

Alaska Housing Finance Corporation's
HomeChoice Program
"Home Ownership: Empowering New Buyers"

HomeChoice is innovative, empowering approximately 3,000 new homebuyers last year (over 39,000 since 1994) to make informed decisions about purchasing and financing a home. Innovation occurs continuously as core *HomeChoice* content and materials must be adapted and updated to meet buyer needs and remain relevant in multiple housing markets across a geographically huge state.

In this award year for example, the Alaska Legislature authorized significant new funding to AHFC to encourage *homeowners* to increase home energy-efficiency. This challenged *HomeChoice* to add the full array of *pre-and-post* purchase opportunities to help *homebuyers* evaluate and stage improvements. Educated new buyers can combine the homebuyer interest rate reduction opportunity with homeowner weatherization (based on income-eligibility) or energy rebate programs. Additional state rebates and federal tax credits are available for those who purchase new homes. This innovation has been most welcome, as home energy-efficiency is of paramount interest to new buyers and homeowners alike.

Another example of innovation or qualitative improvement in FY 08 occurred when AHFC submitted the *HomeChoice: Steps to Homeownership* handbook for approval by the State of Alaska Office of Commerce and Economic Development to bear the "Made in Alaska" emblem. Signifying an original product entirely created and produced in Alaska, the symbol is used by artists, authors, brewers, craftsmen, farmers, manufacturers and publishers to name just a few examples of the businesses and services who proudly display it. Depicting polar bear mother and cub, the "Made in Alaska," logo now appears on the back of our *HomeChoice* manual.

Equally important to innovation, "empowering new buyers" means much more than education, simple delivery of information. AHFC's program name, *HomeChoice*, embodies this ideal. Instructors work to create "hands-on" learning opportunities to effectively engage participants with varied learning styles. Opportunities to practice are essential to build the confidence and skills necessary to ask questions and effectively compare loans, products and services. Participating new buyers spend time examining and questioning all typical forms and documents they will encounter in a normal transaction.

Participants also gain pressure-free access local homebuilders, lenders, Realtors, appraisers, home inspectors, insurance agents, title officers and other industry professionals who attend *HomeChoice* seminars either to make a brief presentation to the seminar, or for their own continuing education, re-certification, licensing or training purpose. Mixing industry professionals side by side with new buyers creates dynamic discussions and encourages community-building.

The empowerment process begins with a choice of how to participate:

1. Attend a free, eight hour *HomeChoice* seminar conducted in their community, or
2. A Home Study option requires reading the *HomeChoice: Steps to Homeownership* manual, completing Worksheets and taking a test at their convenience. About sixty people took the home study option last year.

In either case, each participant receives the *HomeChoice: Steps to Homeownership* manual, available in three formats:

1. Book
2. Compact disc (c-d)
3. Free download on pdf at www.ahfc.state.ak.us

Book and c-d are available upon request. A number of libraries around the state make copies available.

The *HomeChoice: Steps to Homeownership* manual consists of four chapters: "Preparing for Homeownership," "Money Matters," "The Home Purchase" and "Responsible Homeownership." A central Glossary is followed by a section of "Worksheets." While most of the materials used in the seminar are contained in the workbook, the Worksheets section is designed for further self-assessment and study, and is integral to the Home Study option. A final "Forms" section containing most of the forms used in a typical transaction is reviewed in detail during class.

HomeChoice seminars are offered in several time formats sensitive to varied schedules:

1. Eight hour Saturday class (8:00 a.m. to 5:00 p.m.)
2. Eight hour weekday class
3. Two weekday evening sessions of four hours each (6:00-10:00 p.m.)

Invitations are mailed to all residents of the applicable zip code about eight weeks prior to an approaching *HomeChoice* seminar. Newspaper and radio public services announcements are scheduled to follow up. Participants may register by toll-free telephone call, mail or online at the AHFC website. Walk-in enrollment is permitted as space allows.

The *HomeChoice* Power Point presentation illustrates the core content of the *HomeChoice* seminar. Slides are easily and continuously updated by the instructor team to present current information on all federal, state and local homeownership assistance, credit, energy efficiency, loan programs, tax credit and rebate developments and programs as they become available.

HomeChoice is replicable: Many agencies, business and individuals use part or all of the program presentations, training or other business purposes. Supporting material packets provided with this application include a disc containing the *HomeChoice Power Point* presentation, the *HomeChoice: Steps to Homeownership* manual in all formats, a web page printout showing our Made in Alaska registration and the *HomeChoice* certificate of completion.

HomeChoice responds to an important state housing need: Alaskans are demographically younger, with slightly larger family size and more mobile than most Americans; many moving into and around the state for military, professional and government employment. Even in our three urban areas (20,000+ population,) but especially in communities off the road system, Alaskans face higher housing and home heating costs due to geographic and transportation factors. Many communities do not have a local bank, home inspector, title company or Realtor. Residents often work across long-distance to accomplish a home purchase. AHFC's *HomeChoice* serves as an authoritative and unifying resource to all communities.

HomeChoice demonstrates measurable benefits to HFA targeted customers: Those who complete the program (by class attendance or home study) receive a certificate, valid for two years and worth up to \$250 off the commitment fee on their AHFC loan. Many AHFC-approved and other lenders choose to credit a matching amount from their fees for competing loan products so the consumer receives a dollar value for completion of the program in most cases.

Only one AHFC loan option, the Interest Rate Reduction to Low-Income Borrowers, requires completion. All other AHFC loans offer the credit, but do not require completion of **HomeChoice**.

HomeChoice has a proven track record of success in the marketplace: **HomeChoice** is recognized throughout Alaska, from the few urban centers to extremely rural village communities, for delivering a consistent and effective homebuyer education program at no cost to local individuals, businesses, community and regional agencies. USDA, Neighbor Works and most other community and government housing agencies rely on **HomeChoice** to meet their homebuyer education requirements, so have not had to budget or implement such a program. The net effect is to bring together all new buyers in Alaska, mixing people with diverse cultures, educational attainment and incomes in the class as in the community. Approval for use of the official "Made in Alaska" emblem is an innovation of fiscal year 2008.

HomeChoice provides benefits that outweigh costs: Travel and personnel costs are more than offset by increased activity in our first time home buyer loans. AHFC purchased 1,353 first time home buyer loans totaling \$246,445,495 in FY08.

HomeChoice demonstrates effective use of resources: AHFC is a self-supporting public corporation with 5.4 million in assets. Funding for **HomeChoice** is budgeted within the Mortgage Department from corporate receipts. In FY08 three employees were assigned full-time to deliver 186 seminars statewide. As instructors travel to teach, they also meet with industry professionals to learn local needs and conditions.

HomeChoice effectively employs partnerships: Local lenders, Realtors and related industry professionals receive additional invitations by email, flyer, phone in addition to those visits, inviting them not only to refer participants but also to make a short presentation to the class. While professionals are prohibited from soliciting business during a seminar, they are welcome to place business cards on the information table. The opportunity to speak to classes increases the stake of business-owners and professionals in homebuyer education as well as participation in AHFC loan offerings.

It is significant that AHFCs **HomeChoice** seminar is approved by the Alaska Real Estate Commission and Alaska Home Builders Association for continuing professional education and re-certification/licensing renewal of their members. As Alaska's lenders come into compliance with new state licensing requirements effective in 2009, we are experienced an increase in attendance by lending professionals. Many small businesses in the industry here assign the **HomeChoice** seminar as part of employee orientation and training. Professional participants often express appreciation for the no-cost, *local* training opportunity.

HomeChoice achieves strategic objectives: **HomeChoice** continuously presents the availability and stability of AHFC loan programs as well as an overarching availability of homebuyer education in the public interest by popping up in mailboxes and local media in every real estate market across Alaska. Instructors and local speakers are thus afforded immediate opportunities to address national "bad news" with updated, local information at every stop.

Alaska homebuyers remain confident in the housing market despite the national decrease in consumer confidence. A June 2008 study conducted by Dittman Research and Communications Corporation revealed that 59 percent of Alaskans have a great deal of confidence or quite a lot of confidence in the strength of the Alaska housing market.