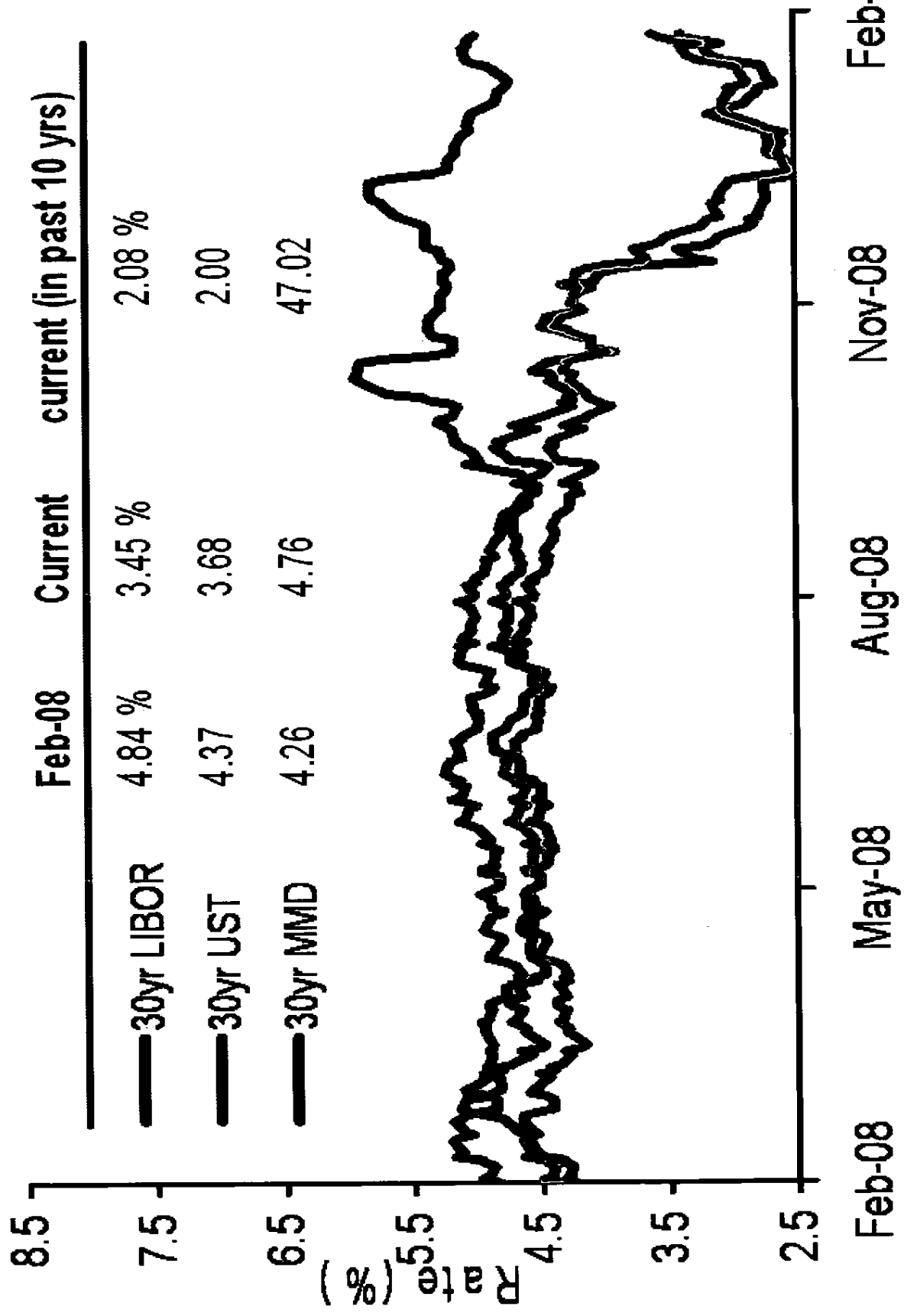




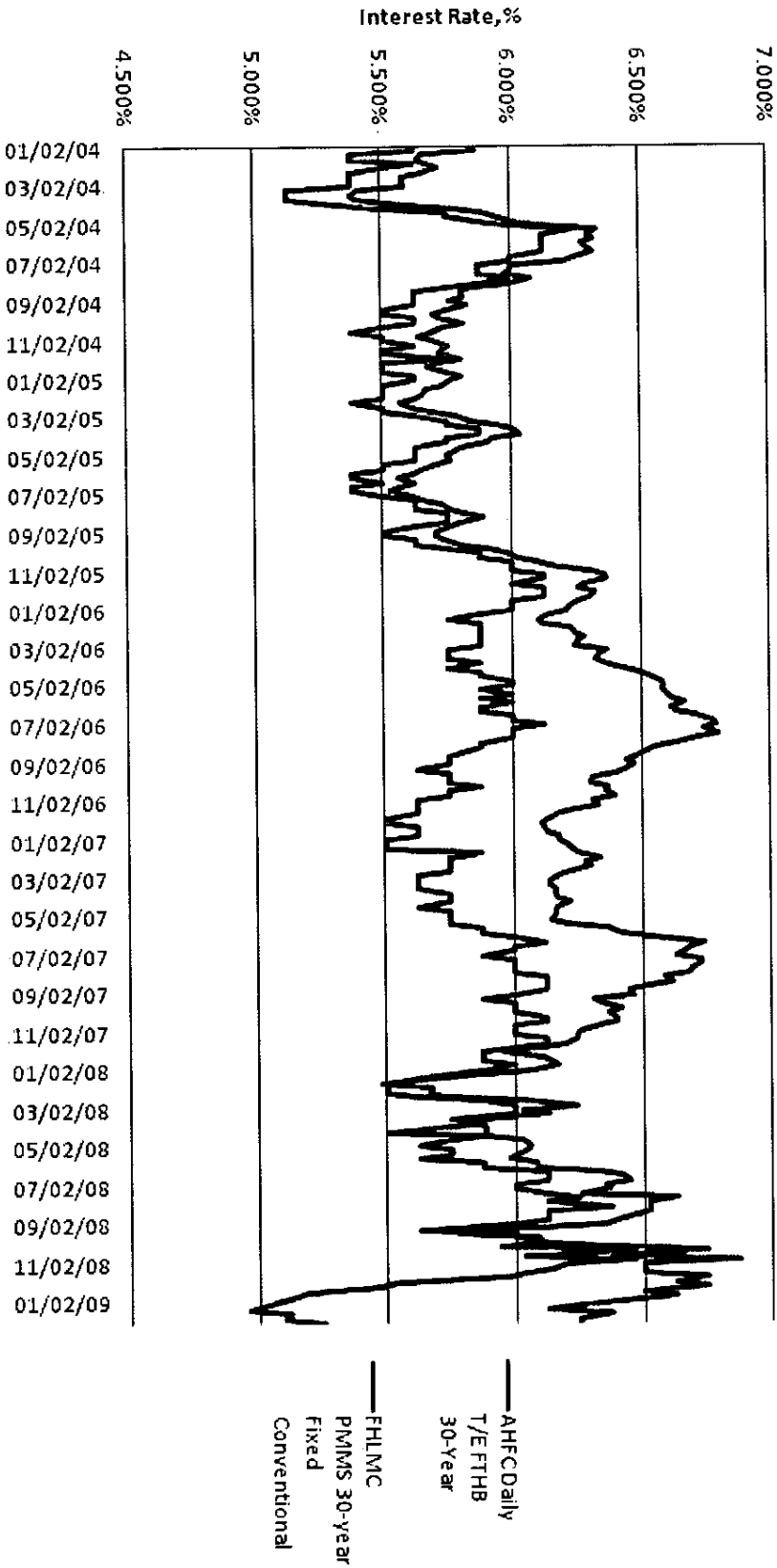
# Interest rates as low as the '60s National Average Mortgage Rate 1963 - 2008



**% of time lower than**



### AHFC Tax-Exempt 30-year vs. Conventional 30-year





# Mortgage Rate Trend Survey Predictions as of 02/09/09

**Over the next 30 days:**

- rates will rise significantly: 0.0%
- rates will rise slightly: 17.9%
- rates will remain unchanged: 14.3%
- rates will decline slightly: 64.3%
- rates will decline significantly: 3.6%

**Over the next 90 days:**

- rates will rise significantly: 0.0%
- rates will rise slightly: 17.9%
- rates will remain unchanged: 25.0%
- rates will decline slightly: 42.9%
- rates will decline significantly: 14.3%

## Low Interest Rates – What has changed?



- Eligible borrowers have diminished 30 – 40 percent
  - Loan investors & mortgage insurance companies tightened credit standards
  - Higher down payment required
  - Higher FICO score required
  - Jumbo loan financing limited
  - No more exotic loans
    - No income; no jobs; no assets; interest-rate teaser; payment option (interest-only, half-interest, etc., payments)
- FHA
  - increased fees
  - no seller-financed down payment assistance
- People don't qualify to refinance
  - Decrease in property values
  - Shouldn't have gotten the loan in the first place & don't qualify



## **Interest Rates Equate to Buying Power**

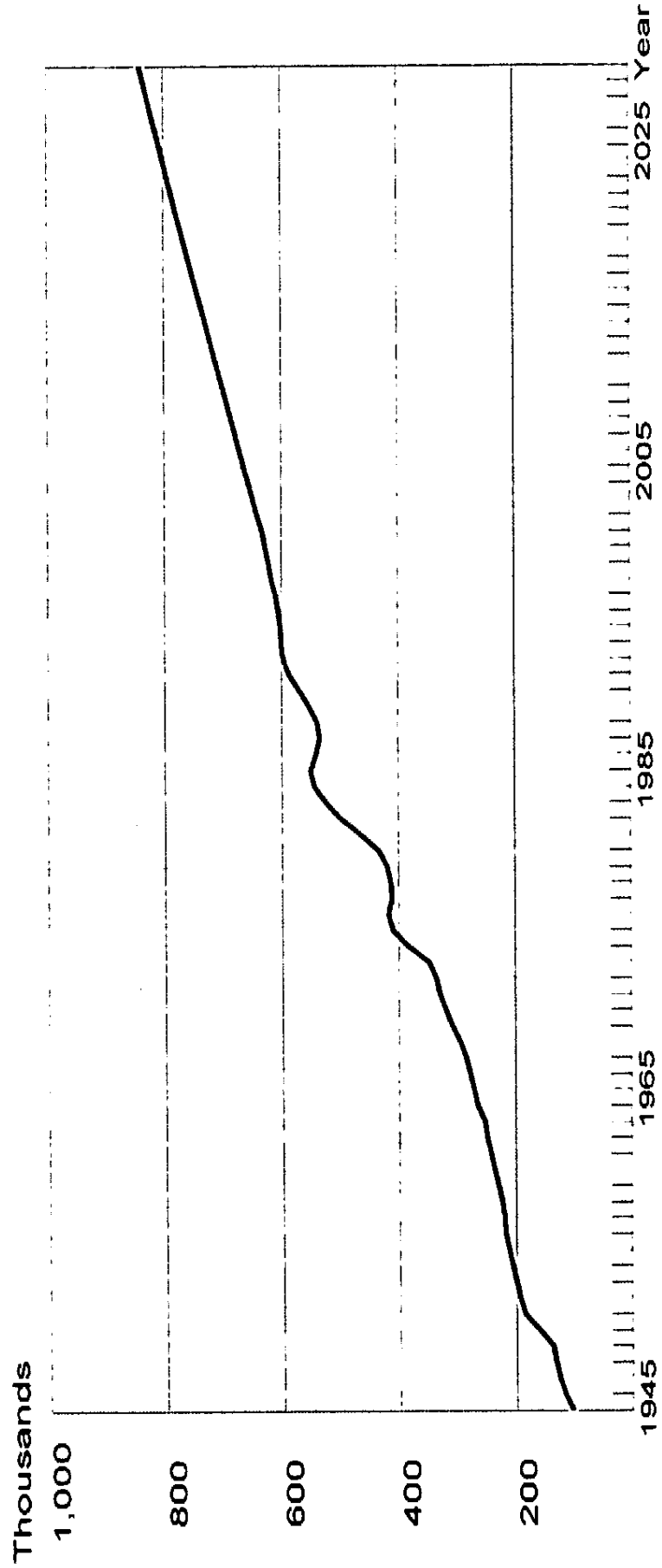
- 1 percent decrease in interest rates roughly translates into a 10 percent increase in homebuyer purchasing power

# Demand for housing isn't likely to subside...

- State demographers forecast population growth in Alaska = increased likelihood of demand for housing.

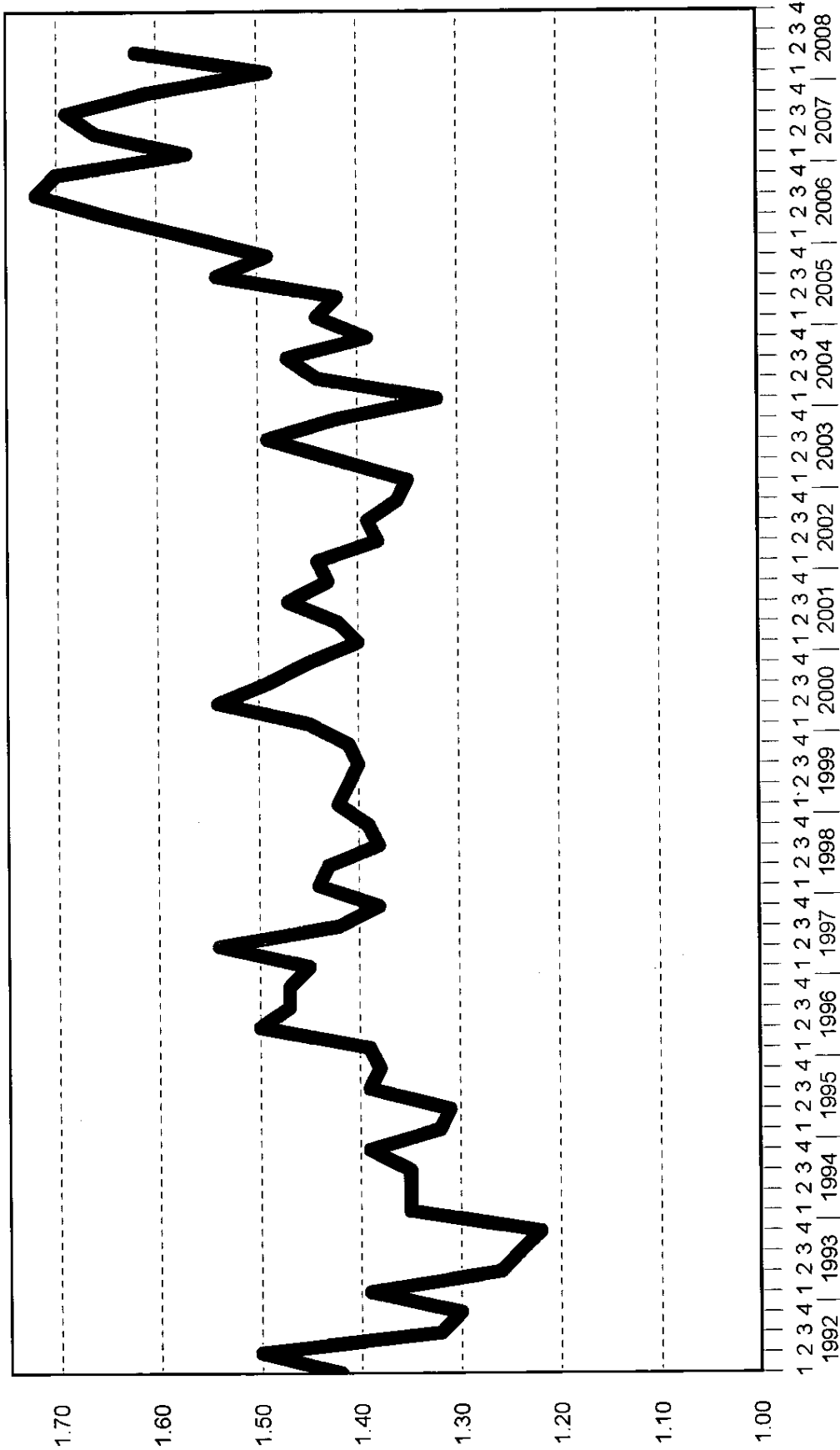
(Source: Alaska Dept. of Labor & Workforce Development, Research & Analysis Sec.)

**Figure 1.4  
Alaska Population 1945 - 2030\***



# Alaska Affordability Index

Single-Family Homes, Private and Public Agency Lenders  
1st Quarter 1992 - 2nd Quarter 2008



Note: The index value for the most recent quarter is preliminary.  
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section.



## AHFC's Loan Volume

- AHFC's loan volume:
  - FY2007 – 2,808 loans; \$565.7 million
  - FY2008 – 2,012 loans; \$493.5 million
  - Projected through FY2009 – 1,500 loans; \$368 million (down 25 percent)

## **Construction Spending 2009 Forecast – Alaska**

- **Total spending**
  - \$7.1 billion, down 3 percent
- **Private-sector spending**
  - \$4.3 billion, down 12 percent
- **Public-sector spending**
  - \$2.7 billion, up 16 percent

## How did Alaska compare? 2008

- Nationwide: Median home **values** fell for ninth straight quarter – 15.3 percent for the year
- Anchorage: Median home **values** up 3 percent
- Nationwide: Existing home **sales** down 3.5 percent
- Western states: Existing home **sales** down 31.6 percent
- Alaska: Existing home **sales** down 9 percent

## Energy Programs

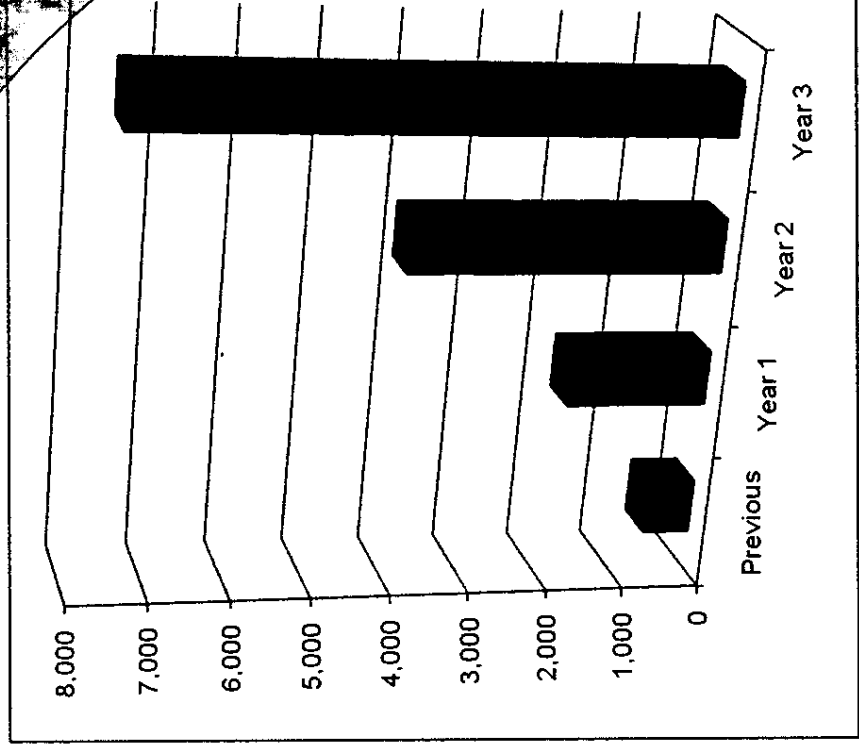
- \$200 million for weatherization
- \$100 million for rebates
- \$60 million additional for rebates (Sept. 2008)
- Big training component for both programs



# Weatherization Program Progress Report

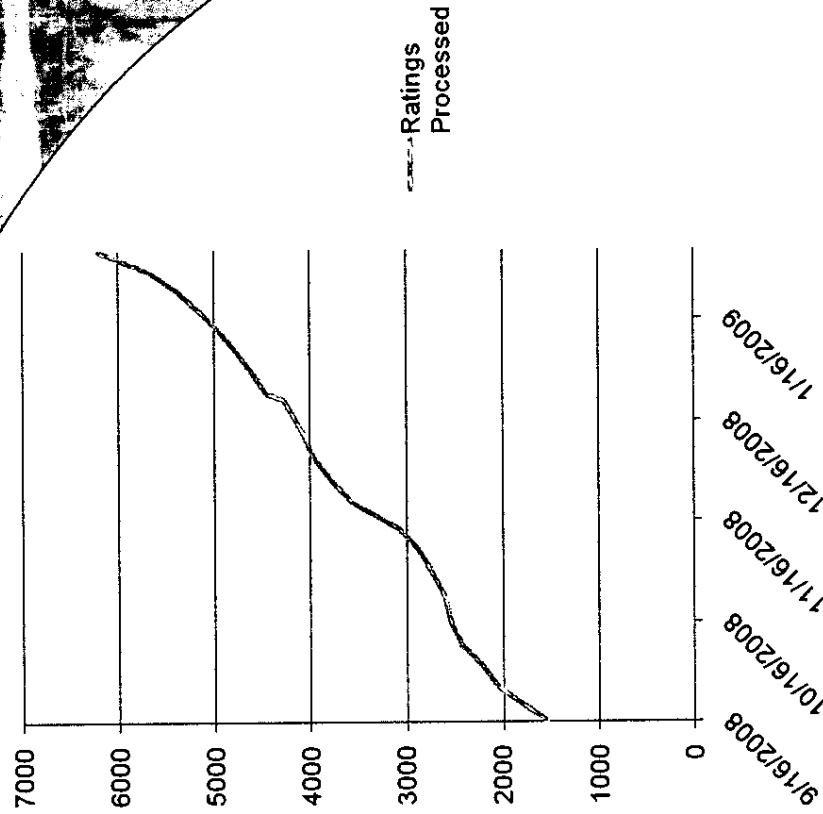
Wx Homes

- Previous program weatherized 600 homes.
- This year that number will triple to 1,800
- Year 2: 4,000
- Year 3: 7,500
- Statewide weatherization providers and housing authorities continue ramp-up



## Home Energy Rebate Program Ratings Processed

- Estimate: More than 8,000 ratings performed by raters
- **6,212** ratings processed
- Approximately **\$58.9 million** committed
- 150 – 200 applications received per day
- More than 200 inquiries per day
- **349** Post-Improvement rebates paid average: **\$5,941**
- **162** New 5 Star Plus rebates paid totaling **\$1.2 million**

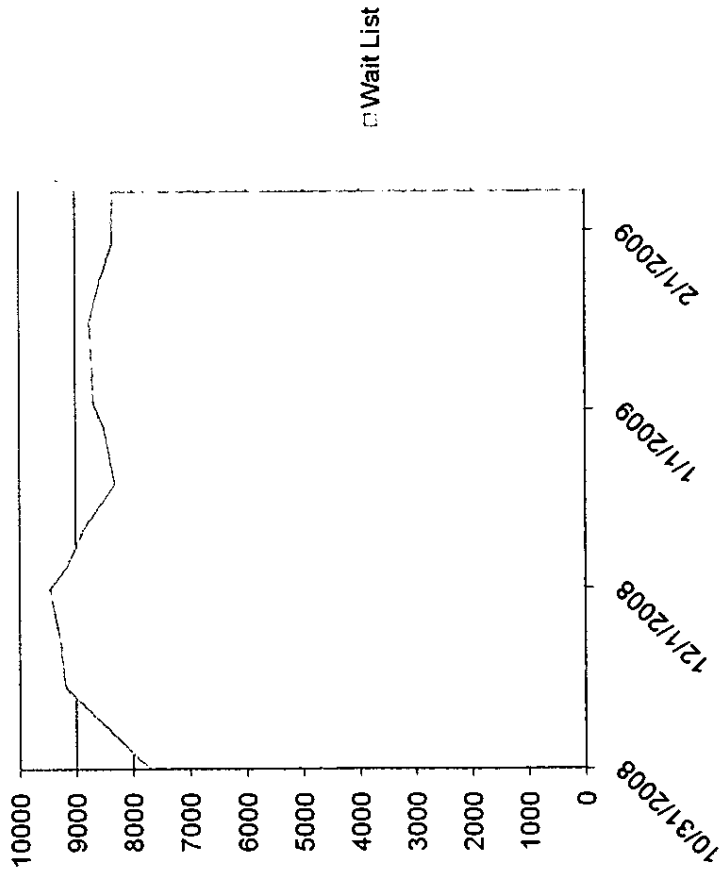




# Home Energy Rebate Program Wait List as of 2/5/09

Statewide: 8,365

Sample Communities



Anchorage - 5,935

Kodiak - 183

Juneau - 122

Fairbanks - 16

Bethel - 4

Dillingham - 5

**Total Dispatched: 6,821**

## What's the Big Picture?

- Average home prices stable
- Home sale activity down
- Time on market up
- Delinquencies low
- Foreclosures low
- Interest rates low
- Overall construction outlook good
  - New home construction down
- Additional \$1 billion estimated in Stimulus Package
- Population growth forecasted



**Thank You -**

**Alaska Housing Finance Corporation**

**330-6100**

**1-800-478-2432**

**[www.ahfc.us](http://www.ahfc.us)**

[www.ahfc.us](http://www.ahfc.us)



*Housing for Alaskans.*

# Energy-Efficiency Programs

Progress Update for Alaska Legislature 2.17.2009



**Weatherization**  
PROGRAM

**Home Energy Rebate**  
PROGRAM

# Overview

- **\$200 million for weatherization**  
(income-based, no-cost program)
- **\$100 million for rebates**  
(for those NOT qualifying for weatherization program: rebates for eligible improvements - ratings required)
- **\$60 million additional for rebates**  
**9/2008**(to carry program into 2009 calendar year)
- **Large training component for both programs**



[www.ahfc.state.ak.us/energy](http://www.ahfc.state.ak.us/energy)

# Allocations

	<b>Rebate</b>	<b>Weatherization</b>
Anchorage Region	\$26 million	• \$34 million
Southcentral Region	\$16 million	• \$24 million
Fairbanks Region	\$17 million	• \$29 million
Interior Region	\$2 million	• \$12 million
Juneau Region	\$4 million	• \$12 million
Southeast Region	\$5 million	• \$14 million
Northern Region	\$4 million	• \$18 million
Western Region	\$5 million	• \$20 million
Southwest Region	\$2 million	• \$12 million



[www.ahfc.state.ak.us/energy](http://www.ahfc.state.ak.us/energy)

# Program Start-Up

- April 2008: Programs approved
  - AHFC operates under emergency regulations
  - Training & personnel ramp-up started
- May 2008: Programs launched
- July 2008: Public hearing & final regulations adopted
- Summer 2008: Continued ramp-up & training



[www.ahfc.state.ak.us/energy](http://www.ahfc.state.ak.us/energy)

# **Weatherization** PROGRAM

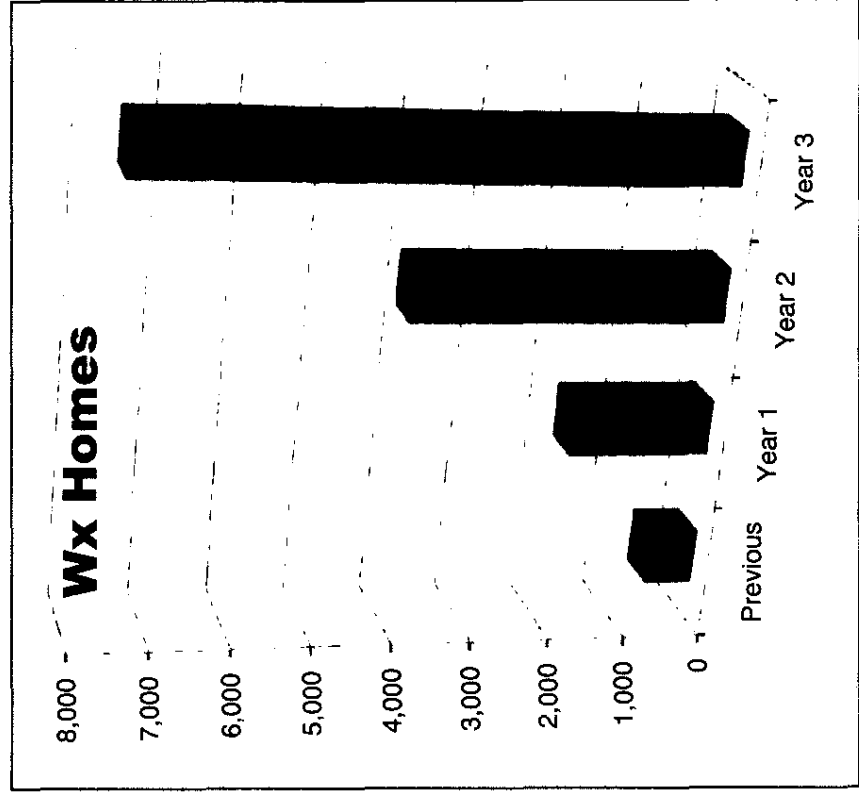


[www.ahfc.state.ak.us/energy](http://www.ahfc.state.ak.us/energy)

# **Weatherization** PROGRAM

## **Progress Report**

- Previous program weatherized 600 homes.
- This year that number will triple to 1800.
- Year 2: 4000
- Year 3: 7500

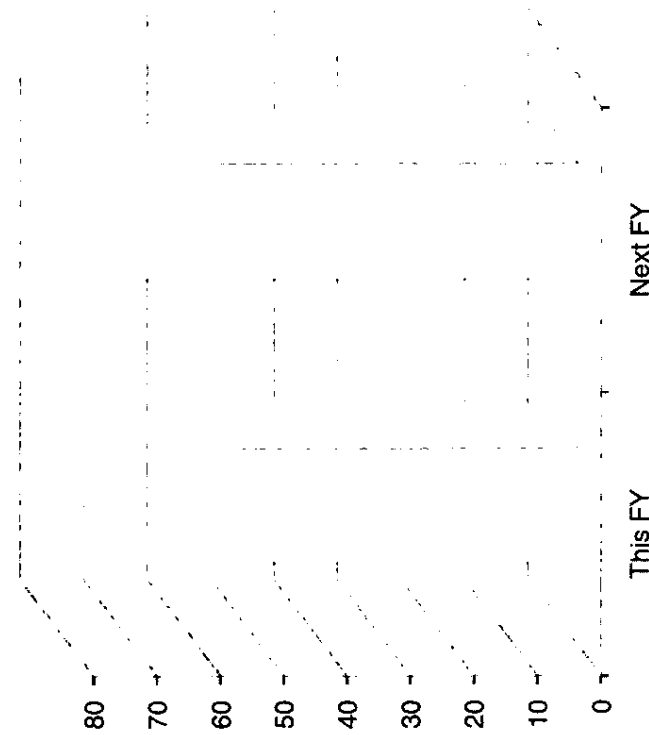


# Weatherization PROGRAM

## Progress Report

- \$30 million currently on the street.
- \$59.9 million projected for next fiscal year.
- Communities and surrounding areas served: **56** this year and **76** next year.
- Statewide weatherization providers & housing authorities continue ramping up.

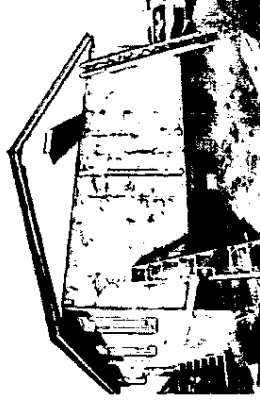
Wx Communities/Areas Served



[www.ahfc.state.ak.us/energy](http://www.ahfc.state.ak.us/energy)

# **Weatherization** PROGRAM

## **Program Snapshot** Weatherization homes this fiscal year



### **Current Status of Wx Homes**

Homes	Status
700	Completed
500	Near Completion
600	Assessment/Early Construction

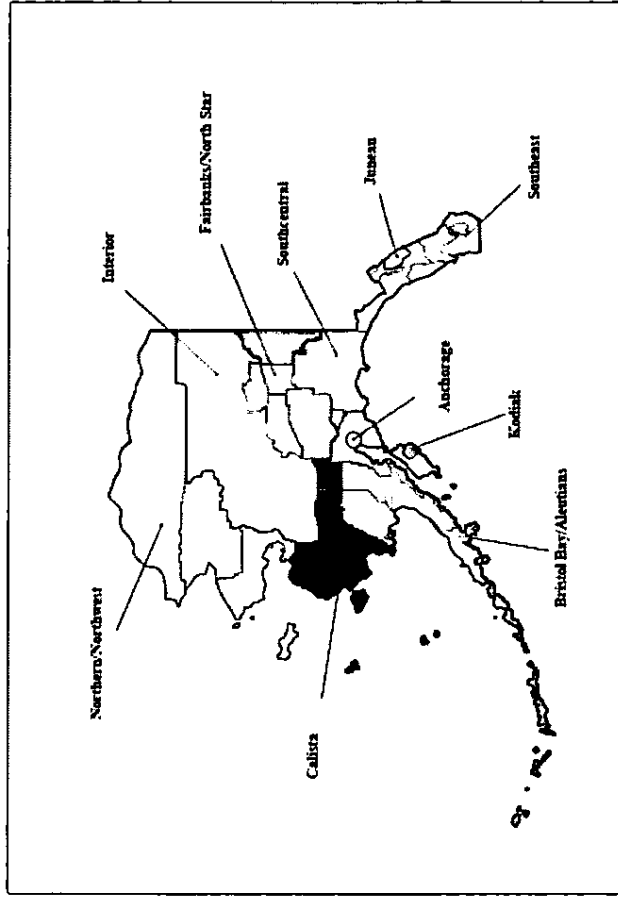


[www.ahfc.state.ak.us/energy](http://www.ahfc.state.ak.us/energy)



# Statewide Weatherization Providers

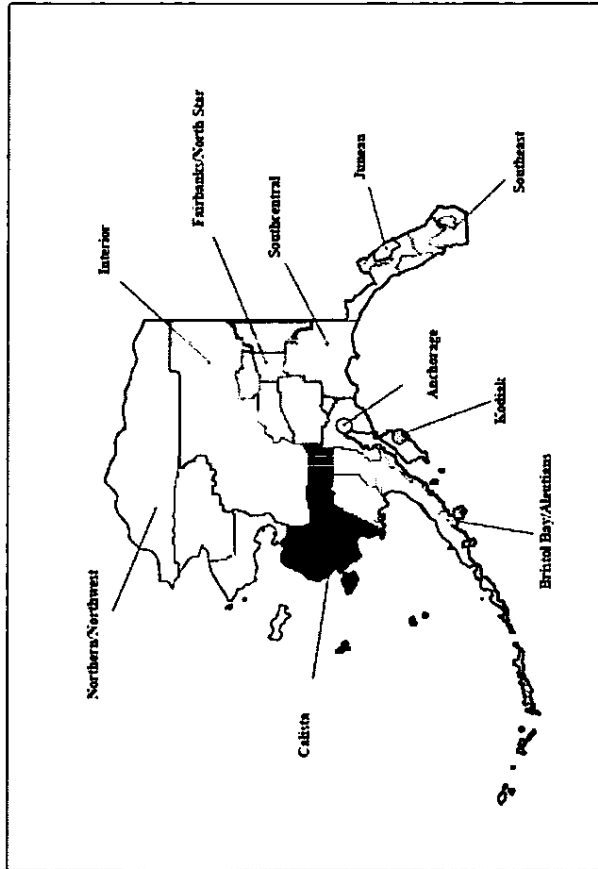
- Alaska Community Development Corporation
- Interior Weatherization
- Municipality of Anchorage
- Rural Community Action Program
- RuralCap-Juneau
- Tanana Chiefs Conference



[www.ahfc.state.ak.us/energy](http://www.ahfc.state.ak.us/energy)

# Alaska Housing Authorities Weatherization

- Aleutian Housing Authority
- AVCP Regional Housing Authority
- Baranof Island Housing Authority
- Bering Straits Regional Housing Authority
- Bristol Bay Housing Authority
- Cook Inlet Housing Authority
- Copper River Basin Reg. Housing
- Interior Regional Housing Authority
- Kodiak Island Housing Authority
- North Pacific Rim Housing Authority
- Northwest Inupiat Housing Authority
- Tagiugmiullu Nunamiullu (TNHA) through North Slope Borough
- Tlingit-Haida Regional Housing Authority
- Ketchikan Indian Community
- Metlakatla Housing Authority



# Home Energy Rebate PROGRAM

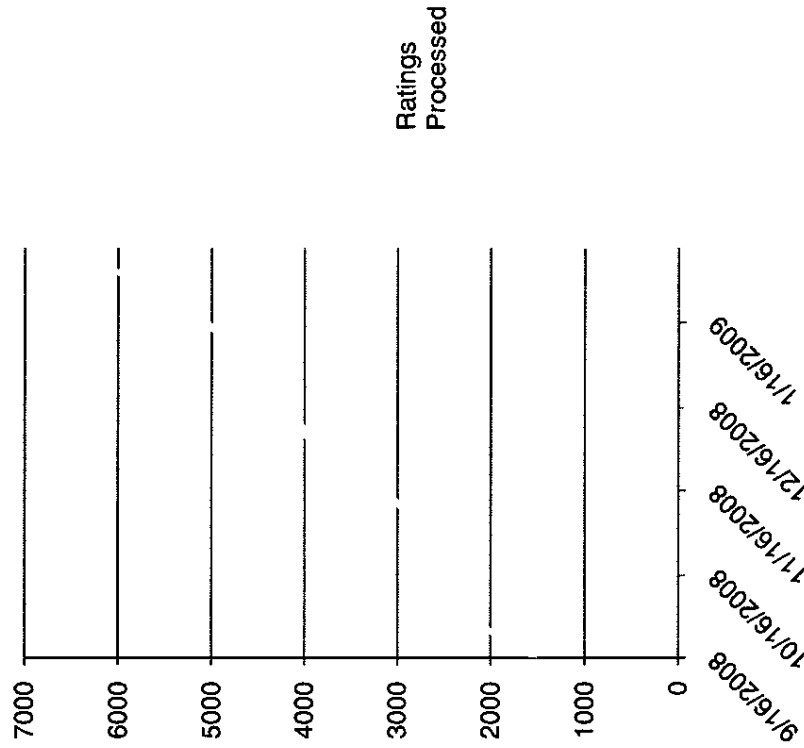


[www.alhc.state.ak.us/energy](http://www.alhc.state.ak.us/energy)

# Home Energy Rebate PROGRAM

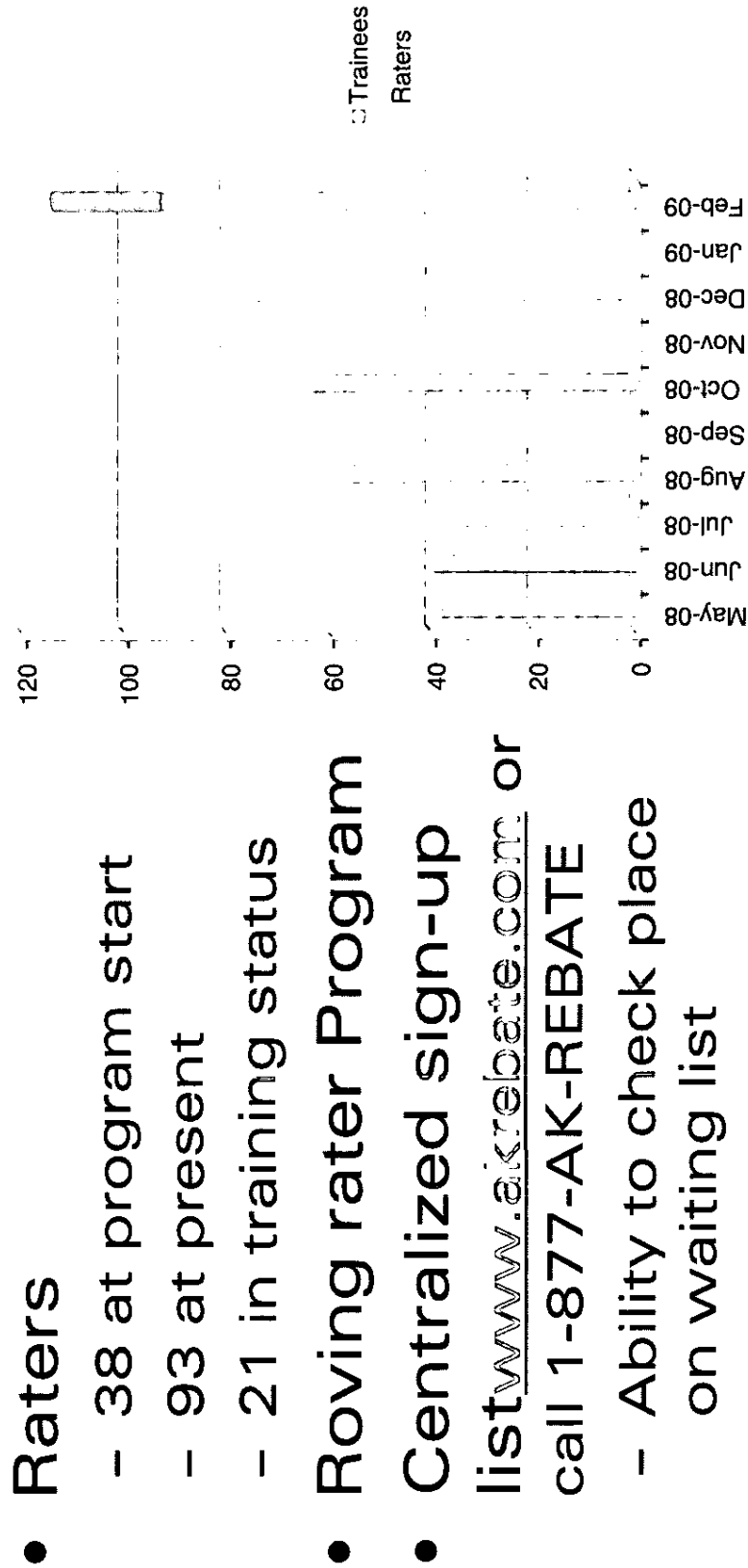
## Ratings Processed

- Estimate: Over 8000 ratings performed by raters
- **6413** ratings processed
- Approximately **\$60.9 million** committed
- 100-150 applications received per day
- Over 200 inquiries per day
- **394** Post-Improvement rebates paid average: **\$5891**
- **182** New 5 Star Plus rebates paid totaling **\$1.3 million**



# Home Energy Rebate PROGRAM

## Rater Availability



- Raters
  - 38 at program start
  - 93 at present
  - 21 in training status
- Roving rater Program
- Centralized sign-up list [www.akrebate.com](http://www.akrebate.com) or call 1-877-AK-REBATE
  - Ability to check place on waiting list



[www.ahfc.state.ak.us/energy](http://www.ahfc.state.ak.us/energy)

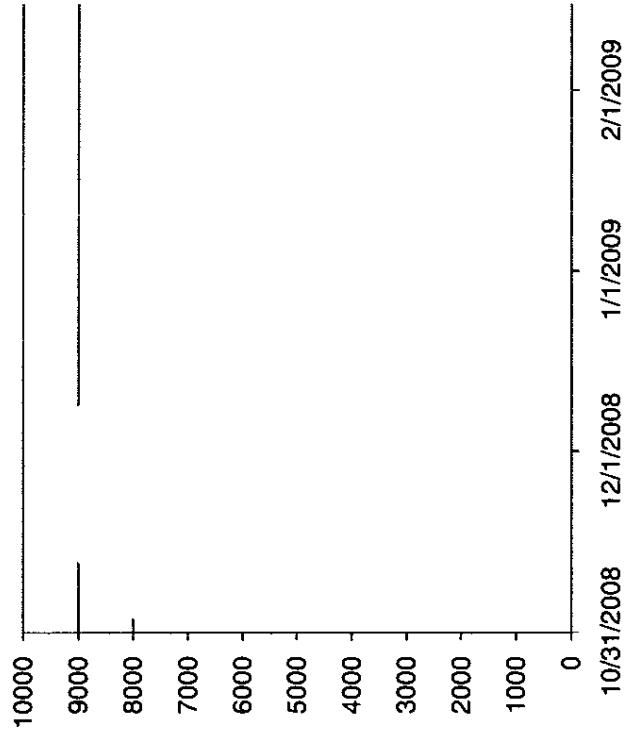
2/17/2009

# Home Energy Rebate PROGRAM

## Wait List

Statewide: 8032

Sample Communities



Anchorage-5924

Kodiak-190

Juneau-136

Fairbanks-13

Dillingham-11

Total Dispatched: 7416

2/16/2009

# Home Energy Rebate PROGRAM

## Program Snapshot Rebates vs. Amount Spent by Sampled Homeowners

<i>AHFC Rebate Amount</i>	<i>Homeowner Paid Costs</i>
\$1,782,664	\$2,841,226
divided by 300 rebates	divided by 300
= \$5942 average rebate	= \$9,470 average spent
	-\$5942 average rebate
	= \$3528 homeowner investment

# **Home Energy Rebate** PROGRAM

## **Program Snapshot** **Energy & CO2 Impacts from Sampled Homes**

HOMES	Before	After	Total Savings	Per Home
Energy Cost	\$1,211,080	\$941,242	\$269,837	\$1355/year
CO2 lbs/year	9,627,880	7,194,342	2,433,538	12,228 lbs/yr
Rating Stars	2.8	4.1		1.21 increase

**Total energy saved in BTUs = 17.2 billion**



[www.ahfc.state.ak.us/energy](http://www.ahfc.state.ak.us/energy)

1.26.2009

# Home Energy Rebate PROGRAM

	Allocated	Encumbered
Anchorage Region	\$26 million	• \$19.8 million
Southcentral Region	\$16 million	• \$12.8 million
Fairbanks Region	\$17 million	• \$17.9 million
Interior Region	\$2 million	• \$0.36 million
Juneau Region	\$4 million	• \$4 million
Southeast Region	\$5 million	• \$3.7 million
Northern Region	\$4 million	• \$0.37 million
Western Region	\$5 million	• \$0.25 million
Southwest Region	\$2 million	• \$0.2 million

Allocations do not include additional \$60 million

# Training



 **Weatherization**  
PROGRAM

 **Home Energy Rebate**  
PROGRAM



[www.ahfc.state.ak.us/energy](http://www.ahfc.state.ak.us/energy)

# Training

Classes for:

- Weatherization Service Providers
- Housing Authorities
- Energy Raters
- Contractors
- General Public

 **Weatherization**  
PROGRAM

 **Home Energy Rebate**  
PROGRAM

 **Alaska Housing**  
FINANCE CORPORATION

[www.ahfc.state.ak.us/energy](http://www.ahfc.state.ak.us/energy)

# Training Progress Report

## April-December 2008

Professional Classes: 121

Professional Students: 2615

Consumer Classes: 13

Consumer Students: 464

**TOTAL Classes: 134**

**TOTAL Students: 3079**

Training provided in 14  
regional communities

- Anchorage
- Barrow
- Bethel
- Cordova
- Fairbanks
- Juneau
- Hydaburg
- Ketchikan
- King Salmon
- Kodiak
- Kotzebue
- Nome
- Palmer/Wasilla
- Seward



[www.alhfc.state.ak.us/energy](http://www.alhfc.state.ak.us/energy)



# Training Partners

- Alaska Building Science Network
- Alaska Works
- Alaska Craftsman Home Program
- Northern Building Science Group
- UAF Cooperative Extension
- UAS Building Science Program
- Wisdom & Associates
- Cold Climate Housing Research Center
- Opportunity Council
- Building Performance Institute



[www.ahfc.state.ak.us/energy](http://www.ahfc.state.ak.us/energy)





*Housing for Alaskans.*

# Energy-Efficiency Programs



**Weatherization**  
PROGRAM

**Home Energy Rebate**  
PROGRAM

**COMMITTEE ACTION ON LEGISLATION**

**Fax to Chief Clerk's Office 5334**  
**HOUSE FINANCE SECRETARY: Daniele**

PAGE 1 OF      
 DATE: 2.18.09

<p><b>SHORT TITLE</b></p> <p><i>Presentation: Alaska Housing Finance Corporation</i></p>	<p><b>ACTION TAKEN ON LEGISLATION</b></p> <p><input type="checkbox"/> Moved Out of Committee</p> <p><input type="checkbox"/> Moved CS ( <input type="checkbox"/> ) Out of Committee</p> <p><input type="checkbox"/> Moved HCS ( <input type="checkbox"/> ) Out of Committee</p> <p><input type="checkbox"/> Heard and Held</p> <p><input type="checkbox"/> Heard and Held Assigned to Subcommittee</p> <p><input type="checkbox"/> Bill Postponed to _____</p> <p><input type="checkbox"/> Scheduled but not Heard</p> <p><input type="checkbox"/> Failed to Move Out of Committee</p>
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authorization provided in section 365(f) of such Act only if the governor of the recipient State notifies the Secretary of Energy in writing that the governor has obtained necessary assurances that each of the following will occur:

(1) The applicable State regulatory authority will seek to implement, in appropriate proceedings for each electric and gas utility, with respect to which the State regulatory authority has ratemaking authority, a general policy that ensures that utility financial incentives are aligned with helping their customers use energy more efficiently and that provide timely cost recovery and a timely earnings opportunity for utilities associated with cost-effective measurable and verifiable efficiency savings, in a way that sustains or enhances utility customers' incentives to use energy more efficiently.

(2) The State, or the applicable units of local government that have authority to adopt building codes, will implement the following:

(A) A building energy code (or codes) for residential buildings that meets or exceeds the most recently published International Energy Conservation Code, or achieves equivalent or greater energy savings.

(B) A building energy code (or codes) for commercial buildings throughout the State that meets or exceeds the ANSI/ASHRAE/IESNA Standard 90.1-2007, or achieves equivalent or greater energy savings.

(C) A plan for the jurisdiction achieving compliance with the building energy code or codes described in subparagraphs (A) and (B) within 8 years of the date of enactment of this Act in at least 90 percent of new and renovated residential and commercial building space. Such plan shall include active training and enforcement programs and measurement of the rate of compliance each year.

(3) The State will to the extent practicable prioritize the grants toward funding energy efficiency and renewable energy programs, including—

(A) the expansion of existing energy efficiency programs approved by the State or the appropriate regulatory authority, including energy efficiency retrofits of buildings and industrial facilities, that are funded—

(i) by the State; or

(ii) through rates under the oversight of the applicable regulatory authority, to the extent applicable;

(B) the expansion of existing programs, approved by the State or the appropriate regulatory authority, to support renewable energy projects and deployment activities, including programs operated by entities which have the authority and capability to manage and distribute grants, loans, performance incentives, and other forms of financial assistance; and

(C) cooperation and joint activities between States to advance more efficient and effective use of this funding to support the priorities described in this paragraph.

(b) STATE MATCH.—The State cost share requirement under the item relating to "Department of Energy; Energy Conservation" in title II of the Department of the Interior and Related Agencies

*Distributed by Rep. Gara*

## 2009 HOUSE FINANCE COMMITTEE ATTENDANCE

DATE: 2.18.09

**Circle Meeting Chair:      Hawker                  Stoltze**

	MEMBER	PRESENT	ABSENT
RF	REP. FOSTER	X	
AA	REP. AUSTERMAN	X	
MK	REP. KELLY		
AF	REP. FAIRCLOUGH	X	
MH	CO-CHAIR HAWKER		
BS	CO-CHAIR STOLTZE	X	
BT	VICE-CHAIR THOMAS	X	
LG	REP. GARA	X	
HC	REP. CRAWFORD	X	
WS	REP. SALMON	X	
RJ	REP. JOULE		