

AHFC 2011 Annual Report

Alaska Housing Finance Corporation

PLANNING & CONTENT

The objectives of the 2011 Alaska Housing Finance Corporation (AHFC) annual report were to: 1) Present the corporation's statewide offerings and accomplishments in 2011; 2) Build on the 40th anniversary theme to remind and reassure the target audiences that AHFC is well established and continues to contribute to Alaska's economic health and the residents' quality of life; 3) Develop content that is less corporate and presents AHFC through those who benefit from programs through testimonials; 4) Incorporate all branding graphics and messaging; and, 5) Present messaging that segues into and impacts the upcoming, larger 2012 multi-media campaigns designed to increase the AHFC housing loan portfolio by attracting potential homebuyers to classes that help them in the decision-making process.

Target audiences were the Alaska Legislature, the AHFC Board of Directors, and statewide Alaskans. All were reached by distributing 150 annual reports on key-shaped USB drives attached to a custom-designed postcard—"Your Key to the 2011 Annual Report"—to elected officials and the board of directors, placing a statewide public notice announcing availability of the annual report on the AHFC website, and posting an annual report link on the AHFC homepage, which receives about 25,000 unique visits a year, along with about 800,000 hits.

During a time when there is top-of-mind awareness about economic uncertainty—for the country, the state, and housing markets nationwide—producing a less expensive annual report and modernizing distribution sent a message that AHFC takes these times seriously and has Alaskans' best interests in mind, while also establishing an important precedent for the future development of annual reports that are contemporary and universally appealing.

CREATIVITY & QUALITY

The objectives were to: 1) Develop creative that would demonstrate a production cost savings from \$10,000 in 2010; 2) Weave the 40-year history of AHFC throughout; 3) Modernize the report graphically and functionally, while making sure that it resonates with all target audiences; 4) Distribute a report that was cost effective without sacrificing creative integrity and quality.

TECHNICAL EXCELLENCE

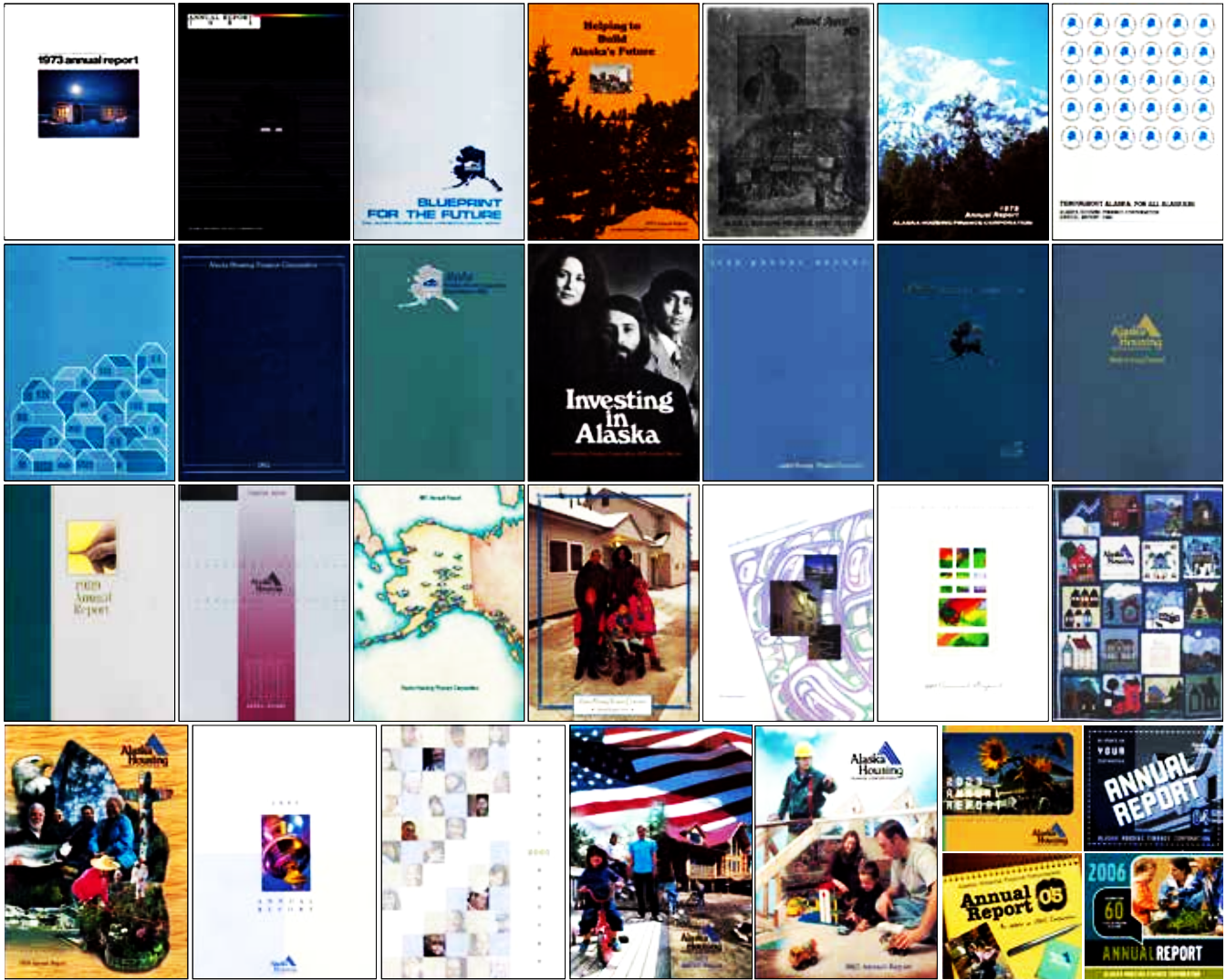
The objectives were to: 1) Modernize the annual report by replacing the print version with a high-quality, key-shaped USB drive and online link; 2) Develop technical improvements so that report is technically sophisticated, yet user-friendly, especially for remote Alaska communities statewide where connectivity and IT knowledge cannot be assumed; 3) Apply technical interface principles keeping within budget goals to make the report more affordable than previous print versions.

RESULTS

Since its release in January 2012, the 2011 report has achieved all intended measurable results and AHFC continues to be lauded by its target audiences for the new format. Within days of its release, in part recognizing AHFC's efforts, a State bill was amended to say that state agencies, including AHFC, must now produce annual reports electronically and post them on Internet, in lieu of traditional printing. Legislative staff appreciates the USB key and remembers receiving the innovative packaging. The board of directors reports wanting to build on the momentum of these improvements next year.

Annual report messaging is also impacting the current, larger multi-media campaign aimed at increasing the number of AHFC mortgages: there has been a 55 percent increase in Alaskans signing up for the AHFC first time homebuyer's class, which in turn drives traffic to the website marking a 19 percent increase since last year. A statistical comparison of the website homepage shows an increase in the number of unique visitors from January-February, where the annual report was released and was likely a draw to the website resulting from word of mouth and announcements. The production budget dropped from \$10,000 to \$2,000 resulting from changes. Distribution was also more far-reaching, increasing AHFC statewide outreach efforts, because it was not limited by prohibitive printing costs.

40 YEARS OF SERVING ALASKANS



2011 ANNUAL REPORT



OUR MISSION

To provide Alaskans access to safe, quality, affordable housing

Alaska Housing Finance Corporation (AHFC) is a self-supporting public corporation with offices in 16 communities statewide. We provide statewide financing for multi-family complexes, congregate facilities, and single-family homes, with special loan options for low- to moderate-income borrowers, veterans, teachers, nurses, public safety officers, and those living in rural areas of the state. AHFC also provides energy and weatherization programs, low-income rental assistance in 17 communities, and special programs for the homeless and those seeking to become self-sufficient. Since 1986, AHFC has contributed more than \$1.9 billion to Alaska's state budget revenues through cash transfers, capital projects and debt-service payments. As of the end of 2011, AHFC assets totaled \$2.7 billion.

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The Honorable Sean Parnell
Governor, State of Alaska
Juneau, Alaska

Dear Governor Parnell:

The year 2011 marks the 40th anniversary of Alaska Housing Finance Corporation (AHFC) as a self-supporting state agency with the mission of assisting Alaskans by providing safe, quality and affordable housing.

The trust the Alaska Legislature has placed in AHFC to tackle and solve difficult issues has proven to be of great benefit to all Alaskans. Over the past four decades, through its bond offerings, the corporation has funneled \$17 billion into the state. Using a commonly accepted formula, this translates into more than 10,000 jobs and \$6.6 billion in payroll.

Due to historically low interest rates lingering in response to the national housing crisis, 2011 also marks the second consecutive year AHFC reported a net loss of \$12.9 million, followed by a net loss of \$9.8 million in FY 2010. Short-term treasury yields dropped to just over zero percent during the fiscal year, forcing investment interest income down from a high in 2007 of nearly \$80 million to a low of just \$16.6 million in 2011, affecting net income as previously shown. Alaskans choosing to refinance their homes and take advantage of low mortgage rates caused the AHFC loan portfolio to decrease by 7.3 percent to \$2.76 billion.

In an effort to mitigate the negative impact of low interest rates, the AHFC Board of Directors directed management to develop an action plan focused on working closer with its business partners, lenders and real estate professionals to increase the loan portfolio. The operational improvement plan that will be fully implemented during FY 2012 includes a broad range of initiatives, including:

- Streamlining the AHFC loan process by replacing paperwork with electronic data
- Implementing more competitive terms for multi-family unit loans
- Making it easier to secure a second mortgage for home improvements by eliminating appraisals
- Targeting communications to specific groups of AHFC business partners such as mortgage originators, real estate professionals, builders and architects

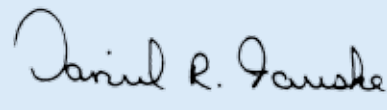
Despite FY 2011 difficulties, AHFC met its obligation to provide an annual contribution to the State of Alaska with payments and other transfers of \$20.3 million. This brings the total direct contribution to \$1.96 billion.

Financial markets remain confident in our business model, demonstrated by Standard & Poor's upgrade of the AHFC credit rating from AA to AA+ midway through the fiscal year.

For 40 years, AHFC has supported the housing needs of Alaskans statewide. With a diligent board and strong management, we look forward to overcoming the market obstacles and continuing our tradition of financing homes and strengthening Alaska's economy.



Franklin C. Roppel
Chair



Daniel R. Fauske
CEO, Executive Director

ALASKA HOUSING FINANCE CORPORATION BOARD OF DIRECTORS & CEO

The AHFC Board of Directors comprises commissioners of the Departments of Revenue, Commerce, Community & Economic Development, and Health & Social Services. Four public members are appointed by the governor to serve two-year terms.



FRANK ROPPEL
Chair



CLAI PORTER, JR.
Vice Chair, NCP Design/Build Ltd., President



BRENT LEVALLEY
Denali State Bank, Senior Vice President, Construction Loan Officer



MARTY SHURAVLOFF
Kodiak Island Housing Authority, Executive Director



BRYAN BUTCHER
Department of Revenue, Commissioner



BILL STREUR
Alaska Department of Health and Social Services, Commissioner



SUSAN BELL
Department of Commerce, Community and Economic Development, Commissioner



DAN FAUSKE
Alaska Housing Finance Corporation, CEO, Executive Director



1971

Legislature creates AHFC as independent public corporation

Congress passes Alaska Native Claims Settlement Act (ANCSA)

1973

Conventional Loan Program made possible through \$5 million loan commitment from State for housing development fund

1974

Principal balance of mortgages held \$86.4 million

Construction begins on Trans-Alaska Pipeline

1975

AHFC implements State Mortgage Insurance Program

ENERGY

A Heartwarming Story

A new furnace, insulation throughout, replace the front door and throw in a new garage door—individually, these are relatively small improvements to have to make to a townhouse that is almost 30 years old. But in a state where the harsh and unpredictable climate takes the most out of a home’s energy system, this short list can make a big difference in both the comfort and efficiency of any home.

So when Ellen Sutphin heard about the AHFC Home Energy Rebate Program, she immediately realized the value of what this could mean for her quality of life and monthly utility bills. After an AHFC rater conducted a “before” rating, it was determined that she qualified for a rebate. In her case, of the \$17,000 she paid up front in energy upgrades, she received an \$8,500 rebate.

Since the improvements were made, Sutphin has watched her gas heating bill drop by more than half from \$150 a month to \$68. Her electric bill has decreased, too. And her new garage door makes her feel safer. “The house is so much warmer,” she says. “Now I don’t have to sit on the couch wrapped in blankets.”



Home Energy Rebate Program

The Home Energy Rebate Program reached a major milestone: the amount spent on Alaskans through FY 2011 exceeded the first legislative appropriation of \$100 million. Launched in 2008, the program is designed to lower utility costs, reduce energy consumption, and increase a home’s value. The program received an additional \$37.5 million in 2011 from the legislature and continues to provide opportunities for Alaskans to improve home energy efficiency.

	Running Total in Dollars	Running Total of Rebates
2008		
September	309,914.15	49
December	1,481,443.87	241
2009		
March	3,240,364.40	539
June	5,489,643.92	906
September	9,797,139.57	1,605
December	17,547,836.57	2,851
2010		
March	29,024,209.27	4,659
June	42,973,261.90	6,885
September	55,703,186.63	8,898
December	68,254,588.20	10,865
2011		
March	81,531,391.86	12,888
June	92,784,678.98	14,604

1976

Principal balance of mortgages held \$145.6 million

Alaska voters approve constitutional amendment establishing Permanent Fund

1977

Alaska's population passes 400,000

Pipeline construction complete, first oil arrives through pipeline

1978

Principal balance of mortgages held \$336.8 million in 55 communities

Mortgage programs expanded to rural Alaska

1979

General Insured Rural Mortgage Program established to expand mortgage programs to rural Alaska



ENERGY continued

Home Energy Rebates

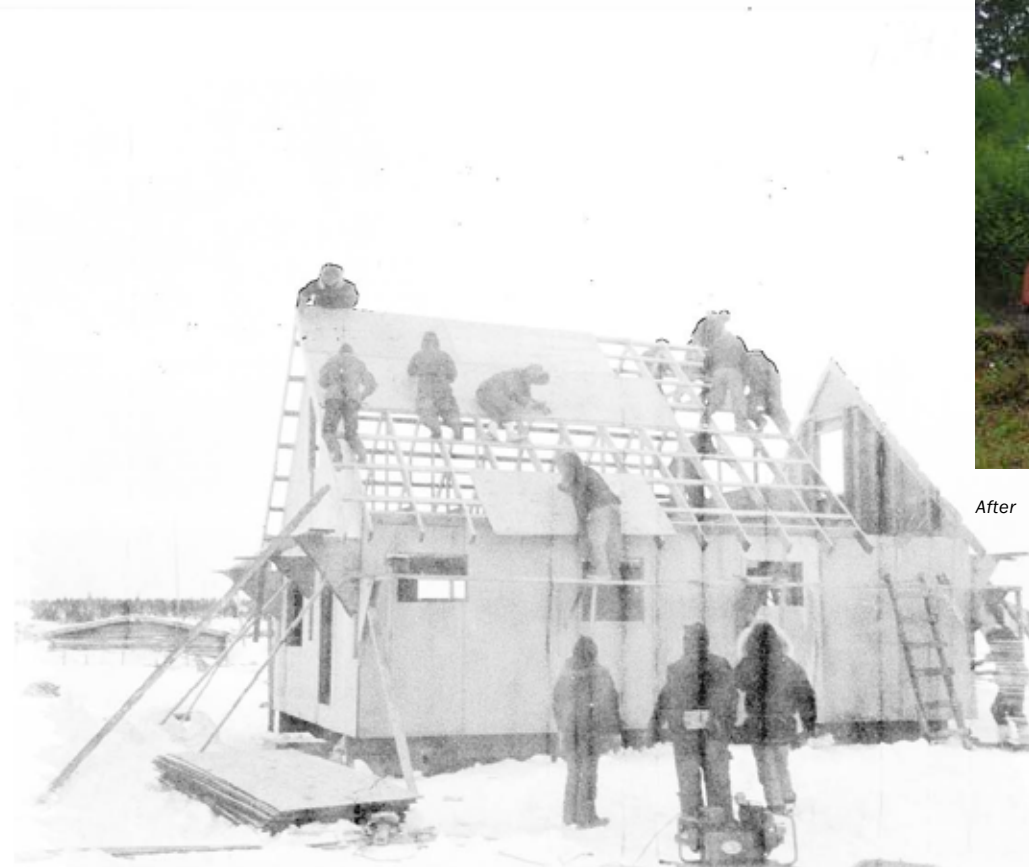
Public interest in the program remains high: 3,369 homeowners are on the wait list for rebates that could total up to \$10,000 each. More than 26,600 Alaskans have applied to participate, and 14,541 homeowners have received a rebate for qualified improvements. To participate, applicants wait until an energy rater performs an as-is energy rating that assesses needed and cost-effective improvements. The participant has 18 months to complete upgrades to the home. The final step is a post-improvement inspection verifying that the recommended improvements have been completed.



Before



After



Weatherization Program

The Weatherization Program is the most comprehensive home energy efficiency opportunity ever offered to Alaskan homeowners and renters. Served by four weatherization providers and 13 housing authorities statewide, free services are provided to those who qualify based on published income requirements. Energy savings are the largest benefit. Others include improved indoor health and safety, homeowner education and community investments. The program received an additional legislative appropriation of \$64 million in 2011 that will weatherize about 3,000 homes through AHFC partners.

1980

Legislature allows AHFC to expand financing without regard to income limits

Principal balance of 15,879 mortgages held \$986.4 million

President Jimmy Carter signs Alaska National Interest Lands Conservation Act (ANILCA)

Rural Housing Loan Program starts

ENERGY continued

Stimulus Funds

The AHFC Research and Rural Development Division (R2D2) received more than \$57 million from the American Recovery and Reinvestment Act (ARRA) stimulus package in 2009. These funds continue to positively impact hundreds of buildings and thousands of people by paying for education sessions and programs that expand energy efficiency infrastructure in Alaska.

- The \$658,000 Appliance Rebate Program, for Alaskans with disabilities and seniors older than the age of 60, awarded eligible applicants \$300 to \$1,000 depending on the appliance purchased and the resident's location. Eligible appliances included ENERGY STAR washers, dishwashers, refrigerators and freezers. To date, more than 800 Alaskans have taken advantage of this program.
- The Weatherization Program received an \$18.5 million stimulus boost. These funds were granted to the Rural Community Action Program, Alaska Community Development Corporation and AHFC Public Housing Department to improve energy efficiency of multi-family housing units statewide.
- The remaining \$38 million in stimulus money expanded energy efficiency infrastructure and created new opportunities through education and outreach. The R2D2 increased the capabilities of its AKWarm® Energy software and expanded the Alaska Retrofit Information System database to include commercial and public facilities. With these enhancements, the state, municipalities, school districts and other public entities can track energy costs on a year-to-year basis, prioritize high-energy use buildings for retrofit, compare building operations to evaluate best practices for efficiency, and estimate total energy use for public buildings, resulting in more fuel savings from accurate budgeting.



Construction on the new 17-unit, low-income Saxman Senior Center began in May 2010. The project is a partnership with the Tlingit Haida Regional Housing Authority (THRHA), the Organized Village of Saxman, and the City of Saxman. Funding for the \$6.7 million project included ARRA funds awarded to THRHA and the village of Saxman, HUD Indian Housing Block Grants, and AHFC supplemental housing funds. Estimated project completion is early 2012.

Kris Anderson Anchorage

Safe and Sound with Weatherization

As a retiree living on a fixed income, spending thousands of dollars on a new furnace and hot water heater was simply not in the budget for Kris Anderson. He was faced with a dilemma. He was spending about \$500 a year on repairs to the vintage furnace, and high heating bills showed no signs of letting up.

When his neighbor told him about the AHFC Weatherization Program that offers free services for low- and middle-income residents, Anderson decided he had nothing to lose. He scheduled an assessment to find out if his Anchorage home of 32 years might qualify for one of the grants. In October 2011, he received \$8,500 in weatherization services and his property became one of about 500 Anchorage homes to benefit from energy efficiency upgrades that included a new furnace and hot water heater, weather stripping around doors, insulation around air vents and in the crawl space and window caulking and sealing.

Paying for the improvements himself would have meant going into debt, Anderson says. In addition to the increased efficiency and reliability of his home appliances, he now enjoys peace of mind from knowing that he won't suddenly face expensive repairs or find himself without heat during the middle of a cold snap. "It's safer and I sleep better at night."



Stimulus Funds continued

- An in-depth research effort was undertaken to gather energy statistics about public facilities. AHFC received data for more than 1,200 buildings from Southeast to the North Slope. High-energy users were targeted to receive free energy audits that tracked operating behaviors and identified energy efficiency improvement measures. Audits are an important step in the Alaska Energy Efficiency Revolving Loan Fund program that provides financing for energy efficiency improvements for public facilities. The reduction in energy consumption results in financial savings that are used to pay off the loan.
- Energy efficiency and conservation education has been at the forefront of AHFC educational efforts. At classes and seminars, Alaskans are learning to think in terms of their "house as a system" as they make cost-effective decisions that increase their comfort.

1982

Legislature amends constitution to allow for general obligation bonds for Veteran housing

First PFD check of \$1,000 distributed

Despite real estate market crash AHFC offers financing for mortgages below national average

Principal balance of 29,037 mortgages held \$2,075 million

AHFC implements home ownership assistance to low- to moderate-income families

1983

Legislature raises loan limits for lending on single-family homes

Legislature creates Alaska Housing Finance Revolving Loan Fund

1984

Loan activity increases resulting from drop in interest rates

AHFC obtains first AAA rating on taxable bond issues

AHFC becomes first U.S. public agency to sell bonds in European bond market

ENERGY continued

5-Star Plus Homes Receive Rebates

In FY 2011, 375 homeowners received a 5-Star Plus New Construction Energy Rebate of \$7,500 each, totaling about \$2.68 million for qualifying newly constructed, energy-efficient homes. The homes must be owner occupied, a primary residence and completed and unoccupied for no more than 12 months from date of completion on or after April 5, 2008.

Energy Conservation Second Mortgage

AHFC continued offering a second mortgage loan for energy conservation with emphasis on energy upgrades. Loans have a \$30,000 limit, contain an interest-only period, maximum term of 15 years and match the AHFC Taxable Program 15-year interest rate. Thirty homeowners applied for and received a total loan amount of \$593,535 with an average interest rate of 4.33 percent.

Other Highlights

- AHFC offered free IGAs on statewide public facilities which identified low- and no-cost energy efficiency and conservation measures.
- *Energy Savers Tips for Alaska* was published, providing Alaskans information about efficiency and conservation measures they can make to reduce energy use and costs.
- Home improvement services and workforce education continued to be a primary focus of AHFC weatherization efforts. Community members were trained in best practices to benefit local economies and improve individual skills.
- A K-12 education initiative was implemented by AHFC to bring energy efficiency and conservation training to schools, effectively engaging Alaska youth in efforts to be energy smart.

PUBLIC HOUSING

Kids Get New Home, Playground at Loussac Place

For Anchorage Camp Fire youth, rain or shine, the summer of 2012 will be one to remember as the organization opens its brand new doors to 50 smiling faces who rely on this after-school program as their home away from home.

The 5,500-square-foot Z.J. Loussac Community Building, slated for completion June 1, 2012, is on the same site as Loussac Place, the 120-unit housing development that is also scheduled to have its first occupants move in that same month. The new Camp Fire facility will include staff offices and a computer room and will act as a community gathering place offering access to several partner service agencies and activities. Lauded for its focus on community partnerships, the development will include community gardens funded in part by the Municipality of Anchorage and a new recreation center that the Salvation Army is contributing to for older children.



As the construction of Loussac Manor nears completion for this June, Anchorage Camp Fire kids also look forward to moving into the new Z.J. Loussac Community Building that will house the program's administrative offices and their recreational area.

1985

For the first time, AHFC does not receive State general funds for operations



PUBLIC HOUSING continued

Kids Get New Home, Playground at Loussac Place continued

Although Camp Fire has been on the Loussac property for many years, when Alaska Housing Finance Corporation solicited bids for the new Loussac Place development, one of the requirements was that every developer include an on site social services component in their proposal, in keeping with the corporation's long-term commitment to community programs like these. The result is a new home for Camp Fire. In addition to the new center that the organization helped design, it will receive a cash stipend from Cook Inlet Housing Authority (CIHA) that was selected by AHFC as the midtown site developer.

Courageous, collaborative, creative, community—these are a few of the words being used to describe the redevelopment of the new Loussac Place, recognized for being one of the most innovative public housing developments in the history of AHFC. The \$36.9 million complex became a reality when a study showed that the existing structure had outlived its effectiveness for AHFC and its residents.

Loussac Place was the only AHFC low-income housing with a tax credit development awarded in 2011. It represents the largest low-income housing tax credit award project and will be one of the largest residential developments in Alaska's history.

Another example of the AHFC commitment to the local economy is demonstrated in its decision to award the contract to local architects and contractors. The design has incorporated into the neighborhood generous landscaping, streetscapes and interesting architecture. The finished property will offer 120 two-, three- and four-bedroom apartments in building sizes and styles ranging from duplexes to sixplexes, with 60 of these units receiving project-based rental assistance. The design achieves 5 Star Plus Alaska Building Energy Efficiency Standards (BEES) and uses only ENERGY STAR appliances.

Loussac Place is another accomplishment that illustrates why AHFC is the biggest catalyst for affordable housing in Alaska. "The genius of this development started with AHFC," Carol Gore, President and CEO of CIHA, said of the project that will be completed by May 2013. "It took their vision to see the need for affordable workforce housing and develop something that works for the community and families of today."



1986

Legislature approves refinancing, allowing AHFC borrowers to take advantage of new low interest rates

Oil revenues plummet during 1985-1987 recession, 1 in 10 jobs disappear from economy

Principal balance of 53,121 mortgages held \$4.6 billion

PUBLIC HOUSING continued

Voucher Programs Near Perfect

During FY 2011, AHFC administered 4,485 vouchers statewide; 4,275 of those are categorized as Moving to Work (MTW) vouchers. In 2011, AHFC received national recognition for lease-up rates, averaging 99 percent over the past several years. The public housing lease-up rate also exceeded 99 percent.

In addition to a traditional voucher program, the AHFC Public Housing Department maintains a cooperative agreement with the U.S. Department of Veterans Affairs for administering the Veterans Administration Supportive Housing program that helps homeless veterans achieve housing stability. As a result of 95 vouchers being fully leased, an invitation to apply for an additional 25 vouchers is now in the lease-up process for FY 2012. AHFC also administers 70 single room occupancy certificates in partnership with NeighborWorks Anchorage, a national network of nonprofit organizations advancing community-focused programs for lower-income people. AHFC also owns and operates 1,265 public housing units, five of which are HUD approved, non-dwelling units used for resident activities.

Program Helps HIV/AIDS Residents

AHFC received \$915,000 to support its statewide housing programs for low-income residents living with HIV/AIDS who earn 80 percent or less of the median income for the area. Made available through the Housing Opportunities for Persons with AIDS Program (HOPWA), the federal award helps provide permanent housing, comprehensive case management and short-term housing assistance to those living with HIV/AIDS in Alaska. HUD has awarded \$11 million in HOPWA grants to AHFC since 1994, making it possible to support and assist 215 people annually and to work with two organizations, the Alaska Assistance Agency in Anchorage (4As) that serves the Southcentral and Southeast Regions, and the Interior AIDS Association in Fairbanks.

Fairbanks Senior Housing in High Demand

Retirement community improvements in Fairbanks continue to show AHFC commitment to support safe, quality, affordable housing for seniors in the Interior. AHFC has awarded \$2.3 million in loans to the nonprofit Retirement Community of Fairbanks (RCF). An additional \$3.4 million will benefit the Senior Citizens Housing Development Fund grant program. With the completion of Weeks Field Estates Phase I and II, the focus is on developing Raven Landing Phase II, a 20-unit, multi-family apartment building adjacent to Raven Landing Phase I. It comprises one- and two-bedroom apartments and includes common areas with lounges, reading rooms and a large meeting space. Ten detached, heated carports are planned. RCF expects to add another 50 units of rental apartments and condominiums in future phases.

Shirley
Brandon

Chugach Manor
Anchorage

Senior Security

Besides her large, comfortable apartment with high ceilings and lots of natural light, Shirley Brandon says living at Chugach Manor in midtown Anchorage means she is able to be connected to a larger senior community. Whether it's weekly Saturday coffee, live entertainment in the performance room, art and creative writing classes, organized shopping trips, or the Senior Center across the street, it all adds up to a quality of life that she has never taken for granted since moving here seven years ago. At 86, and with a physical disability, Brandon says, "If I didn't live here, I don't know where else I'd rather be."



Homes in Homer

Construction of a 10-unit development for people with disabilities started at the Main Tree apartments in Homer and is scheduled for completion in early 2012. All 10 units will receive project-based rental assistance.

Continued Support for the Homeless

AHFC continued to advance Alaska's 10-Year Plan to End Long-Term Homelessness through a number of different initiatives in FY 2011. Activities and accomplishments include:

- \$4.5 million Basic Homeless Assistance Program (BHAP) award to fund 28 statewide homeless programs
- Homeless prevention payment assistance for 927 BHAP-assisted households
- Shelter for 8,852 homeless who experienced displacement
- Transitioning 1,060 homeless households into permanent housing
- Produced first *Alaska Homeless Management Information System Report (AKHMIS)*
- Coordinated the annual statewide "Point in Time" count of homeless persons
- Supported five "Project Homeless Connect" events in Anchorage, Juneau, Fairbanks, Wasilla and Ketchikan
- Public Housing Department to provide rental assistance to the 46-unit Karluk Manor designed to serve the chronic homeless in Anchorage

New Times
New Logo



Looking Good

"What was going on in the Alaska economy in the early '80s pointed to the need to update the way people viewed AHFC," Margaret Nelson, then AHFC corporate communications officer says, explaining the reason for updating the corporate logo from a rudimentary house transposed onto a map of Alaska, to a more contemporary version used today, which—with a nod to the past—did retain the blue color. "Then, there were no protocols on how the advertising was handled but all the changes necessitated the need to have an updated look and to have a more public presence than there had been in the past."

1987

Trans-Alaska Pipeline turns 10
Refinance Program offers AHFC
borrowers low interest rate loans
with minimal qualifications

AHFC delinquency rates
increase, foreclosures begin,
marking first time in history loan
portfolio balance decreases to
\$4.25 billion

Most private mortgage insurers
and lenders leave Alaska
AHFC implements new procedures
and programs to mitigate effects
of Alaska economic crisis

AHFC Purchases \$70 million
in mortgage loans from Alaska
Department of Community &
Regional Affairs



PUBLIC HOUSING continued

Family Self-Sufficiency

Seventeen participants graduated from the Family Self-Sufficiency (FSS) program in FY 2011 and there are currently 179 families enrolled in the statewide program. The long-term success achieved by enrolled participants enabled the Public Housing Department to receive a federal grant to support three FSS coordinators and to expand the program to Southeast Alaska. The program assists families with children to achieve economic self-sufficiency by providing access to support services and employment. An escrow account is established when a family becomes employed. As earnings increase, the account grows until it is determined that permanent, suitable employment is achieved.

Summer Camp, Scholarships

In 2011, 10 scholarships worth \$1,500 were awarded to young adults residing in public housing or receiving voucher rental assistance. Scholarships were used to earn college credit at University of Alaska campuses or to attain vocational education credentials. The Public Housing Department also launched a new scholarship program to enable children to attend summer camp, resulting in 107 children receiving scholarships for programs ranging from Camp Fire and Boys & Girls Club to computer and athletic camps.

New Software Improves Service

Yardi Voyager Residential, internet-based, property management software that eliminates the need for maintaining costly servers, replaced an outdated DOS system in the Public Housing Department. The user interface and built-in reports are expected to improve efficiency in managing Public Housing Department properties and rental assistance programs.

Grants Ease Rural Housing Shortage

The AHFC Teacher, Health Professional & Public Safety Professional Housing Program funds rehabilitation and construction of rural housing to help communities recruit and retain nurses, public safety officers and teachers. In FY 2011, the corporation awarded \$5 million in grant funds to six communities: King Cove, St. Mary's, Marshall, Akiak, Igiugig and Sleetmute. This includes \$1 million for Village Public Safety Officer (VPSO) priority housing. To date, the program has funded the rehabilitation and new construction of 297 housing units in 55 rural communities.

Military Housing Support

AHFC approved a \$159.4 million loan to help finance a two-phase \$417 million upgrade to military housing at Fort Wainwright in Fairbanks and at Fort Greely south of Delta Junction. Once completed, more than 1,800 homes will have been rebuilt or renovated.

Fairbanks, Ketchikan, Anchorage Upgrades

Almost a year ahead of the March 2012 deadline, \$3.36 million in stimulus funds awarded to AHFC have been expended on public housing facility upgrades. Projects include the reconstruction of a fourplex in Fairbanks, modernizing a senior facility in Ketchikan and painting and siding replacements to various units in Anchorage.

Weatherization & Energy Improvements

The Construction Department implemented a process to use \$9 million made available through the U.S. Department of Energy and HUD for public housing weatherization and energy efficiency. Energy audits were also completed at properties statewide resulting in high-efficiency boilers being installed at Birch Park I and Golden Ages in Fairbanks. In Wrangell and Ketchikan, part of the money was used to convert from oil to hydroelectric power, which is more cost efficient and environmentally friendly.



1988

Portfolio of foreclosed properties swells to more than 4,000

AHFC experiences first net loss of \$12.6 million

Housing legislation stabilizes market price, demand for residential housing

AHFC implements Home Owners Assistance Program to make mortgage payments more affordable

AHFC doubles size of staff to 80 responding to increasing number of properties, special programs

Home Owners Assistance Program makes payments more affordable for borrowers experiencing economic hardship



HOMEOWNERSHIP

On the Road to a New Home

Jimmi Ware, HomeChoice™, Anchorage

When Jimmi Ware first moved to Anchorage from Chicago in 2001, her plan was to live with her brother, who was enlisted at Elmendorf Air Force Base, until she got settled in a job and could afford housing that offered her and the three children she had in tow a little larger accommodations.

But when the September 11 terrorist attacks happened that year, the best-laid plans went awry and her brother was transferred out of Alaska leaving her and the kids to quickly come up with another housing solution.

“I had to scramble to find a place to live,” Ware says looking back, adding that she had not yet even adjusted to the state’s higher prices for everything. Staying in Alaska seemed like it might be cost prohibitive, but the cost of moving back to the Lower 48 was not a better option.



After being referred to Catholic Social Services of Anchorage, she was directed to AHFC, which she says today was one of the first times the corporation “was a godsend.” Almost immediately, she was issued Section 8 housing vouchers, which provide participants housing assistance so they can afford decent, safe housing in the private market. AHFC allowed her to find housing that met her lifestyle requirements, rather than being limited to units located in subsidized housing projects.

Benefiting from the program for about three years, Ware says it was just the springboard she needed until the children left Alaska and she was able to secure a good job so that she no longer required assistance. “AHFC has been a bridge from there—to here,” Ware says. “I never wanted to rely on public housing assistance forever, but it was very helpful and necessary to maintain a good quality of life that was affordable.”

AHFC is continuing to assist Ware. Working with intake counselors opened her eyes to the possibility of buying a house and today she is taking steps toward becoming a first-time homeowner. AHFC continues to guide her through the process. In addition to taking a HomeChoice™ class, she is learning how to do small home repairs and is using what she learned to decide what type of home will satisfy her personal needs while being affordable.

In the meantime, Ware says she spreads the word whenever she gets a chance. “Take advantage of everything AHFC offers because it’s a great program and everyone I’ve dealt with since the beginning has been very supportive and open and willing to help me help myself.”

1989

Exxon Valdez spills 11 million gallons of crude oil into Prince William Sound

Delinquency and foreclosure rates steadily decrease, property sales increase

AHFC purchases 9,081 loans totaling \$868.4 million

AHFC opens Fairbanks branch

1990

Housing delinquencies fall below national average, foreclosed properties drop from 4,653 to 2,504 in one year

1991

Legislature creates Senior Housing Loan Program by appropriating \$10 million

AHFC posts \$99.9 million net income

AHFC pays first dividend to State general fund: \$17,171,000

1992

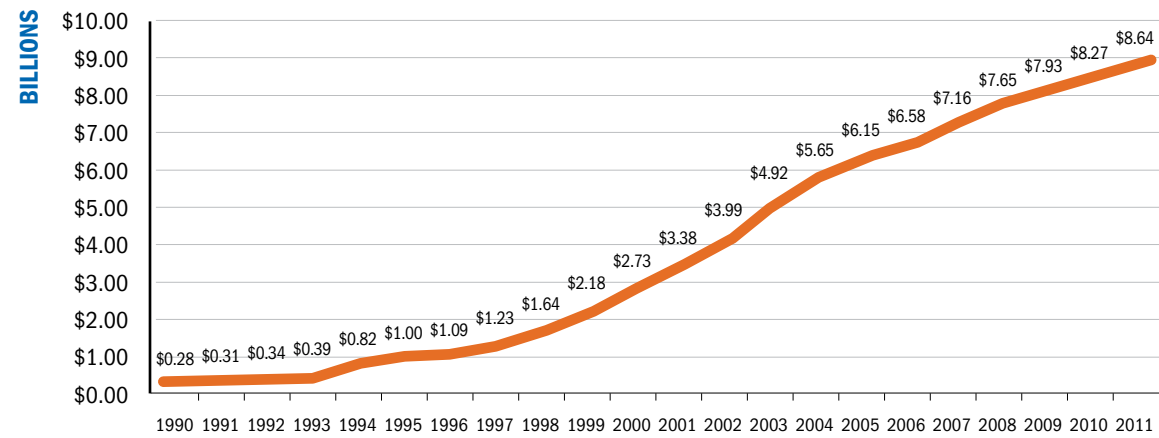
U.S. Dept. of Energy recognizes AHFC Alaska Craftsman Home program as outstanding energy program

AHFC begins Multi-Family Loan Programs

HOMEOWNERSHIP continued

Single-Family Home Loan Volume

AHFC financed 1,640 single family homes during FY 2011, bringing the total number of financed homes in Alaska to 57,001 and increasing the total value of the loan volume to \$8.64 billion.

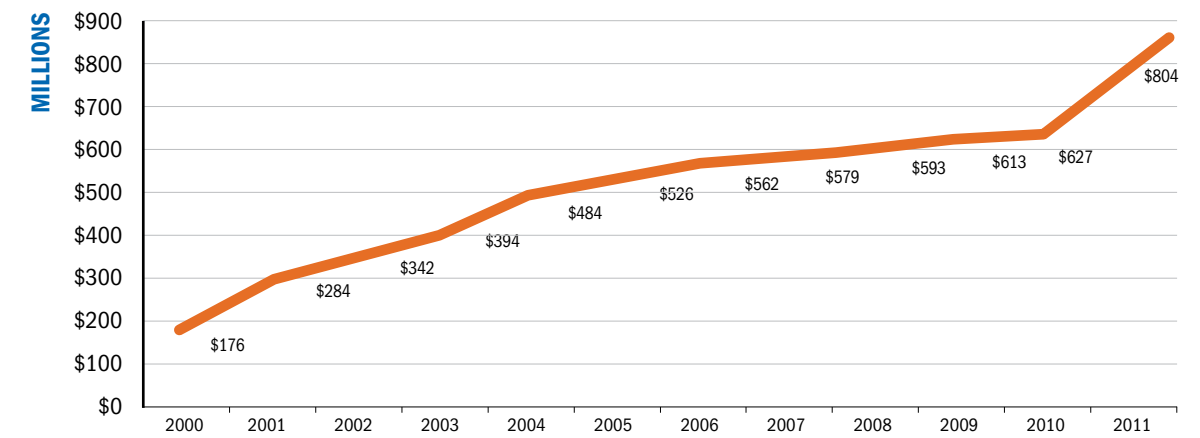


Total Cumulative Value = **\$8.64 BILLION**

Includes all single-family homes (1-4 units) from all AHFC loan programs.

Multi-Family Home Loan Volume

In FY 2011 there was a spike in the multi-family loan value due to a \$160 million loan for military housing at Ft. Wainwright and Ft. Greely. AHFC added 15 multi-family projects to its portfolio, increasing the total number of units to 882 with a loan value of \$804 million.



Total Cumulative Value = **\$804 MILLION**

Includes all multi-family financed loans and grant-financed projects under all programs.

1993

AHFC finances \$16.5 million in multi-family, special needs housing

Approves \$54 million in long-term financing to provide 366 units of military housing on Eielson Air Force Base

AHFC posts earnings of 89.4 million, pays \$40.7 million dividend to Alaska

1994

Alaska State Housing Authority, Department of Community and Regional Affairs merge with AHFC

AHFC develops HomeChoice™, a free statewide homebuyer counseling program

1995

AHFC purchases 8,110 loans totaling \$732.5 million under Streamlined Refinance Program

Establishes Family Self-Sufficiency Program in Anchorage

Provides \$12 million for energy, weatherization programs

Pays \$20,043,000 dividend to Alaska

HOMEOWNERSHIP continued

2011 AT A GLANCE

Borrower and Single-Family Program Average Comparisons

	ALL PROGRAMS	TAX-EXEMPT FIRST-TIME HOME BUYER	TAXABLE FIRST-TIME HOME BUYER	TAXABLE	VETERANS MORTGAGE	RURAL HOUSING
Total Number of Loans	1,577	577	206	255	268	271
Total Dollar Volumes	\$353,010,638	102,431,385	\$46,466,566	\$67,247,024	\$77,261,950	\$59,603,713

FEATURES USED IN CONJUNCTION WITH ABOVE PROGRAMS	UNITS	FUNDS
Interest Rate Reduction for Low-Income Borrowers	132	\$19,711,418
Energy-Efficiency Interest Rate Reduction	312	\$77,314,672
Educator/Health Care Professional Loan Option	0	0
Streamlined Refinance	225	\$46,093,685

Thank You Veterans!

Supporting veterans is important to Alaskans: 61 percent of voters approved Proposition A that renewed the AHFC Veterans Mortgage Program with \$600 million in State-guaranteed bonds for home loans. This made it possible for AHFC to continue to support home buying veterans with lower interest rates than those offered by conventional loan mortgages. Since the inception of this program in 1982, more than 12,000 veterans have benefited at no cost to Alaskans. In the past year, \$77 million in loans to 268 veterans and families have been processed by AHFC with an average interest rate of 4.4 percent. Qualifying veterans must be retired and apply within 25 years of honorable discharge from active duty. Active military members must have completed their initial military obligation and have been eligible for an honorable discharge at the time they completed their obligation.

Streamlined Home Improvement Loans

Home improvements can be costly. In 2011, AHFC began offering streamlined second mortgages for those considering making home improvements. Loan terms allow for alternative valuation methods other than an appraisal for loans up to \$100,000 that do not exceed a combined loan-to-value of 75 percent. The AHFC Small Building Material Loan Program, tailored to the needs of rural Alaskans, and the Second Mortgage Program for Energy Conservation, for owner-occupied properties, offer an increased loan limit of \$100,000. Home improvement loans that require a full appraisal include a second mortgage loan up to \$312,750 for urban or rural loans, and first mortgages for purchase renovations or refinance renovations with a loan limit of \$688,050 for urban programs and \$625,500 for rural programs.

Fairbanks Home Buying Simplified

Fairbanks residents faced with down payment and loan qualifying challenges find home buying easier due to a \$625,000 AHFC loan provided to Fairbanks Neighborhood Housing Services (FNHS), a grassroots organization working with numerous entities to revitalize neighborhoods. In addition to lending criteria established by FNHS guidelines, eligibility is based on 80 percent of the median income for the area, adjusted for family size and property location. AHFC has loaned \$5.3 million to FNHS as part of its Loan to Sponsors Program, which offers zero percent loans to nonprofit organizations, regional housing authorities, and government entities to make homeownership more accessible for low-to-moderate income borrowers.

1996

Miller's Reach fire devastates Wasilla, Big Lake area

Homeowners increase by 7.5 percent from 1993 to 1996

AHFC pays \$70 million to State general fund

AHFC purchases 584 loans under First-Time Homebuyer Program

AHFC invests \$6.3 million in weatherization of rural homes

1997

Weatherization Assistance Program increases energy efficiency of 1,140 homes

1998

Milestone of \$11 billion in bonds issued since inception

Develops workshop curriculum for real estate professionals, builders and lenders

1999

National Recognition Award from U.S. Dept. of Energy for outstanding contributions to Weatherization Assistance Program

HOMEOWNERSHIP continued

Grants Fund Affordable Rental Units

Through its partnerships with Alaska businesses, AHFC continues to expand its delivery of affordable housing solutions to rural professionals and special needs communities. In FY 2011, AHFC held three competitive funding rounds that collectively awarded \$18.6 million in state and federal grants for rental development. Funds will deliver 137 units of affordable and supportive housing for renter households and for rural professionals.

- Through its Special Needs Housing Grant Program, AHFC awarded \$7.48 million to four communities that will facilitate 69 units of housing for Alaskans with special needs and those facing homelessness. This is a joint venture with the Department of Health and Social Services and the Alaska Mental Health Trust Authority.
- State and federal grants totaling \$4.99 million were awarded through AHFC Greater Opportunities for Affordable Living (GOAL) program to three communities for the development and renovation of 47 affordable rental housing units serving low-income and senior Alaska families.
- Funding for the Teacher, Health Professional and Public Safety Housing Grant Program resulted in awards totaling \$6.2 million for the development of 21 housing units in rural Alaska.



New teacher housing in Mountain Village.



The Raven Loop Extension Project in Metlakatla, currently in Phase I, is primarily infrastructure development for 16 low-income rental apartments, two fourplexes, four duplexes and 13 single-family homes.



This is one of five single-family homes completed in 2011 by Northwest Inupiat Housing Authority in Shungnak, Alaska.

AHFC Fills Need For Supplemental Housing

There is an immediate need for about 25,000 new houses and major repairs in an additional 20,000 homes statewide. The Supplemental Housing Development Grant (SHDG) program alleviates this shortage of decent, safe and sanitary rental and owner-occupied housing for Alaskans. Established in 1981, each dollar contributed to this program leverages about \$5 in federal funds. Money can be used for on site water and sewer facilities, roads to project sites, electrical distribution systems and energy-efficient design features.

Since its inception, AHFC has contributed about \$138.5 million to augment \$692.5 million in federal funds to build or rehabilitate 11,680 rentals and homes in more than 250 communities. In FY 2011, AHFC awarded \$6 million in these supplemental funds to eight regional housing authorities for new construction or rehabilitation of 380 houses statewide. These grants leveraged more than \$27 million in federal funds, which helped Alaska housing authorities increase local training in skilled crafts on rural housing construction projects by up to 90 percent.

2000

Highest percentage increase of any state in homeownership throughout '90s

Awards \$6 million in grants for new construction of 222 houses in 27 communities

Weatherizes 941 homes

2001

Completes replacement of seven public housing units in Valdez

Weatherizes 1,127 homes

Graduates 11 families from Family Self-Sufficiency Program

2002

Renovates five single-family public housing units in Anchorage for sale to low-income first-time home buyers

Conducts 240 HomeChoice™ workshops in 35 communities, issuing 4,000 certificates

Finances 791 homes under the Rural Owner-Occupied Loan Program

2003

AHFC recognized by HUD as high performer for 10th consecutive year

Contributes \$27 million to private landlords low-income rental assistance under Section 8 Housing Choice Voucher Program

HOMEOWNERSHIP continued

HomeChoice™ Reaches All Corners of Alaska

From urban centers to remote rural villages, the HomeChoice™ class is recognized for delivering a consistent, quality home buyer education program at no cost to residents, businesses and community and regional agencies. Since the program's inception in 1994, more than 45,000 Alaskans have begun taking steps to buy a home. AHFC waives up to \$250 of closing costs if a participant buys a home using an AHFC program within two years of completing the seminar. During FY 2011, HomeChoice™ instructors taught 236 classes. This includes 174 HomeChoice™ classes being taught in 28 communities resulting 1,558 certificates issued; 55 home study classes completed in 22 communities, resulting in 56 certificates; and seven industry classes in four communities with 104 certificates being issued.

Neighborhood Stabilization Funding

U.S. Department of Housing and Urban Development (HUD) awarded AHFC \$5 million under its Neighborhood Stabilization Program 3 (NSP3) that is established to mitigate the impact of the nation's economic decline and housing market collapse. AHFC has expended the previously awarded NSP1 funds by more than 90 percent well in advance of the March 6, 2013, deadline. When the NSP1 program is completed, it will far exceed the 240 units initially projected to be built in Fairbanks, Juneau, Wasilla and on the Kenai Peninsula.



Debbie Andrys, Maude Morse and Carol Richards (left to right) have been teaching the HomeChoice™ class for a total of 15 years. Annually, about 2,000 Alaskans from across the state take the class to help them prepare for the home buying process.



2004

AHFC finances 1,070 homes under rural loan programs

Governor Frank Murkowski passes housing program law to attract and retain teachers, nurses in rural Alaska

Provides financing for 125 veterans under Veterans Mortgage Program

Assists 6,000 individuals and families with special needs

AHFC Makes Honor Roll

Standard & Poor's Rating

AHFC is among the strongest housing finance agencies in the country according to Standard & Poor's (S&P) Ratings Service, an independent provider of credit ratings and a leader in providing financial market intelligence and investment research. In its January 2011 report, S&P raised the AHFC credit rating from AA to AA+, according to CEO and Executive Director Dan Fauske who says the improved grade makes it easier and less expensive for the agency to borrow money. "This benefits all Alaskans," he says.

2011 FINANCIAL HIGHLIGHTS

AHFC issued \$248.3 million of long-term debt during FY 2011 to continue its ongoing lending programs. As of June 30, \$2.72 billion of long-term debt was outstanding, net of associated discounts and premiums. The table below presents the long-term debt issued by the corporation in FY 2011.

BOND ISSUE TITLE & AMOUNT	RATINGS: S&P MOODY'S FITCH	DATE ISSUED	PROGRAM/PROJECT FUNDED	TAX STATUS
\$64,350,000 Home Mortgage Revenue Bonds, 2009, Series A-1	AAA Aaa AAA	September 30, 2010	First-Time Home Buyer	Tax-Exempt
\$43,130,000 Home Mortgage Revenue Bonds, 2010, Series A	AAA Aaa AAA	September 30, 2010	First-Time Home Buyer	Tax-Exempt
\$35,680,000 Home Mortgage Revenue Bonds, 2010, Series B	AAA Aaa AAA	September 30, 2010	Single-Family Mortgages	Tax-Exempt
\$105,185,000 State Capital Project Bonds	AA+ Aa2 AA+	February 16, 2011	Governmental Purpose Projects	Tax-Exempt



Mortgage Revenue Bonds:

First-Time Home Buyer Program

Generally these bonds are sold to provide funding for continuing the AHFC First-Time Home Buyer (FTHB) Program.

\$64,350,000 2009 Series A-1

\$43,130,000 2010 Series A

\$35,680,000 2010 Series B

These transactions closed on September 30, 2010. Proceeds are used to purchase qualified mortgage loans that have been warehoused or will be originated by AHFC. Interest on the bonds is not subject to the alternative minimum tax.

State Capital Project Bonds

Generally these bonds are sold to provide tax-exempt financing for capital projects appropriated by the legislature and for other government purposes.



2005

Provides 100 percent financing to 103 teachers and nurses in 22 communities under Teachers and Nurses Loan Program

Awards \$2 million for building teacher housing in Eek, Goodnews Bay, Kwigillingok, St. Michael's

Teachers and Health Professional Housing Grant Program expanded to include public safety officers

2008

Housing Choice Voucher Program provides rental assistance to 3,500 low-income families

Contributes \$13 million in servicing fees to Alaska lenders

2009

AHFC posts net operating income of \$21 million despite national housing crisis

Home Energy Rebate Program grants up to \$10,000 for eligible energy efficiency improvements

Principal balance of 26,776 mortgages held \$2.37 billion

2011 FINANCIAL HIGHLIGHTS continued

\$105,185,000 2011 Series A

This transaction closed on February 16, 2011. Proceeds from the sale of the bonds were used to finance the purchase of the AHFC headquarters building in Anchorage or to advance certain outstanding obligations of AHFC.

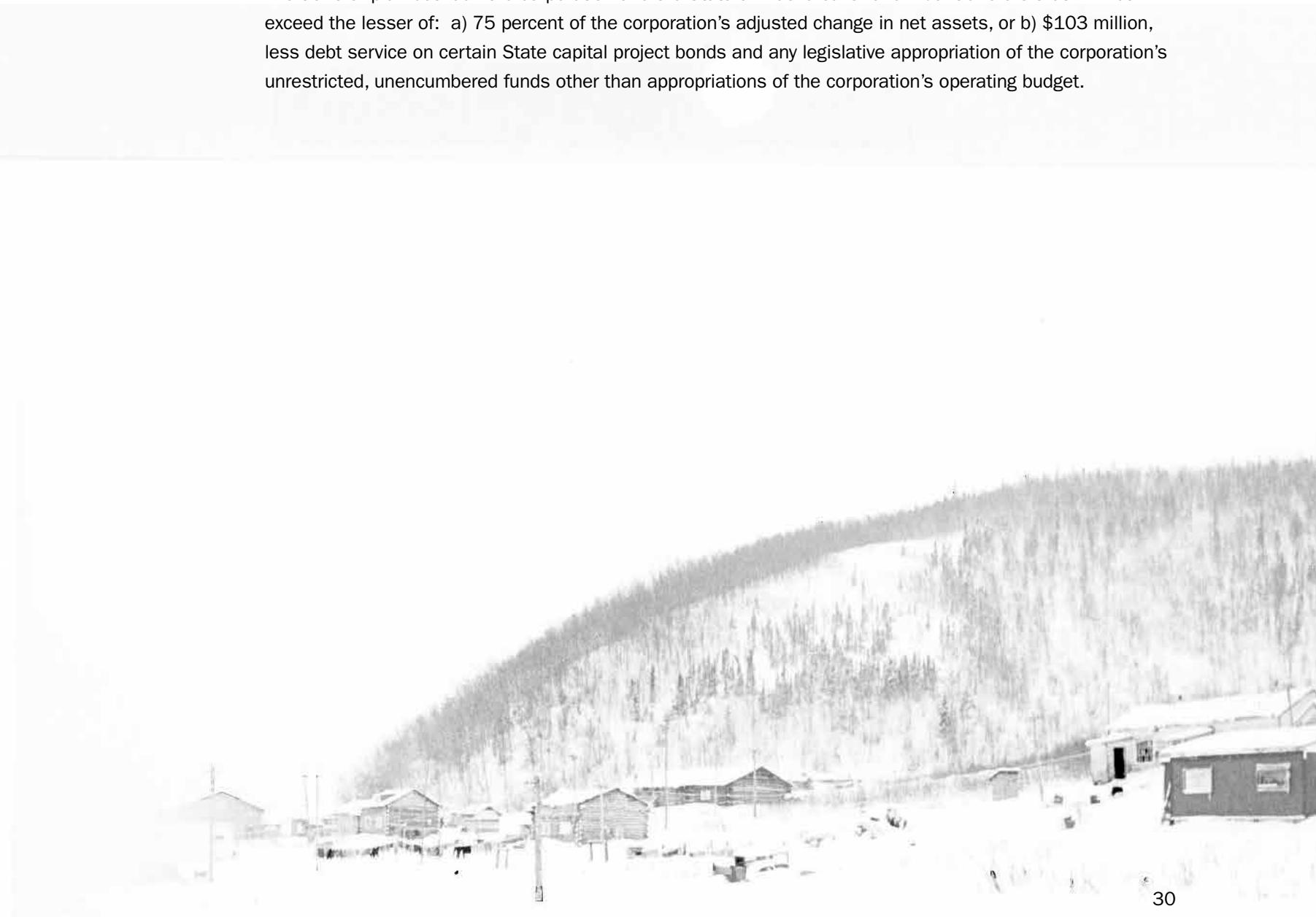
AHFC Reports Reduced Operating Income in FY 2011

AHFC posted an operating loss of \$12.9 million for FY 2011, compared to \$9.8 million in FY 2010. As of June 30, 2011, AHFC assets exceeded its liabilities by \$1.59 billion. During FY 2011, the corporation's mortgage loan portfolio decreased 7.1 percent to \$2.76 billion, while investments decreased 2.0 percent to \$1.36 billion. Long-term debt decreased 3.9 percent to \$2.72 billion.

AHFC Contributions to Alaska

AHFC continued its series of annual contributions to the State of Alaska. Payments and other transfers to the state for FY 2011 totaled \$20.3 million, bringing the total contributions through FY 2011 to \$1.96 billion.

The transfer plan between the corporation and the State of Alaska calls for annual transfers that will not exceed the lesser of: a) 75 percent of the corporation's adjusted change in net assets, or b) \$103 million, less debt service on certain State capital project bonds and any legislative appropriation of the corporation's unrestricted, unencumbered funds other than appropriations of the corporation's operating budget.



2010

National housing crisis results in first net operating loss to Alaska since downturn of the '80s

Disabled Alaskans receive rebate for buying ENERGY STAR appliances

Alaska Gasline Development Corporation (AGDC) forms as subsidiary of AHFC to lead Alaska Stand Alone Pipeline project

2011

AHFC celebrates 40th anniversary

AGDC submits instate natural gas pipeline project plan to legislature

AHFC subsidiary Corporation for Affordable Housing (CAH) formed to develop more public housing



Pipeline for the Future

Energy for Tomorrow

How are we going to meet Alaska's growing need for energy? This is the question that was the springboard leading to the creation of the Alaska Gasline Development Corporation (AGDC), the AHFC subsidiary behind the advancement of a \$7.5 billion, 737-mile natural gas pipeline. AGDC has developed a project plan to construct the Alaska Stand Alone Gas Pipeline (ASAP), which will originate on Alaska's North Slope and deliver gas to distribution points near Fairbanks and Anchorage, as well as to other communities where practical. Based on a reasonable set of assumptions, the project is likely to be economically feasible with an un-inflated consumer cost offering lower prices than alternative energy solutions for residents in Anchorage and Fairbanks. The project is not in competition with any other State energy project. ASAP is a stand-alone project which could be designed as a complementary solution to other energy projects.





4300 Boniface Parkway, Anchorage, Alaska 99504
 P.O. Box 101020, Anchorage, Alaska 99510
 907-338-6100 | 1-800-478-AHFC (outside Anchorage)
 www.ahfc.us

