

**SB**

**217**

<target><bill>SB 217</bill><subject>SB  
217</subject><comm>HFIN26</comm></target>



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## **SB 217 AHFC Vets Bonds Sponsor Statement**

SB 217 will place a question on the ballot for the general election of 2010 asking voters to approve an additional \$600 million of state guaranteed bonds to be issued by the Alaska Housing Finance Corporation for the purchase of mortgage loans made to qualifying veterans.

The Veterans Mortgage Loan Program allows the Alaska Housing Finance Corporation to sell tax-exempt bonds to fund the program. Because of this, the Veterans Mortgage Loan Program generally offers a lower interest rate than the conventional single family mortgage loan program. As of December 23, 2009, the Veterans program interest rate was 3/8 of a percent below the Corporation's conventional taxable mortgage loan program.

To qualify, veterans must apply to AHFC within 25 years of his/her date of discharge from "active duty service." (Active duty service is full-time duty, other than for training.) Active duty service in the US Armed Forces, US Armed Forces Reserves, Public Health Service, NOAA, or service as a cadet at the US Military, Air Force, Coast Guard or Naval Academy may meet requirements.

Qualified veterans may be retired or active duty personnel. If retired, discharged, or released from active duty, separation must have been under conditions other than dishonorable. Active duty personnel must have completed their initial military obligation.

The last time veterans bonds were on the general election ballot was 2002, when Alaskans approved the bonds by over seventy percent. As a result of recent passed legislation in Congress, Alaska along with the states of California, Oregon, Texas and Wisconsin have been able to offer more loans to veterans through the program than the previous years. Because of this, it is estimated that the Corporation could run out of bond authorization for the veterans loan program some time in 2011. This is the reason for the urgency of getting the issue to the ballot in 2010.





# FISCAL NOTE

**STATE OF ALASKA**  
**2010 LEGISLATIVE SESSION**

Fiscal Note Number: 3  
 Bill Version: CSSB 217(FIN)  
 (S) Publish Date: 3/29/10

Identifier (file name): CSSB217(FIN)-REV-AHFC-3-29-10 Dept. Affected: Revenue  
 Title: GUARANTEED REVENUE BONDS FOR VETERANS RDU: Alaska Housing Finance Corp.  
 Component: Operations  
 Sponsor: Senate Rules by Request of Governor  
 Requester: Senate Finance Committee Component Number: 110

**Expenditures/Revenues** (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Contractual	150.0		(1,235.6)	(1,246.8)	(1,258.0)	(1,269.3)	(1,280.7)	
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous			1,275.6	1,292.1	1,129.1	1,141.2	1,153.7	
<b>TOTAL OPERATING</b>	<b>150.0</b>	<b>0.0</b>	<b>40.0</b>	<b>45.3</b>	<b>(128.9)</b>	<b>(128.1)</b>	<b>(127.0)</b>	
<b>CAPITAL EXPENDITURES</b>								
<b>CHANGE IN REVENUES ( )</b>								

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
1103 AHFC Receipts	150.0		40.0	45.3	(128.9)	(128.1)	(127.0)	
<b>TOTAL</b>	<b>150.0</b>	<b>0.0</b>	<b>40.0</b>	<b>45.3</b>	<b>(128.9)</b>	<b>(128.1)</b>	<b>(127.0)</b>	

Estimate of any current year (FY2010) cost: \_\_\_\_\_

**POSITIONS**

Full-time								
Part-time								
Temporary								

**ANALYSIS:** (Attach a separate page if necessary)

SB 217 authorizes a statewide public vote on \$600 million in revenue bonds to finance the Veterans Mortgage Program. Alaska is one of five states in the nation that established this program under the federal tax code. AHFC administers the program on behalf of the State.

Costs associated with the issuance of these bonds are anticipated to be covered with annual operating budget authorizations. Anticipated costs related to voter information education and dissemination about the bonds and the program will be approximately \$150,000. If approved by voters, bond issuances in the future will be done based on

Prepared by: Bryan Butcher, Director, Governmental Relations/Public Affairs  
 Division: Alaska Housing Finance Corporation  
 Approved by: Ginger Blaisdell, Director  
Administrative Services Division

Phone 330-8445  
 Date/Time 03-28-10; 11:40pm  
 Date 03-29-10; 7:45am

FISCAL NOTE #3

STATE OF ALASKA  
2010 LEGISLATIVE SESSION

BILL NO. CSSB 217(FIN)

**ANALYSIS CONTINUATION**

The Senate Finance Committee draft of SB 217 includes language that authorizes AHFC to acquire the building they currently reside in at 4300 Boniface Parkway in Anchorage. The estimate is for a building cost of no more than \$14.5 million, of which \$5 million will be a land exchange with the Tatitlek Corporation and \$9.5 million will be from the sale of 25 year bonds. The Corporation expects a savings of purchasing the building compared to continuing to lease of approximately \$15.2 million in net present value cost.

The bill also authorizes AHFC to acquire or purchase a site for relocating its public housing client intake and assisted housing center in Anchorage for an amount not to exceed \$3.5 million. AHFC already has federal and corporate funds in hand that would allow this transaction to occur without the need for a new appropriation.

# FISCAL NOTE

**STATE OF ALASKA**  
**2010 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
 Bill Version: SB 217  
 (S) Publish Date: 2/5/10

Identifier (file name): 0879-DOR-AHFC-12-17-09 Dept. Affected: Revenue  
 Title: AHFC Veterans Housing Loan Bonds RDU: Alaska Housing Finance Corp.  
 Component: Operations  
 Sponsor: Rules Committee  
 Requester: Governor Component Number: 110

**Expenditures/Revenues** (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Contractual	150.0							
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
<b>TOTAL OPERATING</b>	<b>150.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>								
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<b>CHANGE IN REVENUES ( )</b>								
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
AHFC Receipts	150.0							
<b>TOTAL</b>	<b>150.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2010) cost: \_\_\_\_\_

**POSITIONS**

Full-time								
Part-time								
Temporary								

**ANALYSIS:** (Attach a separate page if necessary)

This bill authorizes a statewide public vote on \$600 million in revenue bonds to finance the Veterans Mortgage Program. Alaska is one of five states in the nation that established this program under the federal tax code. AHFC administers the program on behalf of the State.

Costs associated with the issuance of these bonds are anticipated to be covered with annual operating budget authorizations. Anticipated costs related to voter information education and dissemination about the bonds and the program will be approximately \$150,000.

If approved by voters, bond issuances in the future will be done based on loan demand.

Prepared by: Bryan Butcher, Director, Gov't Relations/Public Affairs  
 Division: Alaska Housing Finance Corporation  
 Approved by: \_\_\_\_\_

Phone 330-8445  
 Date/Time 2/4/10 12:00 AM  
 Date \_\_\_\_\_

# FISCAL NOTE

**STATE OF ALASKA**  
**2010 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: SB 217  
 (S) Publish Date: 1/19/10

Identifier (file name): 0879-DOR-AHFC-12-17-09 Dept. Affected: Revenue  
 Title: AHFC Veterans Housing Loan Bonds RDU: Alaska Housing Finance Corp.  
 Component: Operations  
 Sponsor: Rules  
 Requester: Request of Governor Component Number: 110

**Expenditures/Revenues** (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Contractual	150.0	150.0						
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
<b>TOTAL OPERATING</b>	<b>150.0</b>	<b>150.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>								
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<b>CHANGE IN REVENUES ( )</b>								
-------------------------------	--	--	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
AHFC Receipts	150.0	150.0						
<b>TOTAL</b>	<b>150.0</b>	<b>150.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2010) cost: \_\_\_\_\_

**POSITIONS**

Full-time								
Part-time								
Temporary								

**ANALYSIS:** (Attach a separate page if necessary)

This bill authorizes a statewide public vote on \$800 million in revenue bonds to finance the Veterans Mortgage Program. Alaska is one of five states in the nation that established this program under the federal tax code. AHFC administers the program on behalf of the State.

Costs associated with the issuance of these bonds are anticipated to be covered with annual operating budget authorizations. Anticipated costs related to voter information dissemination about the bonds and the program will be approximately \$150,000.

If approved by voters, bond issuances in the future will be done based on loan demand.

Prepared by: Bryan Butcher, Director, Gov't Relations/Public Affairs  
 Division: Alaska Housing Finance Corporation  
 Approved by: Ginger Blaisdell, Director  
Administrative Services Division

Phone 330-8445  
 Date/Time 12/17/09 12:00 AM  
 Date 1/6/10; 1:38pm

**Issue Brief**  
**Alaska Housing Finance Corporation, Public Housing Division**  
**Space Requirements for the Anchorage Intake Office**

**The Issue:** The Anchorage intake office, also known as the Family Investment Center (FIC), no longer meets the needs of the low income families served by the AHFC Public Housing Division. Problems with the current site include: (1) inadequate access issues which are particularly severe for persons with disabilities, attributed to the building design and the lack of bus route to the building; (2) the absence of sufficient parking for both our customers and staff; (3) the need for substantial physical improvements to address Section 504 accessibility issues, and the potential for other expensive improvements resulting from code compliance issues; (4) the option of leased space is impractical – combined revenue from tenant paid rent and federal operating subsidy is insufficient to pay for a commercial space.

**Recommendation:** AHFC is seeking approval from the Alaska Legislature for either the purchase, or design/build of a new Anchorage intake office. The new facility would include all the Anchorage intake functions, the Housing Choice Voucher staff, and the AHFC computer learning center, under one roof. The estimated size of a new facility is about 10,000 square feet.

This authorization would not require any additional fiscal note. Instead, a combination of bond funds originally appropriated for the FIC renovation, funds previously appropriated for an Anchorage east side maintenance shop, and use of the federal Capital Fund Program would cover the cost. Staff estimates it could enter into a design/build arrangement or purchase an existing building for approximately \$3 million.

**Background:**

1. The building was constructed in 1978 as an RV repair center. The FIC is a two story building located at 624 W. International Airport Road. The alley side of the building contains three bay-doors that access an AHFC records retention center. The intake office, serving the public housing and Housing Choice Voucher rental assistance program for the entire Anchorage area, is housed on the second floor. Public access is limited to one elevator or a single flight of stairs.

Based upon a recent appraisal report, the property was rated in average condition; however, the authors noted the building design and layout were not conducive to its current usage, stating that past conversions to office space "...were not ideal and the design would not be replicated today. However, the building is functional for Class C office and warehouse space."

Public access to the building and within it is difficult. Well over a third of the Public Housing Division clientele are people with disabilities. Persons who rely on public transportation must disembark from the People Mover bus on Arctic Street, north of International Airport Road. They must then cross the intersection and walk well over 100 yards to building entrance. Sidewalk snow removal is frequently lacking making wheel chair access a virtual impossibility from the bus stop. Once inside, clientele experience a lobby inadequate in size that frequently does not afford sufficient seating for the 90 to 100 daily visitors.

Because of the public access requirements, the building must comply with the Americans with Disabilities Act (ADA). Based upon a review by the U.S. Department of Housing & Urban Development, a number of Non-Housing Program areas could not be certified as being in compliance with the ADA. A subsequent "Voluntary Compliance Agreement" was executed in September 2008 between HUD and AHFC. It requires full compliance with the ADA within five years. Based upon prior engineering and architectural studies of the building, a substantial financial investment is needed to address various building upgrades including compliance with the Uniform Federal Accessibility Standards necessary to satisfy the ADA and the HUD agreement.

2. Parking is insufficient due to the loss of 50 leased spaces along the back alleyway. Only 40 spaces remain in the front of the building; serving approximately 30 staff and the public. In the winter, parking is further decreased by 4-5 spaces due to snow removal. Visitors that cannot find parking will either double park causing traffic jams, or park at the strip mall across the street, and then cross International Airport Road to get to the FIC. Because of inadequate parking, AHFC must conduct weekly briefing classes for new participants at the Loussac Manor property, about four miles from the FIC. In the summer of 2010, AHFC will lose that option with Loussac Manor scheduled for demolition – the first phase of redevelopment of that property.
3. A professional site assessment of the property and structure was completed by GDM Inc., Architects & Engineers, in August 1998. The assessment addressed the condition of the building with respect to a 30-year life expectancy of the structure, code compliance, energy efficiency, life safety, and accessibility. The cost estimate totaled \$1,595,859 to make all the necessary repairs needed for the building to its intended uses. Using a conservative escalation factor to account for increases in material cost since 1998, new code requirements and cost to administer the construction, the estimated cost to repair the building now is approximately \$3,500,000. A recent summary appraisal report of the FIC established a current value at \$3,000,000.
4. Staff examined the alternative for renting commercial real estate. In making this assessment, it examined five properties offering the required size and access needed; the average cost per square foot was estimated at \$2.50. The Public Housing Division must operate its public housing program in compliance with HUD asset management principles. Revenue available to the asset management properties is insufficient to support commercially available class B rental space.

Discount Rate 6.500%  
 Inflation Rate 3.000%

**Net Present Value Cost** 30,359,259  
 57,800 sq. ft

**Net Present Value Cost** 20,825,076

**Lease**

Base 1,224,627 \$ 1.76 per square ft.  
 2017 \$ 3.50 per square ft.

**Purchase**

\*\*\* 12,500,000

550,000 Operating Expenses

Yr	Payment	Inflation	Total Lease	Yr	Maintenance	Total Cost
1	1,224,627	11,022	1,235,649	1	550,000	550,000
2	1,235,649	11,121	1,246,769	2	566,500	566,500
3	1,246,769	11,221	1,257,990	3	403,495 **	403,495
4	1,257,990	11,322	1,269,312	4	415,600	415,600
5	1,269,312	11,424	1,280,736	5	428,068	428,068
6	1,280,736	11,527	1,292,263	6	440,910	440,910
7	1,292,263	11,630	1,303,893	7	454,137	454,137
8	2,427,600 *	21,848	2,449,448	8	467,761	467,761
9	2,449,448	22,045	2,471,493	9	481,794	481,794
10	2,471,493	22,243	2,493,737	10	496,248	496,248
11	2,493,737	22,444	2,516,181	11	511,135	511,135
12	2,516,181	22,646	2,538,826	12	526,469	526,469
13	2,538,826	22,849	2,561,676	13	542,264	542,264
14	2,561,676	23,055	2,584,731	14	558,531	558,531
15	2,584,731	23,263	2,607,993	15	575,287	575,287
16	2,607,993	23,472	2,631,465	16	592,546	592,546
17	2,631,465	23,683	2,655,148	17	610,322	610,322
18	2,655,148	23,896	2,679,045	18	628,632	628,632
19	2,679,045	24,111	2,703,156	19	647,491	647,491
20	2,703,156	24,328	2,727,484	20	666,916	666,916
21	2,727,484	24,547	2,752,032	21	686,923	686,923
22	2,752,032	24,768	2,776,800	22	707,531	707,531
23	2,776,800	24,991	2,801,791	23	728,757	728,757
24	2,801,791	25,216	2,827,007	24	750,620	750,620
25	2,827,007	25,443	2,852,451	25	773,138	773,138
26	2,852,451	25,672	2,878,123	26	796,332	796,332
27	2,878,123	25,903	2,904,026	27	820,222	820,222
28	2,904,026	26,136	2,930,162	28	844,829	844,829
29	2,930,162	26,371	2,956,533	29	870,174	870,174
30	2,956,533	26,609	2,983,142	30	896,279	896,279
31	2,983,142	26,848	3,009,990	31	923,167	923,167
32	3,009,990	27,090	3,037,080	32	950,862	950,862
33	3,037,080	27,334	3,064,414	33	979,388	979,388
34	3,064,414	27,580	3,091,994	34	1,008,770	1,008,770
35	3,091,994	27,828	3,119,822	35	1,039,033	1,039,033
36	3,119,822	28,078	3,147,900	36	1,070,204	1,070,204
37	3,147,900	28,331	3,176,231	37	1,102,310	1,102,310
38	3,176,231	28,586	3,204,817	38	1,135,379	1,135,379
39	3,204,817	28,843	3,233,661	39	1,169,441	1,169,441
40	3,233,661	29,103	3,262,764	40	1,204,524	1,204,524

**Assumptions:**

\* Lease at current rate plus increments for inflation. Rate increases to current market at the end of the lease in 2017.

\*\* Purchase includes \$550,000 per year in operating costs, reduced by anticipated \$180,000 energy savings and in-house management from improvements to HVAC and lighting systems in year 3.

\*\*\*The purchase price is a not to exceed amount.



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**ALASKA HOUSING FINANCE CORPORATION  
VETERANS MORTGAGE LOAN PROGRAM ACTIVITY  
FISCAL YEAR 1994-2010**

Fiscal Year	Number Of Loans	Loan Total
2010	54	\$11,728,123
2009	168	\$40,134,867
2008	230	\$51,046,577
2007	270	\$58,411,919
2006	44	\$11,549,485
2005	57	\$12,260,899
2004	125	\$25,472,549
2003	187	\$38,782,068
2002	315	\$59,339,089
2001	430	\$73,184,764
2000	496	\$85,877,200
1999	540	\$91,249,038
1998	597	\$93,885,910
1997	340	\$52,161,904
1996	246	\$35,650,186
1995	482	\$68,947,388
1994	177	\$24,435,920
<b>Total</b>	<b>4758</b>	<b>\$834,117,886</b>

**On January 25, 2010, Standard and Poor's looked at the delinquency rates of the loan portfolios of 34 state Housing Finance Agency bond programs. Of those, the Alaska Housing Finance Corporation's Veterans Mortgage Loan program had the LOWEST delinquency rate of any other state program at 1.28 percent.**



**"HOUSING FOR ALASKANS"**

