

**3/10/09
PRESENTA-
TION:
ALASKA
HOUSING
FINANCE
CORPORATION**

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HOUSING FINANCE
CORPORATION</subject><comm>SFIN26</comm></target>



Alaska's Housing Market 2009

Alaska Housing Finance Corporation

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? 4th Quarter 2008

- Mortgage Bankers Association survey – 7.88 percent nationally
 - In Alaska our rate was 3.81 percent — the second lowest in the nation
 - AHFC’s delinquencies—4.11 percent
- Alaska’s delinquency rate reached 5.9 percent in 2000 and 2001



Foreclosures 4th Quarter 2008

- Alaska ranks 50th in foreclosures at .90 percent
- Less than one-third the national average of 3.3 percent



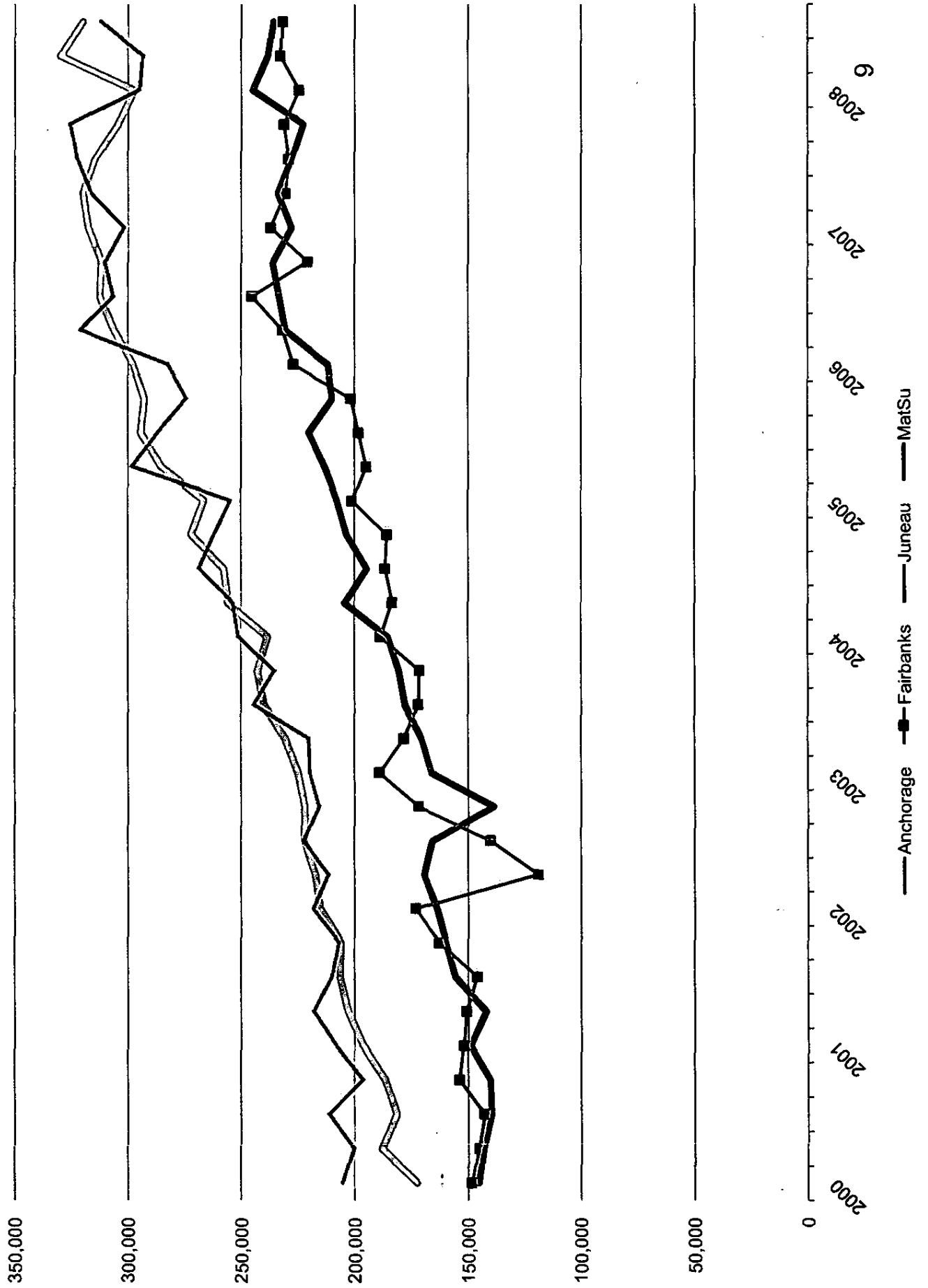
Market is cooling

- 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)
- Bethel \$233,213 (-2.3%)
- Fairbanks \$214,000 (-.004%)
- Mat-Su \$221,000 (stable)
- Nome \$185,000 (-15.9%)
- Sitka \$295,333 (-12.3%)

Average Sales Price Reported By Lenders



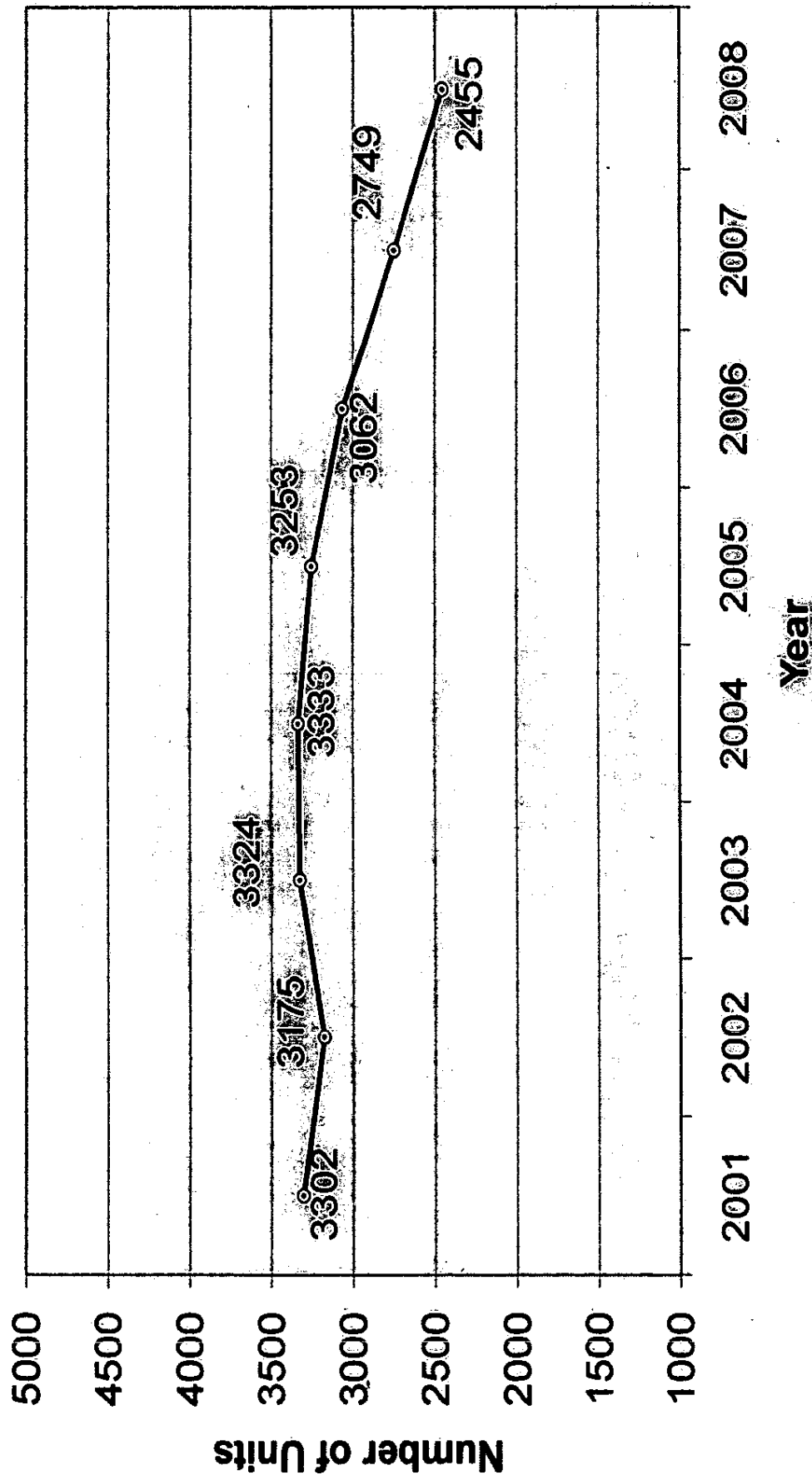


Statewide Housing Market – 2008

Sales Activity

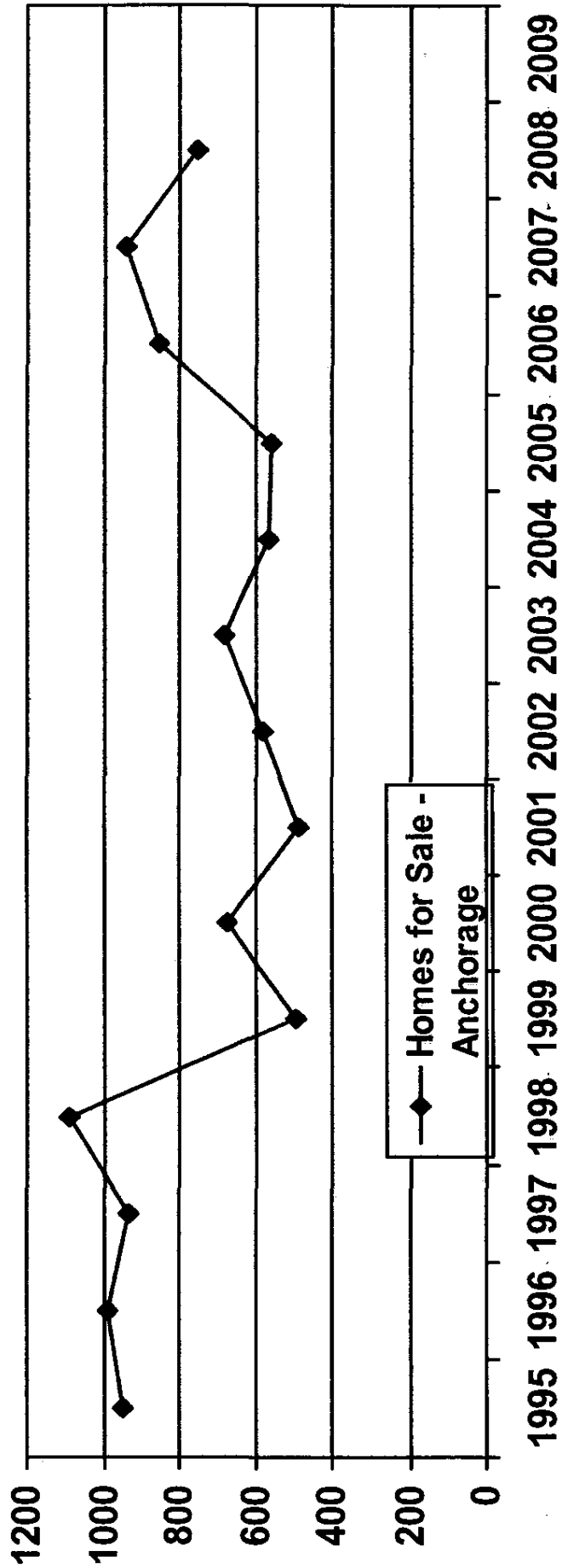
- Anchorage -10%
- Mat-Su -20%
- Fairbanks -14%
- Kenai -17%
- Kodiak -.05%

Annual Residential Sales Activity





Number of Homes for Sale - Anchorage





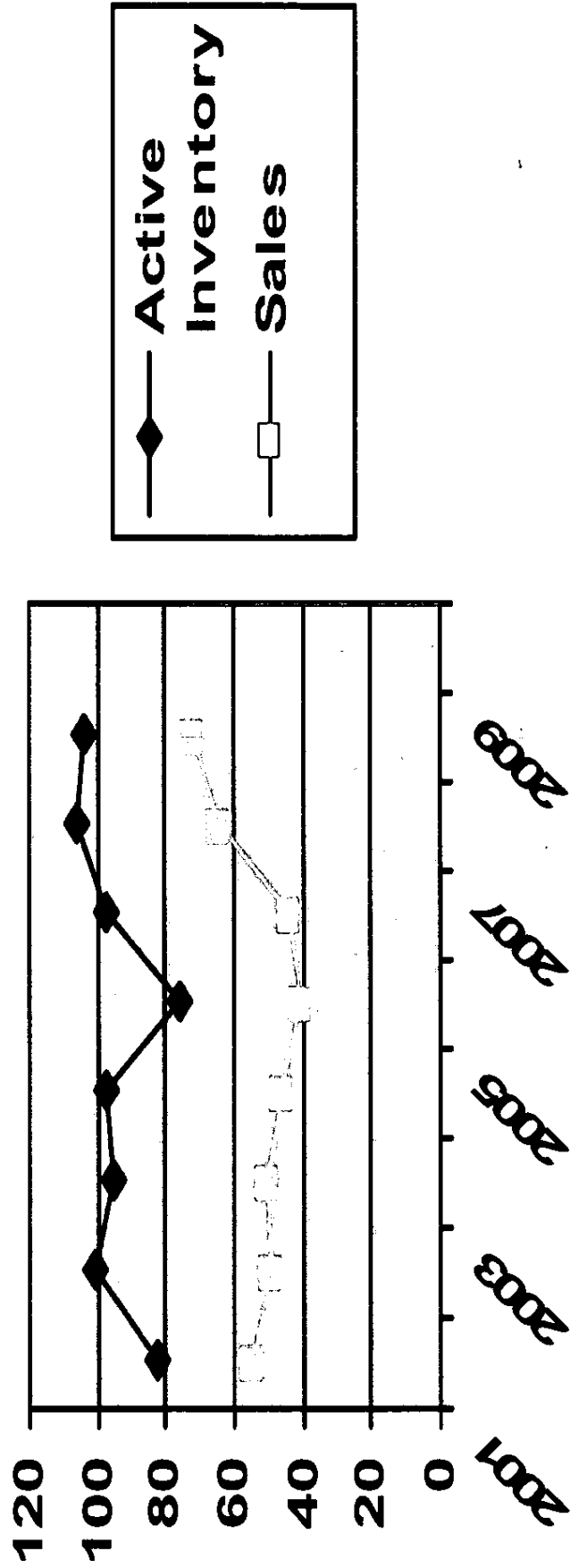
Average Market Days – Statewide Through Dec. 2008

	2007	2008	
• Anchorage	64	72	(+13 percent)
• Mat-Su	79	92	(+16 percent)
• Fairbanks	50	74	(+48 percent)
• Kenai:	103	116	(+13 percent)
• Kodiak:	68	85	(+25 percent)

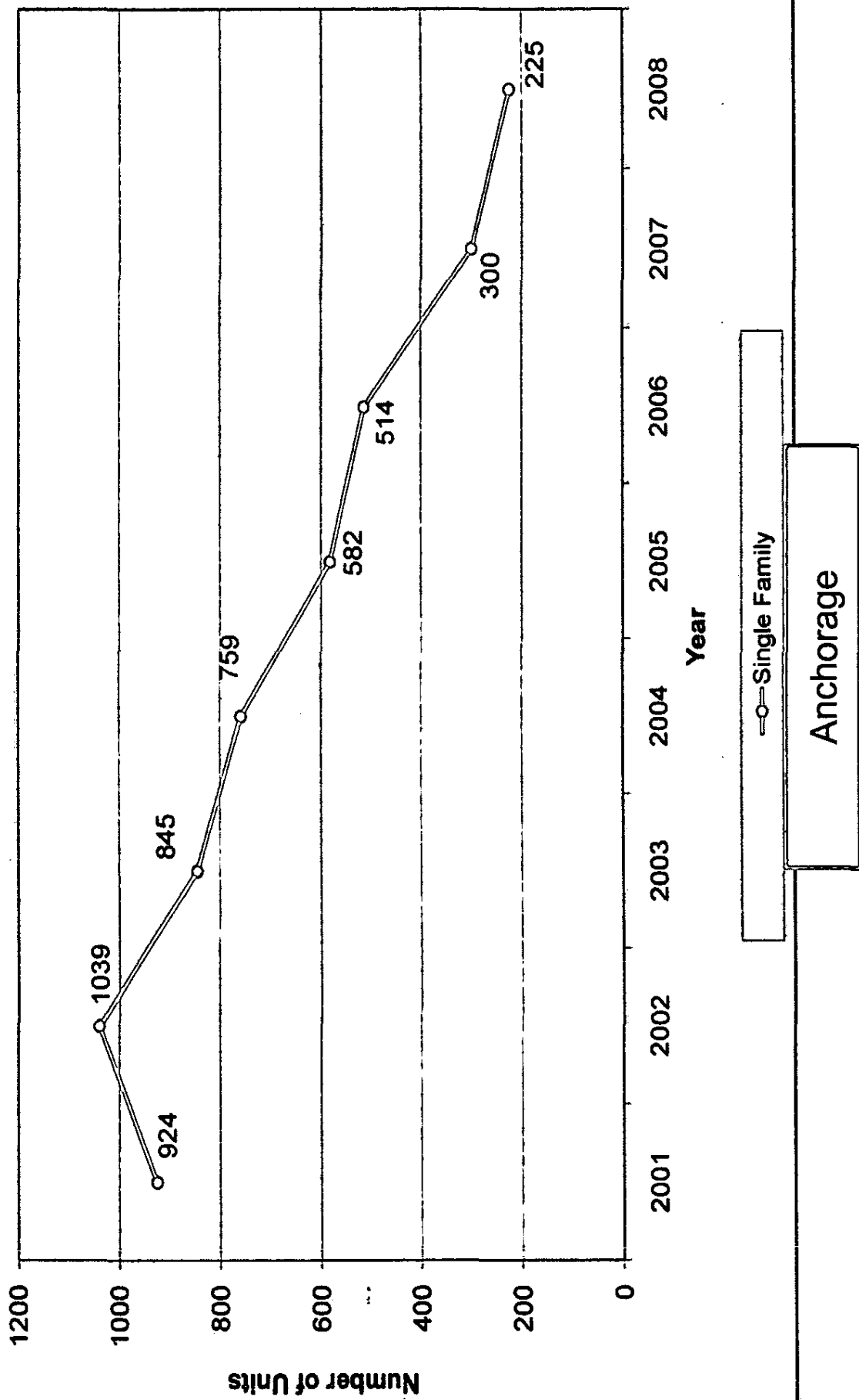


How long does it take to sell?

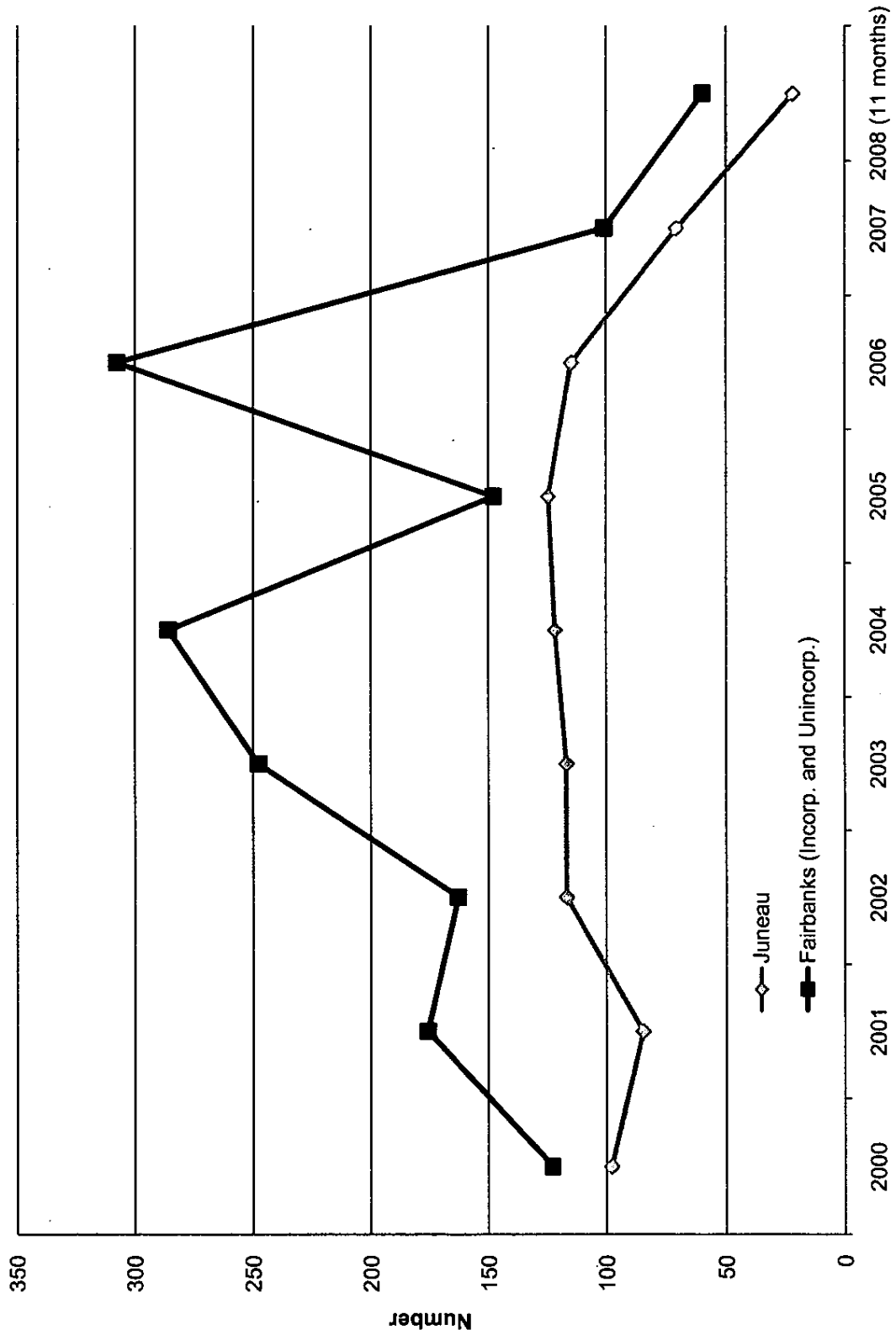
Average time on the market – Anchorage



Annual Residential Building Permit Activity



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%



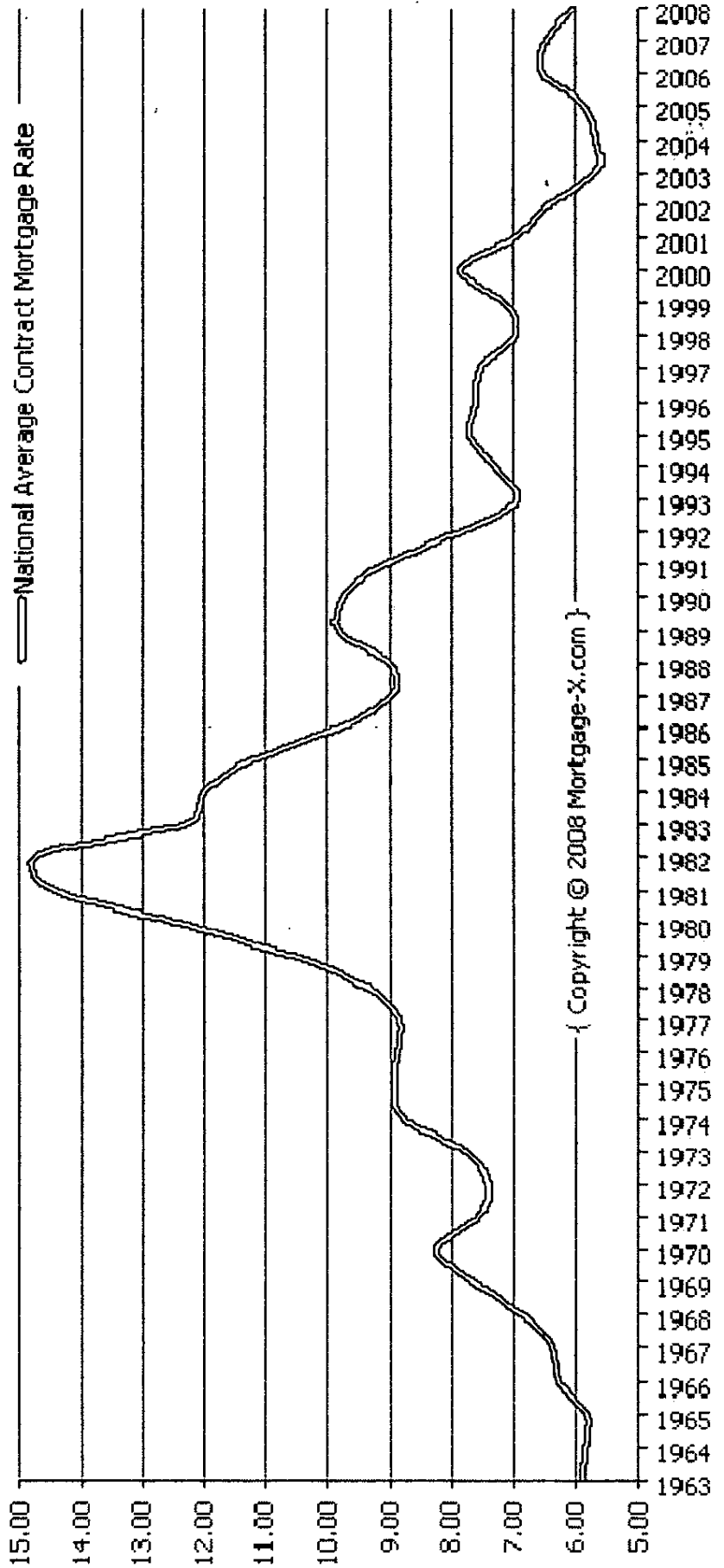
How about interest rates?

- 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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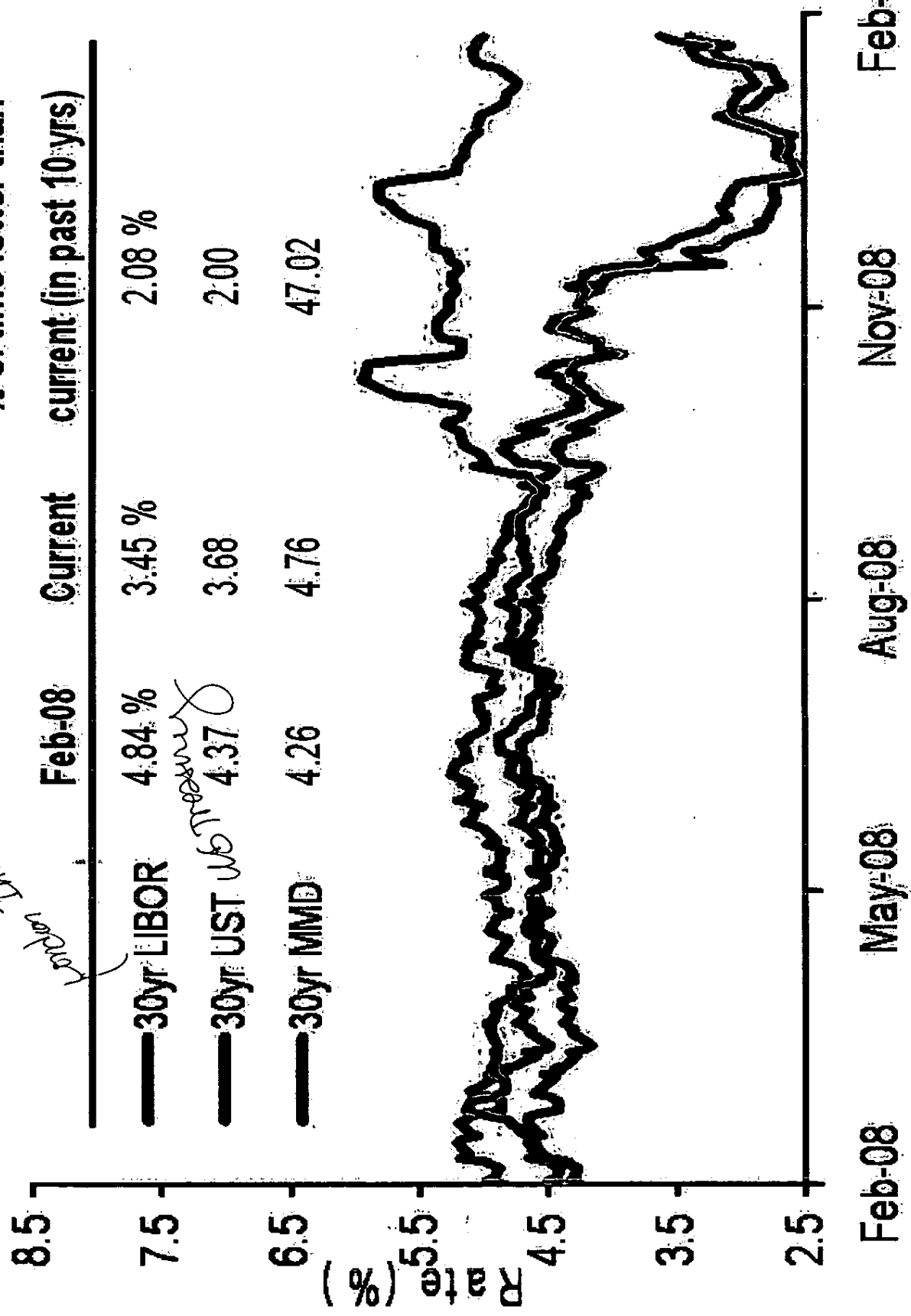


Interest rates as low as the '60s National Average Mortgage Rate 1963 - 2008

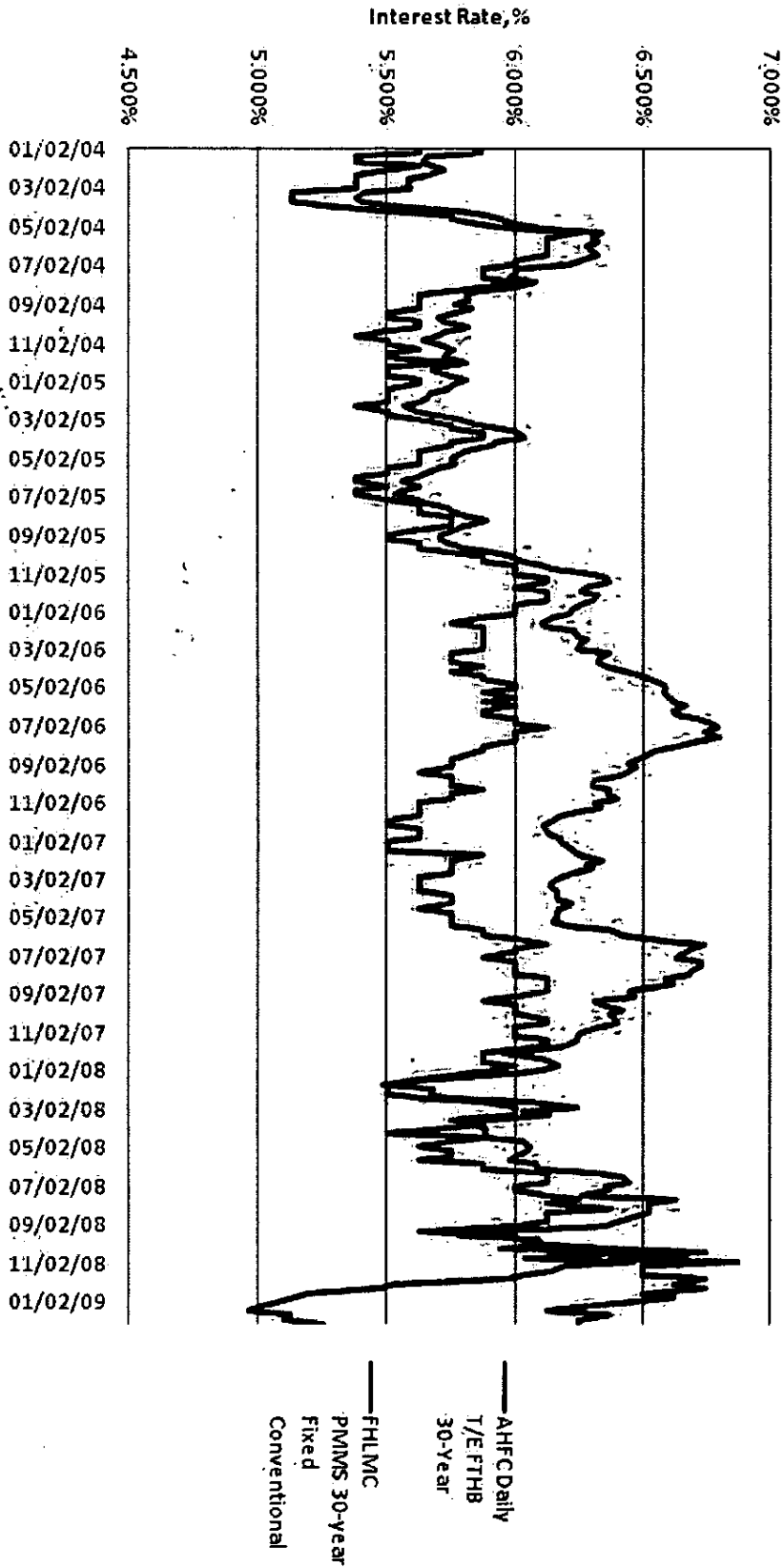


London Interbank Offerings Rate

% of time lower than current (in past 10 yrs)



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

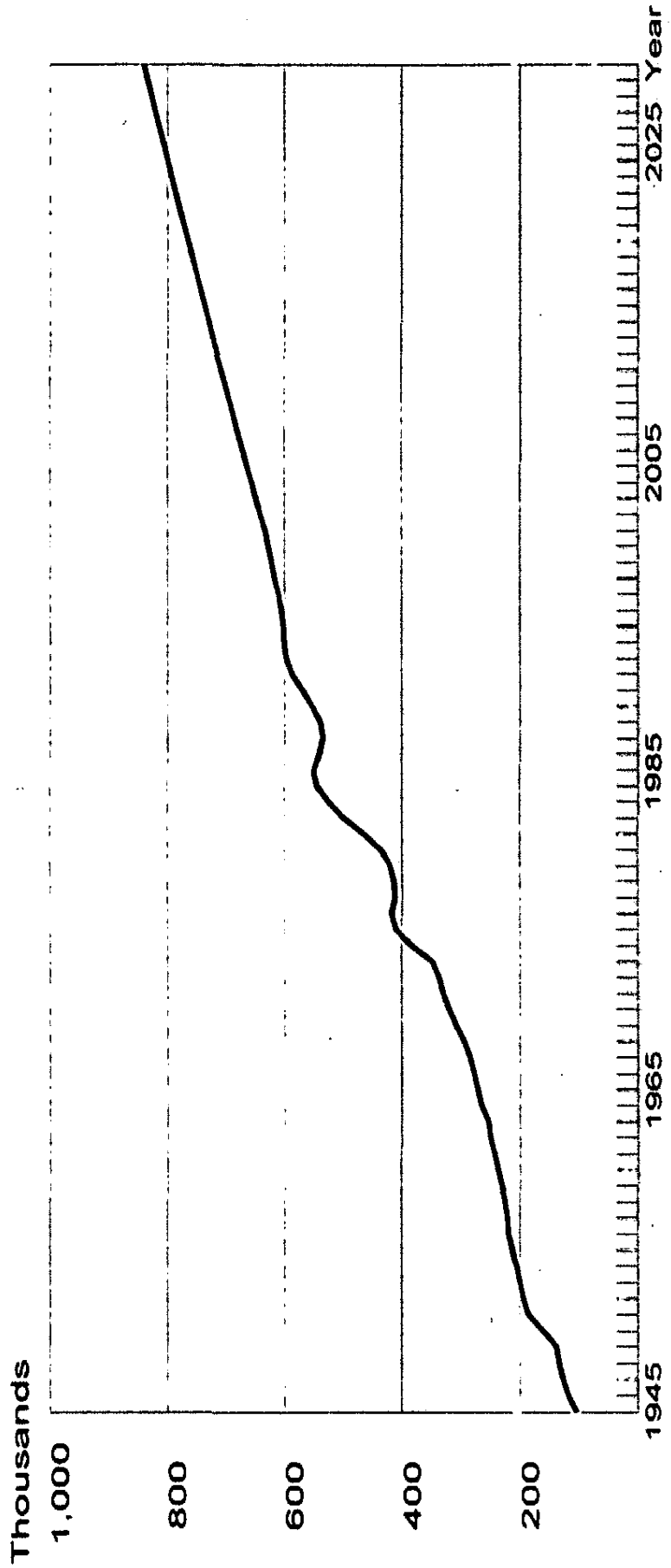
- 1 percent decrease in interest rates roughly translates into a 10 percent increase in homebuyer purchasing power



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***

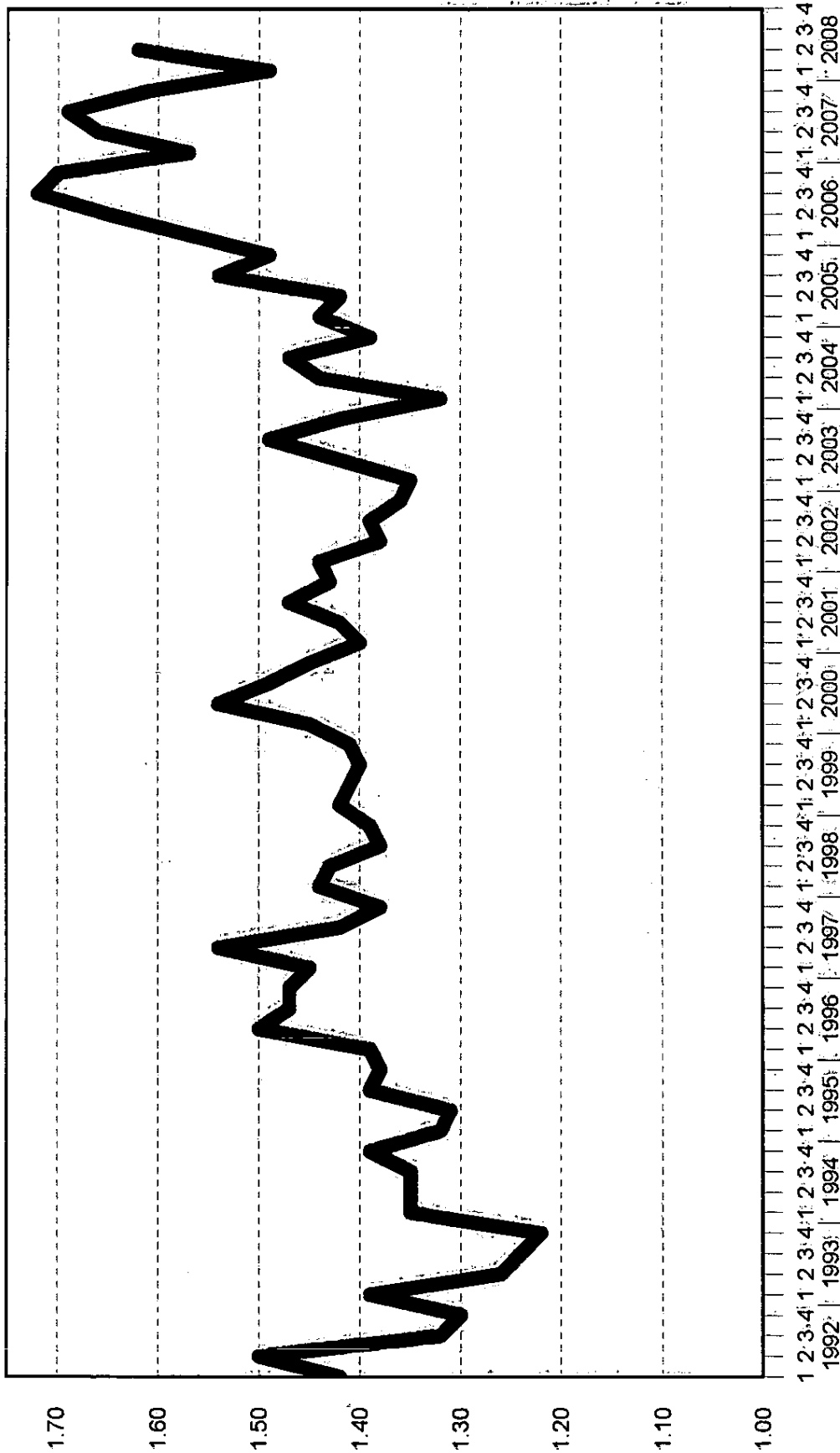


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Alaska Affordability Index

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

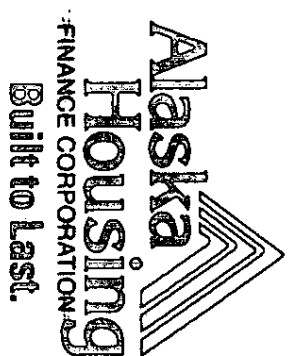
- **Total spending**
 - \$7.1 billion, down 3 percent
- **Private-sector spending**
 - \$4.3 billion, down 12 percent
- **Public-sector spending**
 - \$2.7 billion, up 16 percent

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

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

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Housing for Alaskans.

Energy-Efficiency Programs

Progress Update for Alaska Legislature 3-4-2009



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 next calendar year)
- **Large training component for both programs**



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Allocations

	Rebate	Weatherization
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

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



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Weatherization PROGRAM

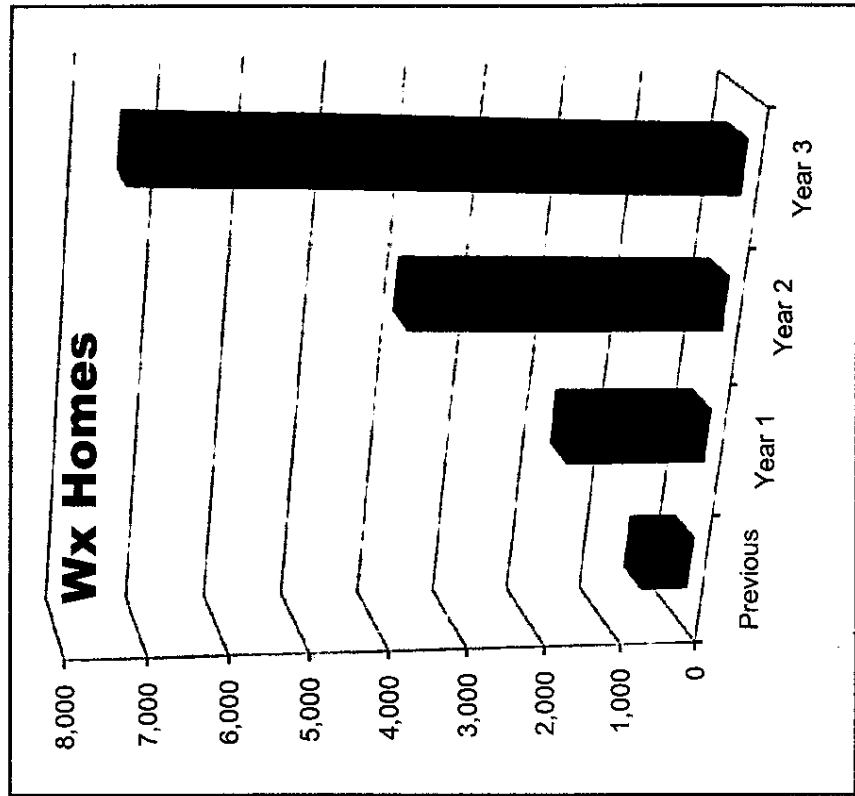


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Weatherization PROGRAM

Progress Report

- Previous program weatherized 600 homes.
- This year that number will triple to 1800.
- Year 2: 4000
- Year 3: 7500
- Statewide weatherization providers and housing authorities continue ramping up.

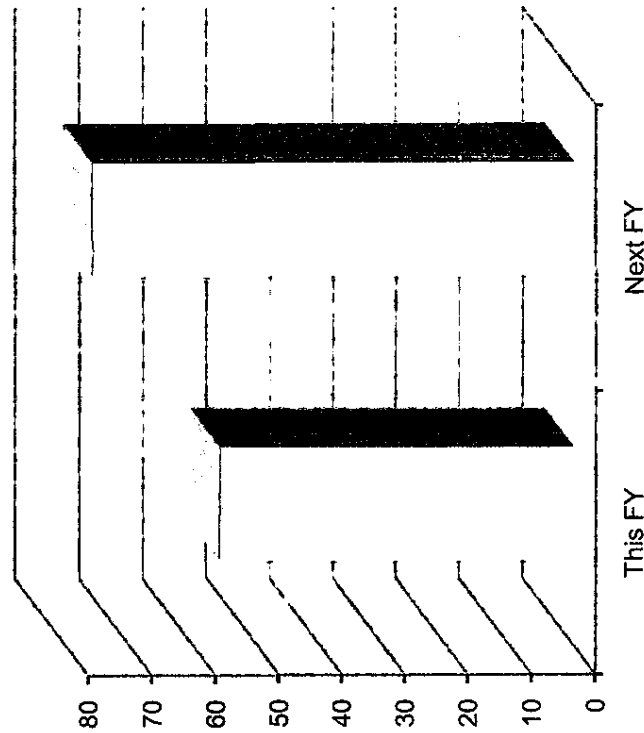


Weatherization PROGRAM

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 90 next year.
- Statewide weatherization providers & housing authorities continue ramping up.

Wx Communities/Areas Served



Weatherization PROGRAM

Program Snapshot Weatherization homes this fiscal year



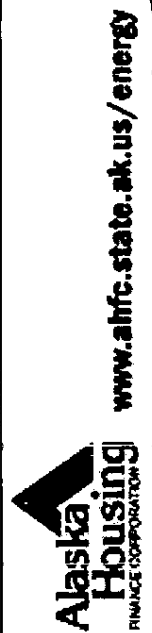
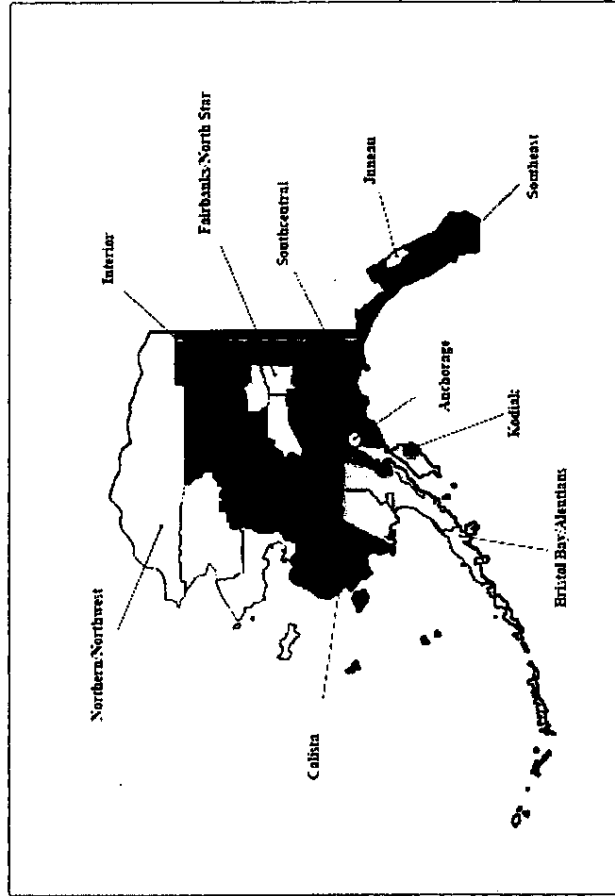
Current Status of Wx Homes

700	Completed
500	Near Completion
600	Assessment/Early Construction



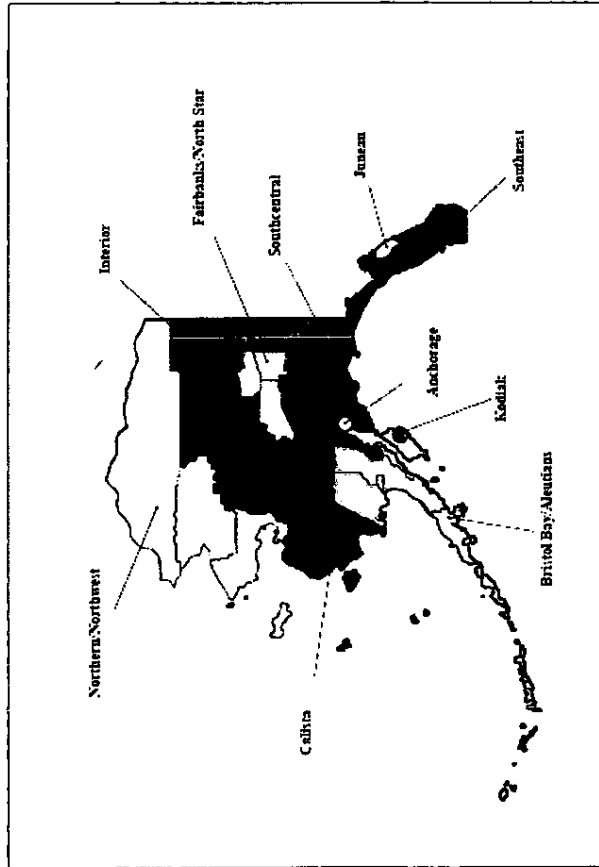
Statewide Weatherization Providers

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



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



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Home Energy Rebate PROGRAM

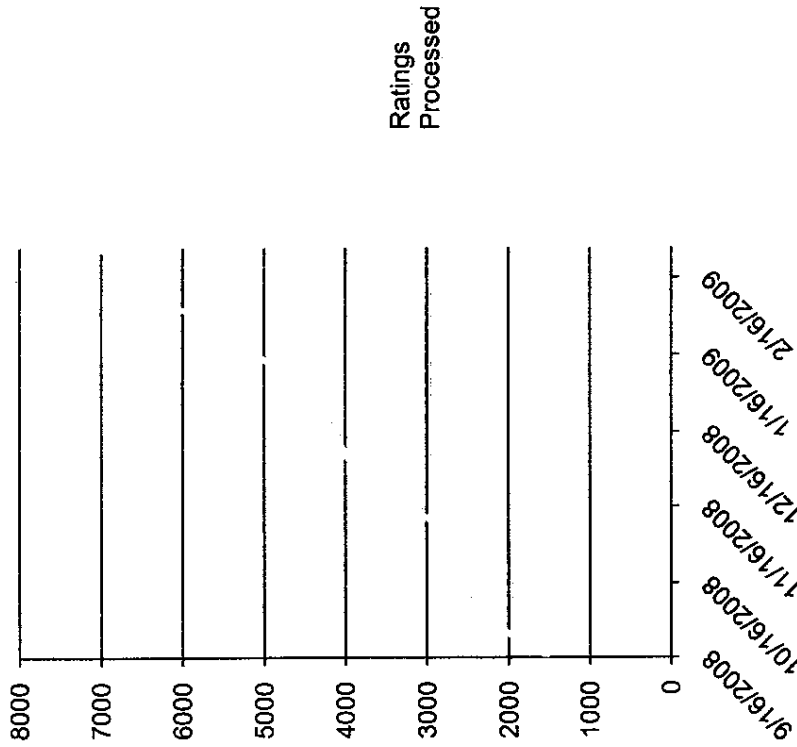


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Home Energy Rebate PROGRAM

Ratings Processed

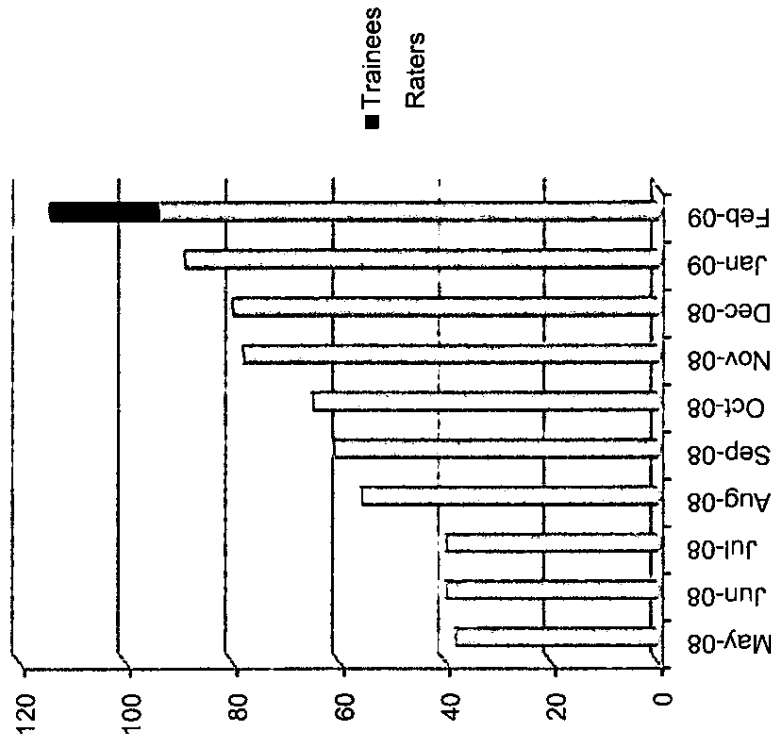
- Estimate: Over 8000 ratings performed by raters
- 7002 ratings processed
- Approximately \$66.3 million committed
- 100-150 applications received per day
- Over 200 inquiries per day
- 417 Post-Improvement rebates paid average: \$5909
- 187 New 5 Star Plus rebates paid totaling \$1.4 million




Home Energy Rebate PROGRAM

Rater Availability

- Raters
 - 38 at program start
 - 94 at present
 - 20 in training status
- Roving rater program
- Centralized sign-up list
 - www.akrebate.com or call 1-877-AK-REBATE
 - Ability to check place on waiting list





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2/25/2009

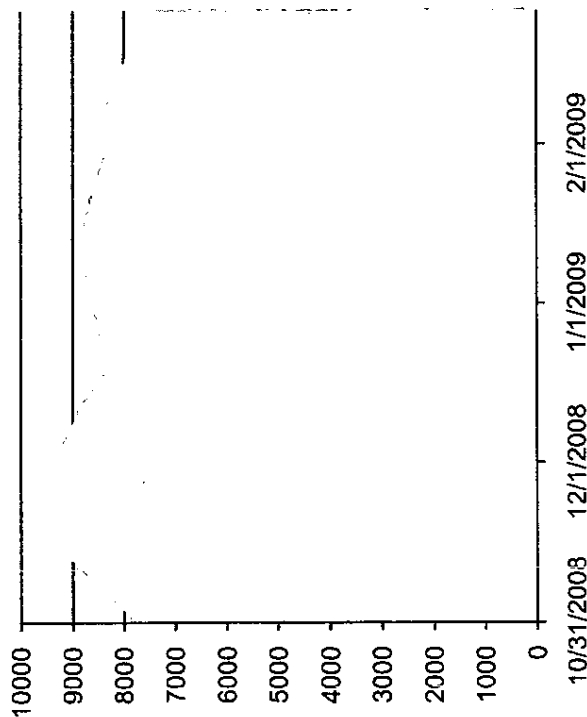
Home Energy Rebate PROGRAM

Wait List

Statewide: 7724


Sample Communities

- Anchorage-5888
- Kodiak-182
- Juneau-128
- Fairbanks-25
- Dillingham-6



Total Dispatched: 8323

2/27/2009



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Home Energy Rebate PROGRAM

Program Snapshot

Rebates vs. Amount Spent by Sampled Homeowners

AHFC Rebate Amount

\$1,782,664

divided by 300 rebates

= **\$5942** average rebate

Homeowner Paid Costs

\$9,470 average spent
divided by 300

= **\$9,470** average spent

- \$5942 average rebate

= **\$3528** homeowner investment



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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

Home Energy Rebate PROGRAM

Average Savings per Home by Fuel Type

Fuel Type	Average Saved	Sampled Homes
Electric	699 kwh	260
Natural Gas	783 ccf	150
#1 Oil	444 gallons	24
#2 Oil	668 gallons	85
Propane	149 gallons	17
Spruce	3 cords	9
Birch	1 cord	11
Coal	2 tons	1

3/4/2009



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



Alaska Housing
FINANCE CORPORATION
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Training/Education

Massive training effort underway for:

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



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Training Progress Report

April-December 2008

Professional Classes: 121

Professional Students: 2615

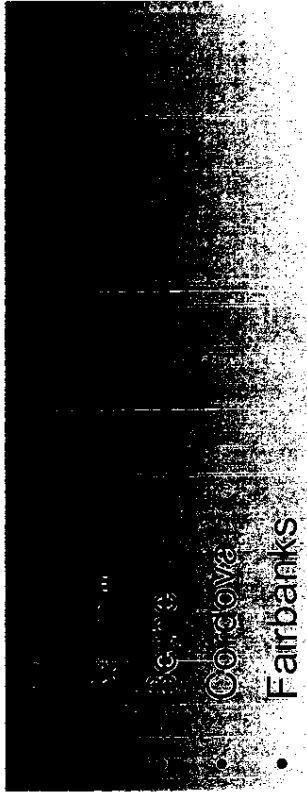
Consumer Classes: 13

Consumer Students: 464

TOTAL Classes: 134

TOTAL Students: 3079

Training provided in 14 regional communities



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



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Weatherization
PROGRAM
Home Energy Rebate
PROGRAM

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
- Denali Commission
- Opportunity Council
- Building Performance Institute



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Housing for Alaskans.

Energy-Efficiency Programs



Weatherization
PROGRAM

Home Energy Rebate
PROGRAM